METAIR INVESTMENTS LIMITED

(INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA)

("METAIR" OR "THE GROUP")

(Reg No. 1948/031013/06)
Share code: MTA
ISIN code: ZAE 000090692

ABRIDGED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012 AND DIVIDEND ANNOUNCEMENT

HEPS increased 19% to 310cps

CONDENSED CONSOLIDATED INCOME STATEMENT

	31 December 2012 R'000	31 December 2011 R'000
Revenue	**5 273 370**	4 294 152
Cost of sales	**(4 037 654)**	(3 376 719)
Gross profit	**1 235 716**	917 433
Other operating income	**69 293**	166 236
Distribution, administrative and other operating expenses	**(636 577)**	(507 446)
Operating profit	**668 432**	576 223
Interest income	**21 065**	14 296
Interest expense	**(26 961)**	(7 858)
Share of results of associates	**27 817**	19 339
Profit before taxation	**690 353**	602 000
Taxation	**(197 718)**	(150 906)
Profit for the year	**492 635**	451 094
Attributable to:		
Equity holders of the company	**440 543**	408 365
Non-controlling interests	**52 092**	42 729
	492 635	451 094
Depreciation and amortisation	**(127 210)**	(89 150)
Basic earnings per share (cents)	**310**	289
Headline earnings per share (cents)	**310**	260
Number of shares in issue ('000)	**152 532**	152 532
Number of shares in issue excluding treasury shares ('000)	**145 461**	141 451
Weighted average number of shares in issue ('000)	**142 030**	141 217
Calculation of headline earnings per share (R'000)		
Net profit attributable to ordinary shareholders	**440 543**	408 365
Profit on insurance recovery and impairment charges/(reversals)	**147**	(41 492)
Taxation effect of insurance recovery and impairment (charges)/reversals	**110**	4 813
Impairment charges attributable to non-controlling shareholders		(202)
Profit on disposal of property, plant & equipment after taxation	**(132)**	(3 671)
Headline earnings	**440 668**	367 813
Diluted earnings per share		
Diluted earnings per share (cents)	**304**	283
Diluted headline earnings per share (cents)	**304**	255
Weighted average number of shares in issue ('000)	**142 030**	141 217
Adjustment for dilutive share options ('000)	**2 933**	2 959
Number of shares used for diluted earnings calculation ('000)	**144 963**	144 176

CONDENSED CONSOLIDATED GROUP STATEMENT OF COMPREHENSIVE INCOME

	31 December 2012 R'000	31 December 2011 R'000
Profit for the year	**492 635**	451 094
Other comprehensive income:		
– Actuarial losses recognised	**(1 321)**	(5 345)
– Exchange gains arising on translation of foreign operations	**36 845**	
– Cash flow hedges	**(7 548)**	(4 821)
– Taxation on other comprehensive income	**(1 054)**	2 645
Other comprehensive income for the year net of taxation	**26 922**	(7 521)
Total comprehensive income for the year	**519 557**	443 573
Attributable to:		
Equity holders of the company	**467 280**	401 033
Non-controlling interests	**52 277**	42 540
	519 557	443 573

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	31 December 2012 R'000	31 December 2011 R'000
Balance at beginning of the year	**1 701 408**	1 369 919
Net profit for the year	**492 635**	451 094
Other comprehensive income for the year	**26 922**	(7 521)
Total comprehensive income for the year	**519 557**	443 573
Non-controlling interest arising on acquisition of subsidiary	**2 055**	
Employee share plan:		
– Value of service provided	**8 865**	5 129
– Deferred taxation	**13 265**	11 381
Vesting of share-based payment obligation:		
– Estimated tax effects of utilisation of treasury shares	**(16 418)**	
– Loss on settlement of old scheme	**(4 194)**	(1 067)
Shares disposed by the Metair Share Trust	**6 988**	2 575
Transfer of hedge reserve to purchase consideration of subsidiary	**12 369**	
Dividend *	**(144 613)**	(130 102)
Balance at end of the year	**2 099 282**	1 701 408

* An ordinary dividend of 72 cents per share was declared in respect of the year ended 31 December 2011.
An ordinary dividend of 65 cents per share was declared in respect of the year ended 31 December 2010.

ROE improved to 26%

CONDENSED CONSOLIDATED BALANCE SHEET

	31 December 2012 R'000	31 December 2011 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	**1 237 007**	762 752
Intangible assets	**85 050**	22 718
Investment in associates	**47 351**	44 582
Deferred taxation	**9 697**	11 266
	1 379 105	841 318
Current assets		
Inventory	**869 989**	693 646
Trade and other receivables	**706 862**	518 527
Derivative financial assets	**162**	615
Taxation	**424**	6 342
Cash and cash equivalents	**447 176**	421 678
	2 024 613	1 640 808
Total assets	**3 403 718**	2 482 126
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital and premium	**42 876**	42 876
Treasury shares	**(72 232)**	(113 509)
Share-based payment reserve	**38 428**	17 542
Hedging reserve		(3 471)
Foreign currency translation reserve	**36 660**	
Non-distributable reserves	**43 308**	39 494
Retained earnings	**1 883 541**	1 599 664
Ordinary shareholders' equity	**1 972 581**	1 582 596
Non-controlling interests	**126 701**	118 812
Total equity	**2 099 282**	1 701 408
Non-current liabilities		
Borrowings	**183 804**	27 458
Post-employment medical benefits	**28 713**	25 074
Deferred taxation	**66 415**	64 118
	278 932	116 650
Current liabilities		
Trade and other payables	**669 090**	533 374
Borrowings	**67 398**	24 627
Taxation	**14 024**	7 541
Provisions for liabilities and charges	**71 508**	60 651
Bank overdrafts	**191 928**	12 769
Derivative financial liabilities	**11 556**	25 106
	1 025 504	664 068
Total liabilities	**1 304 436**	780 718
Total equity and liabilities	**3 403 718**	2 482 126
Net asset value per share (cents) attributable to ordinary shareholders	**1 356**	1 119
Capital expenditure	**300 628**	162 146
Capital commitments		
– contracted	**72 925**	24 913
– authorised but not contracted	**231 513**	182 573

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	31 December 2012 R'000	31 December 2011 R'000
Operating activities		
Profit before taxation	**690 353**	602 000
Non-cash items	**139 702**	26 405
Working capital changes	**(80 304)**	(178 005)
Cash generated from operations	**749 751**	450 400
Interest paid	**(26 961)**	(7 858)
Taxation paid	**(181 574)**	(126 833)
Dividends paid	**(144 613)**	(130 102)
Dividend income from associate	**24 003**	8 993
Net cash inflow from operating activities	**420 606**	194 600
Investing activities		
Interest received	**21 065**	14 296
Net cash used in other investing activities	**(737 876)**	(102 472)
Net cash outflow from investing activities	**(716 811)**	(88 176)
Net cash inflow from financing activities	**152 064**	324
Net (decrease)/increase in cash and cash equivalents	**(144 141)**	106 748
Cash and cash equivalents at beginning of the year	**396 572**	289 824
Exchange gains on cash and cash equivalents	**2 817**	
Cash and cash equivalents at end of the year	**255 248**	396 572

EBITDA improved by 19% to R825 million

CONDENSED SEGMENTAL REVIEW

for the year ended 31 December 2012

	Revenue		Profit/(loss) before interest and taxation	
	December 2012 R'000	December 2011 R'000	December 2012 R'000	December 2011 R'000
Local				
Original equipment	**3 046 190**	2 697 984	**313 241**	276 631
Aftermarket	**1 162 136**	893 159	**202 786**	194 157
Non-auto	**462 957**	441 385	**59 141**	58 956
	4 671 283	4 032 528	**575 168**	529 744
Direct exports				
Original equipment	**94 844**	86 201	**10 415**	(7 941)
Aftermarket	**471 953**	139 060	**40 304**	20 698
Non-auto	**35 290**	36 363	**2 849**	2 782
	602 087	261 624	**53 568**	15 539
Property rental	**67 053**	60 873	**66 124**	59 980
Reconciling items *	**(67 053)**	(60 873)	**1 389**	(9 701)
Total	**5 273 370**	4 294 152	**696 249**	595 562
Net interest income			**(5 896)**	6 438
Profit before taxation			**690 353**	602 000

* The reconciling item relates to Metair head-office companies and property rental.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounting policies

The abridged consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and must also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the abridged consolidated financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of the previous consolidated annual financial statements.

FNB fire and related insurance proceeds

Included in other operating income are insurance proceeds of R24,7 million (2011: R 122,6 million) in respect of the fire at First National Battery (FNB) on 5 May 2011. The total profit recognised for the year amounted to R23,7 million (2011: R90 million) after recognising expenses and related costs of R1 million (2011: R32,2 million).

Contingencies

The bank and other guarantees given by the group to third parties amounted to R3,7 million as at 31 December 2012 (R3,7 million as at 31 December 2011).

Borrowings

During the year the group repaid borrowings of R69 million (2011: R14,2 million), raised long-term loans of R199,8 million (2011: R9,8 million), raised short-term loans of R144,9 million (2011: R2,2 million) and repaid short-term loans of R110,1 million.

Borrowings of R33,4 million were acquired through the acquisition of Rombat S.A.

Fair value adjustments on financial instruments

	31 December 2012		31 December 2011	
R'000	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts – fair value hedges	**162**	**11 556**	615	12 769

Business combinations

On 14 March 2012, the group acquired 99,426% of the issued shares of Rombat S.A. ("Rombat"). Rombat is a joint stock company incorporated under Romanian law and is a manufacturer of "lead-acid batteries" for the original equipment manufacturers (OEM), aftermarket, non-automotive and export segments. Rombat was acquired to complement the group's existing battery operations and to deliver strategic and financial benefits.

Total consideration transferred amounted to a total of R449,8 million of which R437,4 million is cash and capitalisation of the currency hedging of R12,4 million. The provisional goodwill of R33 million arising from the acquisition is attributable to the anticipated profitability arising from the group's access to new geographic markets, increased supply and the anticipated future operating synergies from the combination.

The following table summarises the consideration paid for Rombat and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

Recognised amounts of identifiable assets acquired and liabilities assumed:	Provisional R'000 – Fair value
Assets	
Trademark and other intangible assets	**31 264**
Property, plant & equipment	**269 928**
Inventory	**98 131**
Trade and other receivables	**188 062**
Cash and cash equivalents	**111 177**
	698 562
Liabilities	
Borrowings	**(33 429)**
Provisions	**(2 363)**
Trade and other payables	**(135 417)**
Overdraft	**(96 756)**
Net deferred taxation	**(11 594)**
	(279 559)
Total identifiable net assets	**419 003**
Less: Non-controlling interest	**(2 055)**
Goodwill	**32 814**
Purchase consideration (including currency hedging)	**449 762**

Acquisition-related costs included in administration expenses in the group consolidated income statement for the period ended 31 December 2012 amounted to R7,8 million.

Trade receivables with a fair value of R183 million is included within trade and other receivables and R11 million is considered doubtful. None of the goodwill recognised is expected to be deductible for income taxation purposes.

In respect of this acquisition, the cash consideration of €42,86 million has been translated at an effective closing rate of R10,21.

Non-controlling interest has been calculated based on the proportionate share in net assets.

Impact of the acquisition on the results of the group	R'000
From the dates of acquisition, the acquired businesses contributed:	
– Revenue	**576 190**
– Attributable profit	**39 813**
Had the acquisition been consolidated from 1 January 2012 the income statement would have included:	
– Revenue	**713 174**
– Attributable profit	**45 539**

Fire at Supreme Spring leaf spring manufacturing facility

Subsequent to year-end, on 31 January 2013, a fire damaged the leaf spring manufacturing facility at Supreme Spring. The total effect of the insurance claim is estimated at R35 million. Supreme Spring expects all insurance claims to be finalised during the first half of 2013. The facility has recommenced operations.

Declaration of Ordinary Dividend No 62

Notice is hereby given that a gross cash dividend of 95 cents per share has been declared by the board in respect of the year ended 31 December 2012. The dividend has been declared out of income reserves.
The salient dates for the payment of the dividend are detailed below:

	2013
Last day to trade cum dividend	Friday, 5 April
Shares to commence trading ex dividend	Monday, 8 April
Record date	Friday, 12 April
Payment of dividend	Monday, 15 April

Shareholders will not be permitted to dematerialise or rematerialise their share certificates between Monday, 8 April 2013 and Friday, 12 April 2013, both days inclusive.
The following additional information is disclosed with regard to the dividend:
– the local dividend tax rate is 15%;
– no STC credits were utilised;
– the gross local dividend amount is 95 cents per share for shareholders exempt from Dividends Tax;
– the net local dividend amount is 80,75 cents per share for shareholders liable to pay Dividends Tax;
– Metair's issued share capital is 152 531 875 ordinary shares (which includes 7 071 015 treasury shares); and
– Metair's income tax reference number is 9300198711.

Auditors' report

The auditors, PricewaterhouseCoopers Inc, have issued their opinion on the group's financial statements for the year ended 31 December 2012. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. These condensed consolidated annual financial statements have been derived from the group financial statements and are consistent in all material respects with the group financial statements. A copy of their audit report is available for inspection at the company's registered office.
Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditors. The auditors' report does not necessarily cover all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' work, they should obtain a copy of that report together with the accompanying financial information from the registered office of the company.

Annual general meeting

The annual report will be mailed to shareholders by 22 March 2013 along with the notice of annual general meeting.
The annual general meeting will be held on 2 May 2013 at 14:00 at Metair Investments Limited's registered office, 10 Anerley Road, Parktown, Johannesburg.

The annual results presentation will be available on the company's website (www.metair.co.za) and an investor and analyst audio webcast of the presentation will be broadcast today at 09:00 through http://www.corpcam.com/Metair18032013. Additional conference call facilities are available in SA on 011 535 3600/010 201 6616 or internationally on +27 11 535 3600/+27 10 201 6616.

OPERATING RESULTS

Metair has produced an excellent set of financial results for the year ended 31 December 2012 and during the year we continued to deliver on our strategic goals.

The group achieved a normalised return on equity of 26% (2011: 27%) and generated earnings before interest, tax, depreciation and amortisation of R825 million (R693 million), a 19% year-on-year increase off a high base. Turnover increased by 23% to R5 273 million (2011: R4 294 million) and headline earnings per share increased by 19% to 310 cents compared to the 260 cents per share in 2011.

Acquisition of Rombat

We are confident that we are on track to achieve the financial, operational and strategic objectives we set ourselves when we acquired Rombat, the leading lead-acid battery manufacturer in Romania. Rombat will be the platform from which to launch the group's key technology and aftermarket products into Europe.

Shortly after we acquired Rombat capital expenditure of €16 million was approved to build a new state-of-the-art Start/Stop battery facility. We are very pleased that the facility was successfully commissioned in December 2012 on time and within budget. State grants of €8 million that were secured by Rombat for this facility are expected to be received during the course of 2013.

Rombat had a pleasing financial result for the nine-and-a-half months for which it was consolidated. EBITDA for the nine-and-a-half months was L27 million (R64 million), profit after tax was L17 million (R40 million) and turnover was L240 million (R576 million).

The Rombat acquisition was particularly complex in nature, structure and execution. The skill set, acquisition technology and process the group developed in acquiring Rombat will assist us in future acquisitions.

Balanced Business

As recently as 2007 the vast majority of our business was with one OE customer. In order to improve the sustainability of our business we have followed a deliberate strategy of bringing more balance to our client base, product lines and geographical diversity. We now supply all seven OE customers in South Africa as well as Renault Dacia in Romania. While the OE business remains core to the group's strategy we will continue to focus on aggressively growing the aftermarket and non-automotive areas of the business and on improving the group's geographical diversity. We will also strive to increase the proportion of our business that is derived from our battery businesses.

Aftermarket, non-automotive, export and property turnover increased by 40%, increasing the contribution for this segment to 42% (2011: 37%) of group turnover. The earnings contribution from these markets increased to 55% (2011: 54%), delivering on our objective of equalising our earnings from these segments with the Original Equipment (OE) market segment.

The OE segment remained the major contributor to group turnover with 58% (2011: 63%) coming from this segment. Earnings from this segment decreased to 45% (2011: 46%) of the total.

Turnover generated from our battery businesses was R2 000 million.

Marikana and Human Capital

It would be very difficult to report on 2012 and not mention the tragedy that took place in Marikana in August 2012. The terrible events at Marikana taught us that there has never been a more important time to focus on our human capital and transformation. Marikana emphasised to us the importance of understanding employee expectations, communicating effectively with our employees and on maintaining a working environment where employees are treated with dignity in a well-defined, structured, safe and healthy environment.

Start/Stop Battery Technology

The group's Start/Stop battery technology was developed in 1981 when we launched an Absorbed Glass Mat (AGM) mining cap lamp for the mining sector. Since then we have sold more than 5 million mining cap lamps utilising this AGM technology. Over the past seven years we have developed a Start/Stop battery range for the automotive sector and during the financial year this battery product range was approved for OEM Start/Stop vehicles. During the period the group received its first orders from BMW SA for our Start/Stop battery product.

As referred to above, Rombat also managed to produce its first Start/Stop battery as we successfully commissioned a state-of-the-art Start/Stop production facility at our Bistrita facility.

REVIEW OF OPERATIONS

Original Equipment

New vehicle manufacturing volumes were 511 000 units (2011: 505 000 units) as government's new incentive programme, the Automotive Production and Development Programme (APDP) brought stability to this segment. Although industry volume growth during the period was small, the group managed to increase turnover from this segment by 9% as we produced products for a new customer, Ford SA, who is targeting increased exports through the production of a light commercial vehicle platform. The balance of the increased turnover from the OE segment was due to product diversification from our traditional customer base and the weakening Rand.

Rand volatility and customer reaction to this re-emerged as a challenge in this segment as a large customer revised its forex policy, which may result in the group having to manage more foreign exchange risk.

The decline in overall vehicle demand and subsequent vehicle manufacturing in Europe shifted demand focus to more affordable and basic entry-level vehicles. This shift bode well for the Romanian OE industry as Renault (with the Dacia brand, which is manufactured in Romania) increased market share and brand preference in Europe.

Romanian vehicle production volumes increased slightly and were on par with volumes produced in South Africa.

Aftermarket, non-automotive and export segments

The size of the overall vehicle parc continues to grow and group turnover increased accordingly. Our product offering, especially batteries, improved as we launched an Enhanced Flooded Battery (EFB) range and expanded on our Absorbed Glass Mat (AGM) battery products. With this product offering the group has two different solutions for the Automotive Start/Stop and heavy-duty battery applications. First National Battery's (FNB) margins were under pressure in the first half of the year as it recovered the market share it lost as a consequence of the disruptions cause by the fire in 2011. FNB's margins normalised during the second half of the year and warranty claims that were higher than expected in the first half of the year normalised in the second half.

The group managed in difficult market conditions to maintain our market share in Romania and sustain our European market penetration.

Prospects

The dominant automotive markets that the group operates in seem to have stabilised, with vehicle production volumes set to continue at the current levels with a potential for a slight increase in volumes from American-based vehicle manufacturers. The challenges with regard to our base currencies (South African Rand and Romanian Lei) will remain as currency volatility increases and we battle inflationary pressures. The expansion of the product approval for our Start/Stop battery will be a major drive in 2013 as we target moderate market penetration by 2016.

The group will continue to target strategic acquisitions in the aftermarket and non-automotive business where we can take advantage of our technological expertise and balance sheets at the holding company and/or subsidiary company level.

Maintaining ourselves in the coming period is going to be challenging and would require continued demand for local vehicle production and aftermarket products supported by our increased product offering and market penetration. A stable and non-disruptive labour environment combined with reasonable currency stability will be desirable.

We thank all our stakeholders for their commitment and support over the 2012 financial year and look forward to their continued support during 2013.

We would also like to thank Prince Bothata Molotlegi who served on the board from 2007 to 2012 for his valuable input and enthusiastic participation. We wish him well with his new role at the Royal Bafokeng Nation.

The interim report was produced by Mr BM Jacobs (Finance Director) B Comm B Acc CA (SA).

EXECUTIVE DIRECTORS: CT Loock (Managing); BM Jacobs (Finance)
NON-EXECUTIVE DIRECTORS: OME Pooe (Chairman); A Joffe
INDEPENDENT NON-EXECUTIVE DIRECTORS: RS Broadley; L Soanes*; A Galiel; JG Best
COMPANY SECRETARY: SM Vermaak
*British

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

SPONSOR
One Capital

INVESTOR RELATIONS
College Hill

Signed on behalf of the board on 15 March 2013

O M E Pooe – Chairman
C T Loock – Managing Director

JOHANNESBURG
18 March 2013