

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2013

EBITDA of R375 million

CONDENSED CONSOLIDATED INCOME STATEMENT			
	Six months ended		Year ended
	30 June 2013 R'000	30 June 2012 R'000	31 December 2012 R'000
	Unaudited	Restated	Restated
Revenue	2 459 831	2 218 492	4 603 150
Cost of sales	(1 940 270)	(1 714 604)	(3 542 121)
Gross profit	519 561	503 888	1 061 029
Other operating income	24 361	20 767	67 342
Distribution, administrative and other operating expenses	(269 753)	(257 511)	(558 562)
Operating profit	274 169	267 144	569 809
Interest income	7 356	10 225	19 206
Interest expense	(12 586)	(11 943)	(26 457)
Share of results of associates	38 109	44 638	78 921
Profit before taxation	307 048	310 064	641 479
Taxation	(77 946)	(87 728)	(166 903)
Profit for the period	229 102	222 336	474 576
Attributable to:			
Equity holders of the company	209 457	202 438	440 543
Non-controlling interests	19 645	19 898	34 033
	229 102	222 336	474 576
Depreciation and amortisation (included in above expenses)	(62 809)	(50 659)	(94 562)
Basic earnings per share (cents)	143	143	310
Headline earnings per share (cents)	143	143	310
Number of shares in issue ('000)	152 532	152 532	152 532
Number of shares in issue excluding treasury shares ('000)	146 667	141 706	145 461
Weighted average number of shares in issue ('000)	146 112	141 624	142 030
Calculation of headline earnings per share (R'000)			
Net profit attributable to ordinary shareholders	209 457	202 438	440 543
Profit on insurance recovery and impairment charges			147
Taxation effect of insurance recovery and impairment charges			110
Loss/(profit) on disposal of property, plant & equipment	(2)	184	(132)
Headline earnings	209 455	202 622	440 668
Diluted earnings per share			
Diluted earnings per share (cents)	140	138	304
Diluted headline earnings per share (cents)	140	139	304
Weighted average number of shares in issue ('000)	146 112	141 624	142 030
Adjustment for dilutive shares ('000)	3 444	4 549	2 933
Number of shares used for diluted earnings calculation ('000)	149 556	146 173	144 963

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
	Six months ended		Year ended
	30 June 2013 R'000	30 June 2012 R'000	31 December 2012 R'000
	Unaudited	Restated	Restated
Profit for the period	229 102	222 336	474 576
Other comprehensive income:			
– Actuarial losses recognised			(1 321)
– Exchange gains arising on translation of foreign operations	73 813	(492)	36 845
– Cash flow hedges		(8 898)	(7 548)
– Taxation on other comprehensive income			(1 054)
Net other comprehensive income	73 813	(9 390)	26 922
Other comprehensive income for the period net of taxation	302 915	212 946	501 498
Attributable to:			
Equity holders of the company	282 903	193 048	467 280
Non-controlling interests	20 012	19 898	34 218
	302 915	212 946	501 498

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY			
	Six months ended		Year ended
	30 June 2013 R'000	30 June 2012 R'000	31 December 2012 R'000
	Unaudited	Restated	Restated
Balance at beginning of the period	2 052 730	1 661 874	1 661 874
Net profit for the period	229 102	222 336	474 576
Other comprehensive income for the period	73 813	(9 390)	26 922
Total comprehensive income for the period	302 915	212 946	501 498
Non-controlling interest arising on acquisition of subsidiary		3 008	2 055
Employee share plan:			
– Value of service provided	4 901	2 739	8 574
– Deferred taxation	16 511	9 464	11 817
Vesting of share-based payment obligation:			
– Estimated taxation effects of utilisation of treasury shares	(6 482)		(16 148)
– Loss on settlement of old scheme	(586)	(1 274)	(4 194)
Transfer of hedge reserve to purchase consideration of subsidiary		12 369	12 369
Shares disposed by the Metair Share Trust	1 094	2 200	6 988
Dividend *	(155 951)	(132 103)	(132 103)
Balance at end of the period	2 215 132	1 771 223	2 052 730

* An ordinary dividend of 95 cents per share was declared in respect of the year ended 31 December 2012.

An ordinary dividend of 72 cents per share was declared in respect of the year ended 31 December 2011.

INTERIM RESULTS COMMENTARY

Metair has produced a satisfactory result for the half-year ended 30 June 2013 ("the period"). Headline earnings per share was unchanged at 143 cents per share (cps) (2012: 143cps), EBITDA of R375 million was generated and cash and cash equivalents amounted to R166 million as at the end of the period.

During the period the Group was pleased to receive approval from a second OEM customer to supply Start/Stop batteries to their local operations from 2014.

Accounting change

During the period the Group adopted the amendments to International Financial Reporting Standards 10, 11 and 12 ("new IFRS") which govern consolidated financial statements, joint arrangements and disclosure of interests in other entities. Metair has four affected entities, Tenneco Automotive Holdings SA (Tenneco) (25,1% shareholding), Valeo Systems South Africa (Pty) Ltd (Valeo) (49% shareholding), Hesto Harnesses (Pty) Ltd (Hesto) (75% shareholding) and Smiths Manufacturing (Pty) Ltd (Smiths) (75% shareholding). Previously equity interests of less than 50% were equity accounted and those in excess of 50% consolidated. The amendment to IFRS 10 now focuses more intently on the assessment of control. Consequently, because of Hesto's arrangement with its minority shareholder, Hesto is no longer consolidated into the Group but equity accounted. As Metair is responsible for the operational management of Hesto their results have been included in the segmental analysis and then eliminated. The treatment of all other investments remains unchanged.

The adoption of the new IFRS did not impact the Group's headline earnings, however, the Group's reported revenue and operating profit are impacted by the new accounting standards. Furthermore, the new IFRS have been adopted retrospectively and prior period results have therefore been adjusted to account for the effect of the new IFRS where applicable.

Group operating performance

Group revenue, excluding Hesto revenue, increased to R2 460 million (2012: R2 218 million). The increase in turnover was achieved through the inclusion of the full half-year contribution from Rombat SA ("Rombat"), which was acquired by the Group on 15 March 2012, compared to the comparative period which did not include the period January to 15 March 2012 for Rombat.

Distribution, administration and other expenses increased to R270 million from R258 million. Distribution expenses of R99 million (2012: R74 million) represented 4% of revenue and administration and other expenses were R171 million (2012: R183 million).

Total assets increased to R3 529 million from R3 277 million as at 31 December 2012 ("year-end"). Net asset value increased to R14,50 per share from R13,53 as at year-end.

Cash and cash equivalents net of debt and overdrafts was negative R54 million as at the end of the period compared to negative R35 million as at year-end. During the period capital expenditure of R54 million was incurred, tax payments of R68 million were made and a dividend of R156 million was paid.

Cash generated from operations of R227 million

CONDENSED CONSOLIDATED BALANCE SHEET			
	30 June 2013 R'000	30 June 2012 R'000	31 December 2012 R'000
	Unaudited	Restated	Restated
ASSETS			
Non-current assets			
Property, plant and equipment	1 234 127	1 005 815	1 179 179
Intangible assets	84 452	80 874	81 091
Investment in associates	189 353	165 264	175 939
Deferred taxation	12 086	12 285	9 697
	1 520 018	1 264 238	1 445 906
Current assets			
Inventory	846 094	677 255	755 274
Trade and other receivables	718 058	677 544	667 665
Derivative financial assets	12 039	1 488	162
Taxation			424
Cash and cash equivalents	433 092	454 793	407 909
	2 009 283	1 811 080	1 831 434
Total assets	3 529 301	3 075 318	3 277 340
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	42 876	42 876	42 876
Treasury shares	(60 473)	(111 309)	(72 232)
Share-based payment reserve	54 113	28 514	33 287
Foreign currency translation reserve	110 106	(492)	36 660
Equity accounted earnings	185 307	159 175	171 895
Retained earnings	1 795 017	1 580 753	1 755 168
Ordinary shareholders' equity	2 126 946	1 699 517	1 967 654
Non-controlling interests	88 186	71 706	85 076
Total equity	2 215 132	1 771 223	2 052 730
Non-current liabilities			
Borrowings	163 959	218 542	183 804
Post-employment medical benefits	29 159	25 448	28 499
Deferred taxation	61 805	67 807	60 433
	254 923	311 797	272 736
Current liabilities			
Trade and other payables	653 160	630 397	602 399
Borrowings	56 298	262 703	67 398
Taxation	7 342	1 593	11 601
Provisions for liabilities and charges	75 718	67 043	71 366
Derivative financial liabilities		755	7 629
Bank overdrafts	266 728	29 807	191 481
	1 059 246	992 298	951 874
Total liabilities	1 314 169	1 304 095	1 224 610
Total equity and liabilities	3 529 301	3 075 318	3 277 340
Net asset value per share (cents) attributable to ordinary shareholders calculated on number of shares in issue excluding treasury shares	1 450	1 199	1 353
Capital expenditure	54 329	81 131	286 163
Capital commitments:			
– contracted	96 516	193 893	67 504
– authorised but not contracted	88 366	117 468	170 200

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW			
	Six months ended		Year ended
	30 June 2013 R'000	30 June 2012 R'000	31 December 2012 R'000
	Unaudited	Restated	Restated
Operating activities			
Profit before taxation	307 048	310 064	641 479
Non-cash items	18 751	33 455	67 585
Working capital changes	(99 008)	66 617	(36 619)
Cash generated from operations	226 791	410 136	672 445
Interest paid	(12 586)	(11 943)	(26 457)
Taxation paid	(67 824)	(83 476)	(156 477)
Dividends paid	(155 951)	(132 103)	(132 103)
Dividend income from associates	24 698	39 775	61 335
Net cash inflow from operating activities	15 128	222 389	418 743
Investing activities			
Interest received	7 356	10 225	19 206
Net cash used in other investing activities	(49 484)	(522 983)	(723 411)
Net cash outflow from investing activities	(42 128)	(512 758)	(704 205)
Net cash (outflow)/inflow from financing activities	(36 778)	368 616	152 334
Net (decrease)/increase in cash and cash equivalents	(63 778)	78 247	(133 128)
Cash and cash equivalents at beginning of the period	216 428	346 739	346 739
Exchange gains on cash and cash equivalents	13 714	2 817	2 817
Cash and cash equivalents at end of the period	166 364	424 986	216 428

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