

HEPS increased 182% to 189 cps

EBITDA R501 million

Final ordinary dividend of 65 cps

METAIR INVESTMENTS LIMITED

(INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA)

("Metair" or "the group")

ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010



(Reg No. 1948/031013/06)

Share code: MTA ISIN code: ZAE 000090692

ABRIDGED GROUP INCOME STATEMENTS

	31 December 2010 R'000	31 December 2009 R'000
Revenue	3 753 236	3 342 053
Cost of sales	(2 958 998)	(2 807 100)
Gross profit	794 238	534 953
Other operating income	48 972	109 711
Impairment reversals/(charges)	19 687	(47 082)
Distribution, administrative and other expenses	(459 948)	(455 665)
Operating profit	402 949	141 917
Interest income	18 913	13 243
Interest expense	(14 075)	(37 360)
Share of results of associates	16 759	419
Profit before tax	424 546	118 219
Taxation	(121 009)	(55 023)
Profit for the year	303 537	63 196
Attributable to:		
Equity holders of the company	277 682	52 210
Non-controlling interests	25 855	10 986
	303 537	63 196
Depreciation and amortisation	(101 257)	(108 468)
Basic earnings per share (cents)	198	37
Headline earnings per share (cents)	189	67
Ordinary dividend per share (cents)	15	
Special dividend per share (cents)	60	
Number of shares in issue ('000)	152 532	152 532
Number of shares in issue excluding treasury shares ('000)	141 058	140 097
Weighted average number of shares in issue ('000)	140 363	142 352
Calculation of headline earnings per share (R'000)		
Net profit attributable to ordinary shareholders	277 682	52 210
Net impairments (reversals)/charges	(19 687)	47 082
Tax effect of impairment reversals/(charges)	4 562	(5 620)
Impairment reversals/(charges) attributable to non-controlling shareholders	2 945	(3 628)
Loss on disposal of property, plant and equipment	101	5 342
Headline earnings	265 603	95 386
Diluted earnings per share		
Basic earnings per share (cents)	195	
Headline earnings per share (cents)	187	
Weighted average number of shares in issue ('000)	140 363	
Adjustment for dilutive share options ('000)	1 990	
Number of shares used for diluted earnings calculation ('000)	142 353	

No diluted earnings per share is reflected for 2009 as the strike price of the options was higher than the share price as at 31 December 2009.

ABRIDGED GROUP STATEMENTS OF COMPREHENSIVE INCOME

	31 December 2010 R'000	31 December 2009 R'000
Profit for the year	303 537	63 196
Other comprehensive income:		
Actuarial (losses)/gains recognised directly in equity		
- Gross	(15 626)	21 118
- Deferred tax	3 990	(5 910)
Net other comprehensive income	(11 636)	15 208
Total comprehensive income for the year	291 901	78 404
Attributable to:		
Equity holders of the company	266 880	66 932
Non-controlling interests	25 021	11 472
	291 901	78 404

ABRIDGED GROUP STATEMENTS OF CASH FLOWS

	31 December 2010 R'000	31 December 2009 R'000
Operating activities		
Profit before tax	424 546	118 219
Non-cash items	56 990	149 394
Working capital changes	3 085	145 642
Cash generated from operations	484 621	413 255
Finance charges	(14 075)	(37 360)
Taxation paid	(112 123)	(70 663)
Dividends paid	(113 769)	(8 441)
Dividend income from associate	3 920	20 695
Net cash inflow from operating activities	248 574	317 486
Investing activities		
Investment income	18 913	13 243
Net cash used in other investing activities	(121 232)	(94 043)
Net cash outflow from investing activities	(102 319)	(80 800)
Net cash outflow from financing activities	(88 974)	(22 493)
Net increase in cash and cash equivalents	57 281	214 193
Cash and cash equivalents at beginning of the year	232 543	18 350
Cash and cash equivalents at end of the year	289 824	232 543

REGISTRARS Computershare Investor Services (Pty) Limited 70 Marshall Street JOHANNESBURG 2001

SPONSOR Barnard Jacobs Mellet Corporate Finance (Pty) Limited

Signed on behalf of the Board

M. E. Poe C T Look
Chairman Managing Director
JOHANNESBURG, 10 March 2011

ABRIDGED GROUP BALANCE SHEETS

	31 December 2010 R'000	31 December 2009 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	699 190	657 892
Intangible assets	26 367	29 514
Investment in associates	34 236	20 147
Defined benefit asset	6 504	19 962
Deferred taxation		34 970
	766 297	762 485
Current assets		
Inventory	606 547	518 091
Trade and other receivables	397 326	428 076
Derivative financial assets	23	160
Taxation	12 431	9 700
Cash and cash equivalents	305 572	282 205
	1 321 899	1 238 232
Total assets	2 088 196	2 000 717
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	42 876	42 876
Treasury shares	(116 084)	(124 289)
Share-based payment reserve	2 813	3 389
Non-distributable reserves	29 148	16 309
Retained earnings	1 297 256	1 148 964
Ordinary shareholders' equity	1 256 009	1 087 249
Non-controlling interests	113 910	96 772
Total equity	1 369 919	1 184 021
Non-current liabilities		
Borrowings	31 912	54 217
Post-employment medical benefits	21 329	19 246
Deferred taxation	52 959	83 778
	106 200	157 241
Current liabilities		
Trade and other payables	502 639	441 784
Borrowings	22 424	97 298
Taxation	3 476	
Provisions for liabilities and charges	53 183	60 876
Derivative financial liabilities	14 607	9 835
Bank overdrafts	15 748	49 662
	612 077	659 455
Total liabilities	718 277	816 696
Total equity and liabilities	2 088 196	2 000 717
Net asset value per share (cents) attributable to ordinary shareholders	890	776
Capital expenditure	124 153	116 156
Capital commitments		
- contracted	58 513	28 398
- authorised but not contracted	108 812	24 986

NOTES TO THE CONSOLIDATED ABRIDGED FINANCIAL STATEMENTS

Accounting policies
The condensed abridged financial information has been prepared in accordance with the recognition and measurement criteria of all applicable statements and interpretations of International Financial Reporting Standards ("IFRS") and is presented in terms of the disclosure requirements set out in IAS 34 – Interim Financial Reporting and the AC 500 standards as issued by the Accounting Practices Board, or its successor. The accounting policies applied to the condensed abridged financial information are consistent with those as set out in the annual financial statements for the year ended 31 December 2009.

Contingencies

The bank and other guarantees given by the group to third parties amounted to R6,1 million as at 31 December 2010 (R6,6 million as at 31 December 2009).

	31 December 2010 R'000	31 December 2009 R'000
Borrowings		
Current	(22 424)	(97 298)
Overdrafts	(15 748)	(49 662)
Non-current	(31 912)	(54 217)
	(70 084)	(201 177)
Cash	305 572	282 205
Total	235 488	81 028

During the year the group repaid borrowings of R97,2 million (2009: R22,7 million).

	31 December 2010		31 December 2009	
	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts – fair value hedges	23	14 607	160	9 835
Total	23	14 607	160	9 835

ANNUAL GENERAL MEETING

The annual report will be mailed to shareholders by 31 March 2011 along with the notice of the annual general meeting.

The annual general meeting will be held on 4 May 2011 at 14:00 at Metair Investments Limited, 10 Anerley Road, Parktown, Johannesburg.

Declaration of Ordinary Dividend No. 60

Notice is hereby given that a final ordinary dividend of 65 cents per ordinary share has been declared in respect of the year ended 31 December 2010. The last date to trade cum dividend will be Friday 8 April 2011. Trading will commence ex dividend from Monday, 11 April 2011 and the record date will be Friday, 15 April 2011. The date of payment will be Monday, 18 April 2011. Share certificates may not be dematerialised or rematerialised between Monday, 11 April 2011, and Friday, 15 April 2011, both days inclusive.

AUDITORS' REPORT

The abridged results of the group as set out above have been audited by the group's auditors PricewaterhouseCoopers Inc. Their unqualified report is available for inspection at the company's registered office (address details above).

EXECUTIVE DIRECTORS: CT Look (Managing); BM Jacobs (Finance)

NON-EXECUTIVE DIRECTORS: OME Poe (Chairman); A Joffe; B Molotlegi

INDEPENDENT NON-EXECUTIVE DIRECTORS: RS Broadley; L Soanes*; A Galiel; JG Best

COMPANY SECRETARY: SM Vermaak *British

ABRIDGED GROUP STATEMENTS OF CHANGES IN EQUITY

R'000	Share capital and premium	Treasury shares	Share-based payment reserve	Non-distributable reserve	Retained earnings	Attributable to equity holders of the company	Non-controlling interests	Total equity
Year ended 31 December 2010								
Balance as at 1 January 2010	42 876	(124 289)	3 389	16 309	1 148 964	1 087 249	96 772	1 184 021
Net profit for the year					277 682	277 682	25 855	303 537
Other comprehensive income: Actuarial losses					(10 802)	(10 802)	(834)	(11 636)
Total comprehensive income for the year					266 880	266 880	25 021	291 901
Employee share option scheme:								
- Value of service provided			3 098			3 098	137	3 235
- Loss on settlement			(3 674)			(3 674)		(3 674)
Net movement in treasury shares		8 205				8 205		8 205
Transfer of associate profit and dividend				12 839	(12 839)			
Dividends					(105 749)	(105 749)	(8 020)	(113 769)
Balance as at 31 December 2010	42 876	(116 084)	2 813	29 148	1 297 256	1 256 009	113 910	1 369 919
Year ended 31 December 2009								
Balance as at 1 January 2009	42 876	(124 532)	3 389	36 585	1 061 756	1 020 074	93 590	1 113 664
Net profit for the year					52 210	52 210	10 986	63 196
Other comprehensive income: Actuarial gains					14 722	14 722	486	15 208
Total comprehensive income for the year					66 932	66 932	11 472	78 404
Net movement in treasury shares		243				243		243
Transfer of associate profit and dividend				(20 276)	20 276			
Dividend							(8 290)	(8 290)
Balance as at 31 December 2009	42 876	(124 289)	3 389	16 309	1 148 964	1 087 249	96 772	1 184 021

ABRIDGED SEGMENTAL REVIEW

for the year ended 31 December 2010

R'000	Local			Direct exports			Reconciling items *	Total
	Original equipment	After-market	Non-auto	Original equipment	After-market	Non-auto		
Revenue	2 273 233	895 384	353 710	84 560	111 223	35 126	58 650	3 753 236
Profit/(loss) before interest and tax	150 418	159 903	35 972	873	8 770	(8 012)	57 774	419 708
Net finance costs								4 838
Profit before tax								424 546

Included in the above is depreciation and amortisation of R101,3 million and impairment reversals of R19,7 million.

for the year ended 31 December 2009

R'000	Original equipment	After-market	Non-auto	Original equipment	After-market	Non-auto	Property rental	Reconciling items *	Total
Revenue	2 029 137	748 355	323 168	73 494	111 833	56 066	54 447	(54 447)	3 342 053
(Loss)/profit before interest and tax	(92 848)	95 099	53 697	8 471	4 807	(836)	54 447	19 499	142 336
Net finance costs									(24 117)
Profit before tax									118 219

Included in the above is depreciation and amortisation of R108,5 million and impairment charges of R47,1 million.

* The reconciling items relate to Metair head office companies and property rental.

METAIR ABRIDGED RESULTS 2010 COMMENTARY

Metair has produced an excellent set of financial results for the year ended December 2010. Headline earnings per share (HEPS) increased by 182% to 189 cents per share and the group achieved a return on equity (ROE) of 23,8% (2009: 5,5%). Earnings before interest, tax, depreciation and amortisation (EBITDA) of R501,3 million exceeded the R500 million mark for the first time in the group's history.

From a macroeconomic perspective, the 2008 financial crisis resulted in a substantial decline in worldwide demand for motor vehicles. Against this backdrop, in 2009 original equipment (OE) production in South Africa declined by over 25%. Metair responded decisively to the downturn by, inter alia:

- Closing selected loss-making businesses;
- Consolidating businesses that were not viable on a stand-alone basis;
- Focusing intently on cash flow and working capital management; and
- Controlling costs and operating efficiencies.

When we released our 2009 results we stated that "Metair has emerged from the crisis as a lean organisation with a robust balance sheet, is cash generative and is well positioned to take advantage of the upturn in economic conditions". The 2010 financial results bear testament to this statement and to the decisive actions taken in 2009. Cash generated by operations was R484,6 million, we achieved record earnings of R277,7 million, settled preference share debt of R75 million, paid a preference dividend of R26 million and returned R84,9 million to shareholders as a special dividend.

DETAILED GROUP RESULTS

- Group turnover improved by 12,3% to R3 753 million from R3 342 million in 2009.
- EBITDA improved by 68% to R501,3 million compared to R297,9 million in the previous period.
- Profit before tax improved by 259% to R424,5 million from R118,2 million in the previous period.
- Net asset value increased from 776 cents per share to 890 cents per share. Return on equity of 23,8% was achieved.
- Cash generated by operations for the year was R484,6 million. The net cash position after borrowings at year-end was R235,5 million (2009: R81 million).

REVIEW OF OPERATIONS

Original equipment

During the year the group continued to focus on cash management, cost competitiveness and manufacturing and logistical excellence. In the SA industry OE production totalled 449 167 vehicles compared to 354 158 in 2009. The restructuring initiatives that were implemented during the 2009 financial year enabled the group to benefit from improved OE volumes.

In August and September 2010 we experienced the effects of industrial action but, despite this, the automobile industry was fortunately able to catch up on the three weeks of production that were lost. A three-year wage agreement