# Hudaco

# HIGHLIGHTS

Turnover up 14% to R1,8 billion

Operating profit up 8% to R195 million

Headline earnings per share up 2% to 448 cents











Group statement of financial position

R million	31 May 2013	31 May 2012	30 Nov 2012*
Assets Non-current assets	869	3 011	3 040
Property, plant and equipment Investment in preference shares Goodwill Intangible assets Deferred taxation	210 603 40 16	183 2 181 575 56 16	205 2 181 594 49 11
Current assets	1 742	1 486	1 679
Inventories Trade and other receivables Bank deposits and balances	998 744	913 551 22	919 684 76
Total assets	2 611	4 497	4 719
Equity and liabilities Equity	1 739	1 558	1 696
Interest of shareholders of the group Non-controlling interest	1 722 17	1 541 17	1 670 26
Non-current liabilities		2 335	2 244
Subordinated debenture Amounts due to vendors of businesses acquired		2 181 154	2 181 63
Current liabilities	872	604	779
Trade and other payables Bank overdraft Amounts due to vendors of businesses acquired Taxation	588 148 91 45	452 39 104 9	592 93 88 6
Total equity and liabilities	2 611	4 497	4 719

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21 14-

up 2 % to 448 ce		cash outlay will be recouped through price increases over the next year if the Rand remains at current levels. The group has net borrowings of R148 million at 31 May 2013.	Subordinated debenture Amounts due to vendors of businesses acc	quired	2 181 154	2 181 63	Group statement of changes in equity		Six months	Year
Comparable ear	ninas	Engineering consumables segment This segment is the biggest profit contributor to the group and acquisitions over the past few	Current liabilities	872	604	779		ended 31 May	ended	ended
per share up 139		years have significantly strengthened the sales base and spread. It has been experiencing tough trading conditions since about August last year due to strike activity in the mining and transport	Trade and other payables Bank overdraft	588 148	452 39	592 93	R million	2013	31 May 2012	30 Nov 2012*
	-	sectors. Platinum and gold mining have been particularly badly impacted and operating profit in our diesel engine business, which is largely dependent on underground mining activity, was well	Amounts due to vendors of businesses acc Taxation	quired 91 45	104	88 6	Equity at the beginning of the period Comprehensive income for the period	1 696 148	1 525 145	1 525 353
Interim dividend	maintained 📃 📐	down on last year. However it is pleasing to report that all other businesses performed well under the circumstances and new businesses are still performing in line with, or ahead of, expectations.	Total equity and liabilities	2 611	4 497	4 719	Change in equity compensation reserve Dividends	3 (108)	2 (114)	(19) (163)
at 155 cents per	share	Three-D Agencies, a distributor of specialised cable accessories, was acquired with effect from 1 May 2013 for a maximum consideration of R28 million.	Group statement of comprehe				Equity at the end of the period	1 739	1 558	1 696
		Sales of R1 133 million are up 6% on last year whilst operating profit was flat at R119 million.	croup statement of comprehe	Six months ended	Six months ended	Year ended	Supplementary information			
BEE financing ari	rangements	Consumer-related products segment This segment accounted for 38% of sales and 42% of operating profit in the first half of 2013. Sales of power tools and security equipment showed satisfactory growth but instrumentation sales		31 May %	31 May	30 Nov	The consolidated financial statements have been Financial Reporting, International Financial Reportin			
restructured		were well down. Global Communications delivered another excellent performance as did Deltec in its second year in the group.	R million <b>Turnover</b>	2013 change 1813 14	2012	2012* 3 492	Accounting Standards Board (IASB), SAICA Financia Practices Board, the JSE Listings Requirements and i	al Reporting Guides	s as issued by the	e Accountin
ENGINEERING CONS	SUMABLES	Segment sales were up 28% to R684 million whilst operating profit increased 23% to R85 million.	<ul> <li>ongoing operations</li> </ul>	<b>1 664</b> 5	1 586	3 360	South Africa. The principal accounting policies set been consistently applied throughout the period	out in the group's	2012 integrated	d report hav
		BEE financing arrangements restructured As detailed in a SENS announcement on 28 February 2013, the financing arrangements pertaining	<ul> <li>acquired in 2012 and 2013</li> <li>Cost of sales</li> </ul>	149	980	132 2 137	compiled under the supervision of the financial dire	ctor, CV Amoils CA	4(SA).	
	Distributor of special solid and	to the group's BEE structure have been restructured. Cadiz redeemed the preference share investment of R2 181 million and as a result Morgan Stanley exercised its option to put to the group	Gross profit	<b>665</b> 8	613	1 355		31 May 2013	31 May 2012	30 Nov 2012*
	hollow round steel.	the debenture issued by Hudaco Trading. Consequently, the BEE funding arrangements that were intended to be financed externally until August 2017 have been financed internally by the Hudaco group since 28 February 2013.	Operating expenses Operating profit	<b>470</b> <b>195</b> 8	432	918 437	Average net operating assets (NOA) (Rm) Operating profit margin (%)	1 908 10,8	1 710 11,3	1 773 12,5
$\sim$		As a result of the restructuring:	<ul> <li>ongoing operations</li> <li>acquired in 2012 and 2013</li> </ul>	180 1 15	179	418 19	Average NOA turn (times) Return on average NOA (%)	1,9 20,5	2,1 21,1	2,0 24,6
	Distributor of specialised	<ul> <li>the group statement of financial position no longer reflects a preference share investment of R2 181 million or a subordinated debenture liability of R2 181 million;</li> <li>the group statement of comprehensive income will no longer reflect preference dividends received</li> </ul>	Reversal of impairment of property	15	L	1	Average net tangible operating assets (NTOA) (Rm)	1 268	1 137	1 172
Astore	thermoplastic pipes, fittings	<ul> <li>of R201 million per annum or debenture interest paid of R234 million per annum;</li> <li>basic earnings and headline earnings will be negatively affected by approximately R33 million or</li> </ul>	Fair value adjustment on amounts due to vendors			8	PBITA margin (%) Average NTOA turn (times)	11,3 2,9	11,8 2,8	13,0 3,0
Atrica	and Keymak PVC hose.	<ul> <li>103 cents per share per annum;</li> <li>for the financial year ending 30 November 2013, the effect of the abovementioned items on</li> </ul>	Profit before interest Dividends received on investment	<b>195</b> 8	181	446	Return on average NTOA (%)	32,2	33,0	38,7
		basic and headline earnings per share is expected to be 77 cents, plus there has been a further charge of 17 cents because of a one-off Securities Transfer Tax (STT) payment of R5,5 million on	in preference shares Finance costs	50 (64)	101 (124)	202 (250)	Net asset value per share (cents) Return on average equity (%)	5 441 16,6	4 869 18,4	5 277 21,8
<b>T</b> Bearings	Distributor of bearings, chain, seals, geared motors, electric	the redemption of the preference shares; and basic and headline earnings per share in these interim results have been affected to the extent of	Profit before taxation	<b>181</b> 15	158	398	Operating profit has been determined after taking into account the following charges (Rm):			
International	motors, transmission products and alternators.	43 cents in total. The BEE shareholders will continue to hold their shares in Hudaco Trading and the BEE credentials of	Taxation PROFIT FOR THE PERIOD	38 143 1	16 142	47 351	<ul> <li>Depreciation</li> <li>Amortisation</li> </ul>	14 9	13 7	25 16
		all entities in the Hudaco group will remain intact. Tax challenge	Other comprehensive income	145	142	166	Capital expenditure (Rm) – Incurred during the period	17	16	43
Belting Supply	Distributor of conveyor belting, industrial hose, fluid sealing and	In a SENS announcement on 12 February 2013, stakeholders were advised that assessments had been received from SARS for the financial years 2007 to 2011 relating to certain aspects flowing	Movement on fair value of cash flow hedges	5	3	2	<ul> <li>Authorised but not contracted for</li> </ul>	25	31	50
Services	process control products.	from the implementation of the BEE structure. SARS has set out detailed descriptions of other complex arrangements connected to the structure and entered into by third parties without	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<b>148</b> 2	145	353	Commitments (Rm) – Operating lease commitments on properties	142	139	168
		Hudaco's knowledge or suspicion, and which presumably resulted in tax leakage to the fiscus. The amounts assessed by SARS comprise R1,3 billion under the general and anti-avoidance regulations	Profit attributable to:	142	140	340	<ul> <li>Tax payments in advance of legal process: R20 million per quarter until case is resolved.</li> </ul>			
Basmatrik	Manufacturer of conveyor drive pulleys, forgings and rollings.	(GAAR) and R0,6 billion under alternative grounds of Hudaco having allegedly become entitled to an amount because of the security arrangements. The amounts are broken down as follows:	<ul> <li>shareholders of the group</li> <li>non-controlling shareholders</li> </ul>	142	2	11	Contingent liability			
	paneys, rorgings and ronnigs.	Tax on re-categorised interest imputed on Hudaco – R279 million, tax imputed on Hudaco as it allegedly became entitled to an amount because of the security arrangements – R143 million,	Total comprehensive income	143	142	351	The group has received and is strongly refuting tax assessments relating to the financing of the			
	Distributor of Deutz diesel engines	impact of STC credits disallowed – R72 million, interest – R446 million, penalties – R987 million. It is assumed that SARS will take a similar approach in respect of the year ended 30 November 2012 and the structure of the second s	attributable to:	147	147	242	BEE transaction. The maximum exposure for tax, interest and penalties is considered to be			
DEUTZ DIESELPOWER	and Deutz spare parts and the provision of service support.	the three months to the redemption of the preference shares on 28 February 2013. The maximum potential exposure reflected as a contingent liability is considered to be the assessment	<ul> <li>shareholders of the group</li> <li>non-controlling shareholders</li> </ul>	147 1	143 2	342 11	R1,6 billion but the prospects of having to pay such an amount are considered remote.			
		under GAAR of R1,3 billion plus a further R0,3 billion assumed for 2012 and 2013, including interest and penalties.	Comparable earnings	148	145	353	Acquisition of new business The group acquired 100% of the business			
Ernest Lowe ELCO	Manufacturer of hydraulic	Based on advice from senior counsel, Hudaco remains confident of refuting the assessments. Hudaco has lodged objections to the assessments and will continue to pursue all appropriate legal remedies.	per share <sup>+</sup> (cents)	<b>440</b> 13 <b>448</b> 2	390	942	of Three-D Agencies for a total consideration based on future profits and which is			
PREUMATIC & HYDRAULIC AUTOMATION SOLUTIONS	and pneumatic equipment.	In respect of the requirement to "pay now, argue later", agreement has recently been reached with SARS, the practical implication of which is that Hudaco will pay on account an amount of R20 million	Headline earnings per share (cents) Basic earnings per share (cents)	<b>448</b> 2 <b>448</b>	441 441	1 071 1 074	estimated to be R27 million.			
	Constitution of Characteria and attended	per quarter commencing in July 2013 and the remainder will be deferred until the legal process has run its course, which Hudaco estimates is likely to take two to three years. Any overpayment will be	Diluted comparable earnings per share <sup>+</sup> (cents)	436	383	928	Property, plant and equipment of R1 million, inventories of R12 million, trade and other			
<b>FHS</b>	Supplier of filtration solutions, kits and accessories.	reimbursed with interest.  Prospects	Diluted headline earnings per share (cents)	446	434	1 055	receivables of R9 million, trade and other payables of R3 million and goodwill of R9 million were			
		As much as 50% of Hudaco's sales are derived from the South and southern African mining industry and the manufacturing and service sectors supporting that industry. Unfortunately these	Diluted basic earnings per share (cents)	446	434	1 058	recognised at date of acquisition. These values approximate the fair values as determined under			
POWERMITE	Distributor of electrical cabling and accessories, plugs, sockets, electric	sectors are experiencing challenging times at the moment. Low commodity prices and insufficient infrastructure, particularly electricity and rail capacity, weigh heavily on the industry. The lack of	Reconciliation to headline and				IFRS 3. The results since acquisition date included in the			
	feeder systems and crane materials.	common objectives for the industry by government, capital and labour is the cause of the current acrimony and, until resolved, acts as a further brake on the sector and a disincentive to investment.	comparable earnings <sup>†</sup> Profit attributable to shareholders				consolidated results for the period are as follows: – Turnover (Rm)	5		
	Distributor of controllers,	Prospects in neighbouring countries are better and it is one of our strategies to grow our presence in these markets.	of the group Adjusted for:	142	140	340	– Profit after tax (Rm)	1		
	monitors and regulators of the speed of standard	A weak Rand is usually good for Hudaco and our mining customers as they receive more Rands for the commodities they mine so it also usually results in an increase in mining production but this is	Reversal of impairment on property Headline earnings	142	140	(1) 339	If the acquisition had been concluded at the beginning of the period the consolidated results			
VARISPEED	AC motors.	unlikely at present, given the industry's current travails. Although growth in consumer spending appears to be weakening, our businesses are positioned in	Adjusted for: Preference dividend received	(50)	(101)	(202)	for the group would have been as follows: – Turnover (Rm) – Deafte the two (Rm)	1 833 144		
		niche areas which we believe will continue to perform satisfactorily. Organic earnings growth in the group will continue to be modest under current economic	Interest on debenture Income tax effect of the above	58 (16)	(101) 117 (33)	234 (65)	<ul> <li>Profit after tax (Rm)</li> <li>* Audited</li> </ul>	144		
CONSUMER-RELATE	D PRODUCTS	circumstances with any out-performance coming from acquisitions. Directorate	STT on redemption of preference shares Fair value adjustments on amounts	5	(55)	(00)	HUDACO INDUSTRIES LIMITED Incorporated in the Republic of South Africa			
		Due to other commitments, DD Mokgatle has tendered her resignation from the board with effect from 25 October 2013. The board thanks her for her contribution and a replacement will be	due to vendors			(8)	Registration number 1985/004617/06 JSE code: HDC ISIN: ZAE000003273			
	Distributor of automotive	appointed in due course. Declaration of interim dividend no 53	Comparable earnings <sup>+</sup> Dividends	<b>139</b> 13	123	298	Transfer secretaries: Computershare Investor Services Pty Limited, PO Box 6 Registered office:	1051, Marshalltowr	ı, 2107	
	clutch kits and ignition leads, rotary oil and hydraulic seals.	Interim dividend number 53 of 155 cents per share is declared payable on Monday, 19 August 2013 to ordinary shareholders recorded in the register at the close of business on Friday, 16 August 2013.	<ul> <li>per share (cents)</li> <li>amount (Rm)</li> </ul>	155 49	155 49	465 147	Building 9, Greenstone Hill Office Park, Emerald Boule Tel +27 11 657 5000	ard, Greenstone Hil	i, Edenvale, 1609	1
		The timetable for the payment of the dividend is as follows: Last day to trade <i>cum</i> dividend Thursday, 8 August 2013	Shares in issue	31 646	31 646	31 646	E-mail info@hudaco.co.za Directors: DT Vice (Chairman)t, SI Connally (Chief even time), C	Annalla /Elsen at t	diserte à CDD	ford
othec	Distributor of maintenance	Trading ex dividend commences Monday, 12 August 2013 Record date Friday, 16 August 2013	<ul> <li>total (000)</li> <li>held by subsidiary company (000)</li> </ul>	34 154 (2 508)	34 154 (2 508)	34 154 (2 508)	RT Vice (Chairman)*, SJ Connelly (Chief executive), C DD Mokgatle*, SG Morris*, D Naidoo*. * Independent non-executive	/ Amolis (Financial d	<i>lirector),</i> GR Dunt	ora
	free batteries.	Payment date Mondaý, 19 August 2013 Share certificates may not be dematerialised or rematerialised between Monday, 12 August 2013 and	Weighted average shares in issue		21.646		Group secretary: R Wolmarans			
₽°		Friday, 16 August 2013, both days inclusive. The certificated register will be closed for this period.	– basic (000) – diluted (000)	31 646 31 873	31 646 32 131	31 646 32 124	<b>Sponsor:</b> Nedbank Capital			
ELVEY	Distributor of intruder detection,	In terms of the Listings Requirements of the JSE Limited regarding the new Dividends Tax effective 1 April 2012, the following additional information is disclosed: • The dividend has been declared out of income reserves;	Segment information	<b>T</b>			On suching any fit	A		
Security Technologies	access control and related CCTV equipment.	<ul> <li>The local dividend rate is 15%;</li> <li>Secondary tax on Company (STC) credits of 155 cents per share will be utilised;</li> </ul>	Six mont	Turnover hs Six mo	onths Year	Six months	Operating profit Six months Year Six mor		Six months	t <b>s</b> Year
	Distributor of professional	<ul> <li>The gross local dividend amount is 155 cents per ordinary share for shareholders exempt from the Dividends Tax;</li> </ul>	ende 31 Ma	<b>ay</b> % 31	nded ended May 30 Nov	ended 31 May	% 31 May 30 Nov <b>31 N</b>		ended 31 May	ended 30 Nov
	mobile radio communication	<ul> <li>The net local dividend amount is 155 cents per ordinary share for shareholders liable to pay the new Dividends Tax;</li> </ul>	R million 20 Engineering consumables 1 1	5	2012 2012* 064 2 280	2013	2	013 change 258 4	2012	2012* 1 169
global communications	equipment and radio systems integrator.	<ul> <li>Hudaco Industries Limited has 34 153 531 shares in issue (which includes 2 507 828 treasury shares); and</li> </ul>	- ongoing operations 10	<b>69</b> 1 1	057 2 217	111	(8) 120 268 1	<b>161</b> (3)	1 200	1 127
	Distributor of CCTV onvincent	Hudaco Industries Limited's income tax reference number is 9400/159/71/2.     Results presentation		<b>64</b> <b>84</b> 28	7 63 533 1 223	85		<b>97</b> <b>547</b> 20	10 457	42 487
	Distributor of CCTV equipment, including system design,	Hudaco will host presentations on the financial results in Johannesburg and Cape Town on Friday, 28 June 2013 and Monday, 1 July 2013, respectively. Anyone wishing to attend should contact to the second se	– ongoing operations 5		533 1 154 69	78	13 69 162	<b>495</b> 8 <b>52</b>		469 18
	integration into access control, intruder, fire detection systems	Janine Yon at 011 657 5007. The slides which form part of the presentation will be available on the company's website from	Total operating segments 18		597 3 503	204		<b>805</b> 8	1 667	1 656
	and Video over IP.	Tuesday, 2 July 2013. For and on behalf of the board	Head office, shared services	(4)	(4) (11)			103	43	117
	Distributor of Makita power	RT Vice SJ Connelly	Total group 18	<b>13</b> 14 1	593 3 492	195	8 181 437 <b>1</b>	<b>908</b> 12		1 773
Rutherford	tools, Mercury marine engines and survey instrumentation.	Independent non-executive chairman Chief executive 27 June 2013	<ul> <li>Calculated as if the restructuring of the fir</li> <li>Audited</li> </ul>	nancing of the BEE transactio	on had taken place be	efore the start of	f the 2012 financial year			
	"Val	ue-added distribution – our core co	mpetency"				www.huda	co.co.za		∕inc

# **UNAUDITED INTERIM RESULTS**

for the six months ended 31 May 2013

## Group statement of cash flows

Group statement of cash nows			
	Six months	Six months	Year
	ended	ended	ended
R million	31 May 2013	31 May 2012	30 Nov 2012*
	2015	2012	
Cash generated from trading	221	203	458
Increase in working capital	(114)	(162)	(121)
Cash generated from operations	107	41	337
Taxation paid	(5)	(25)	(54)
Net cash from operating activities	102	16	283
Net investment in new operations	(98)	(49)	(229)
Net investment in property, plant and equipment	(16)	(13)	(39)
Redemption of preference shares	2 181		
Dividends and interest received	50	101	202
Net cash from investing activities	2 117	39	(66)
Decrease in finance leases		(2)	(3)
Repurchase of debenture	(2 181)		
Finance costs paid	(61)	(124)	(237)
Dividends paid	(108)	(114)	(163)
Net cash from financing activities	(2 350)	(240)	(403)
Net decrease in cash and cash equivalents	(131)	(185)	(186)

## Group statement of changes in equity

R million	Six months ended 31 May 2013	Six months ended 31 May 2012	Year ended 30 Nov 2012*
Equity at the beginning of the period Comprehensive income for the period Change in equity compensation reserve	1 696 148	1 525 145	1 525 353 (19)
Dividends	د (108)	(114)	(163)
Equity at the end of the period	1 739	1 558	1 696

		As detailed in a SENS announcement on 28 February 2013, the financing arrangements pertaining to the group's BEE structure have been restructured. Cadiz redeemed the preference share	Cost of sales		1 148	0	980	2 137				31 M		1 May	30 Nov
Ambro Sales	Distributor of special solid and	investment of R2 181 million and as a result Morgan Stanley exercised its option to put to the group the debenture issued by Hudaco Trading. Consequently, the BEE funding arrangements that were	Gross profit Operating expenses		665 470	8	613 432	1 355 918	Average net o	perating asset	s (NOA) (Rm)	20 1 9		2012	2012*
A DIVISION OF HUDACO TRADING (PTY) LTD	hollow round steel.	intended to be financed externally until August 2017 have been financed internally by the Hudaco group since 28 February 2013.	Operating profit		195	8	181	437	Operating pro	fit margin (%)		10	0,8	11,3	12,5
		As a result of the restructuring:	<ul> <li>ongoing operations</li> </ul>		180	1	179	418	Average NOA Return on ave		)		1,9 0,5	2,1 21,1	2,0 24,6
		<ul> <li>the group statement of financial position no longer reflects a preference share investment of R2 181 million or a subordinated debenture liability of R2 181 million;</li> </ul>	<ul> <li>acquired in 2012 and 2013</li> <li>Powercal of impairment of prov</li> </ul>		15		2	19	Average net ta	angible operat	ing assets				
Astoro	Distributor of specialised	<ul> <li>the group statement of comprehensive income will no longer reflect preference dividends received</li> </ul>	Reversal of impairment of prop Fair value adjustment on amou					I	(NTOA) (Rm) PBITA margin	(%)		12	268 1,3	1 137 11,8	1 172 13,0
Africa	thermoplastic pipes, fittings and Keymak PVC hose.	of R201 million per annum or debenture interest paid of R234 million per annum; basic earnings and headline earnings will be negatively affected by approximately R33 million or	due to vendors					8	Average NTOA	A turn (times)		2	2,9	2,8	3,0
2		<ul> <li>103 cents per share per annum;</li> <li>for the financial year ending 30 November 2013, the effect of the abovementioned items on</li> </ul>	Profit before interest	ont	195	8	181	446	Return on ave				2,2	33,0	38,7
		basic and headline earnings per share is expected to be 77 cents, plus there has been a further	Dividends received on investme in preference shares	lent	50		101	202	Net asset value Return on ave			54 16	441 6,6	4 869 18,4	5 277 21,8
	Distributor of bearings, chain,	charge of 17 cents because of a one-off Securities Transfer Tax (STT) payment of R5,5 million on the redemption of the preference shares; and	Finance costs		(64)		(124)	(250)	Operating pro	ofit has been	determined after				
<b>B</b> Bearings International	seals, geared motors, electric motors, transmission products	<ul> <li>basic and headline earnings per share in these interim results have been affected to the extent of 43 cents in total.</li> </ul>	Profit before taxation Taxation		181 38	15	158 16	398 47	taking into a – Depreciation		llowing charges (Rn		14	13	25
mernational	and alternators.	The BEE shareholders will continue to hold their shares in Hudaco Trading and the BEE credentials of	PROFIT FOR THE PERIOD		143	1	142	351	<ul> <li>Amortisatio</li> </ul>				9	7	16
		all entities in the Hudaco group will remain intact.	Other comprehensive incom	ne	145		142	551	Capital expe					16	12
	Distributor of conveyor belting,	Tax challenge In a SENS announcement on 12 February 2013, stakeholders were advised that assessments had	Movement on fair value of cash flow hedges		5		3	2	<ul> <li>Incurred du</li> <li>Authorised</li> </ul>				17 25	16 31	43 50
Belting Supply	industrial hose, fluid sealing and	been received from SARS for the financial years 2007 to 2011 relating to certain aspects flowing from the implementation of the BEE structure. SARS has set out detailed descriptions of other		COME			5		Commitment	s (Rm)					
Services	process control products.	complex arrangements connected to the structure and entered into by third parties without Hudaco's knowledge or suspicion, and which presumably resulted in tax leakage to the fiscus.	FOR THE PERIOD		148	2	145	353			ents on properties	1	142	139	168
		The amounts assessed by SARS comprise R1,3 billion under the general and anti-avoidance regulations	Profit attributable to:		142		140	340			of legal process: ntil case is resolved.				
7. South the	Manufacturer of conveyor drive	(GAAR) and R0,6 billion under alternative grounds of Hudaco having allegedly become entitled to an	<ul> <li>shareholders of the group</li> <li>non-controlling shareholder</li> </ul>	rs	142 1		2	340 11	Contingent li						
	pulleys, forgings and rollings.	amount because of the security arrangements. The amounts are broken down as follows: Tax on re-categorised interest imputed on Hudaco – R279 million, tax imputed on Hudaco as it			143		142	351			is strongly refuting				
		allegedly became entitled to an amount because of the security arrangements – R143 million, impact of STC credits disallowed – R72 million, interest – R446 million, penalties – R987 million. It is	Total comprehensive income								he financing of the um exposure for tax,				
	Distributor of Deutz diesel engines	assumed that SARS will take a similar approach in respect of the year ended 30 November 2012 and the three months to the redemption of the preference shares on 28 February 2013.	attributable to: — shareholders of the group		147		143	342	interest and p						
DEUTZ DIESELPOWER	and Deutz spare parts and the provision of service support.	The maximum potential exposure reflected as a contingent liability is considered to be the assessment	<ul> <li>– shareholders of the gloup</li> <li>– non-controlling shareholder</li> </ul>	ſS	147		2	11	such an amou		ts of having to pay red remote.				
	provision of service support.	under GAAR of R1,3 billion plus a further R0,3 billion assumed for 2012 and 2013, including interest			148		145	353	Acquisition o						
		and penalties. Based on advice from senior counsel, Hudaco remains confident of refuting the assessments. Hudaco	Comparable earnings			42	200	0.12	The group acc of Three-D Ag		of the business otal consideration				
Ernest Lowe	Manufacturer of hydraulic and pneumatic equipment.	has lodged objections to the assessments and will continue to pursue all appropriate legal remedies.	per share <sup>+</sup> (cents) Headline earnings per share	e (cents)	440 448	13 2	390 441	942 1 071	based on futu	re profits and	which is				
	and predmate equipment.	In respect of the requirement to "pay now, argue later", agreement has recently been reached with SARS, the practical implication of which is that Hudaco will pay on account an amount of R20 million	Basic earnings per share (ce		448		441	1 074	estimated to b						
		per quarter commencing in July 2013 and the remainder will be deferred until the legal process has	Diluted comparable earnings		426		202	020			ent of R1 million, rade and other				
File	Supplier of filtration solutions,	run its course, which Hudaco estimates is likely to take two to three years. Any overpayment will be reimbursed with interest.	per share† (cents) Diluted headline earnings		436		383	928	receivables of	R9 million, tra	de and other payabl	es			
Filter & Heat Solution	kits and accessories.	Prospects	per share (cents)		446		434	1 055			of R9 million were sition. These values				
		As much as 50% of Hudaco's sales are derived from the South and southern African mining industry and the manufacturing and service sectors supporting that industry. Unfortunately these	Diluted basic earnings per share (cents)		446		434	1 058	approximate t		as determined under				
POWERMITE	Distributor of electrical cabling and accessories, plugs, sockets, electric	sectors are experiencing challenging times at the moment. Low commodity prices and insufficient infrastructure, particularly electricity and rail capacity, weigh heavily on the industry. The lack of	Reconciliation to headline a	and					IFRS 3.		data included in the				
	feeder systems and crane materials.	common objectives for the industry by government, capital and labour is the cause of the current	comparable earnings <sup>†</sup>	d							date included in the period are as follows				
		acrimony and, until resolved, acts as a further brake on the sector and a disincentive to investment. Prospects in neighbouring countries are better and it is one of our strategies to grow our presence	Profit attributable to sharehold of the group	ders	142		140	340	– Turnover (R	m)			5		
	Distributor of controllers,	in these markets.	Adjusted for:						<ul> <li>Profit after</li> </ul>		concluded at the		1		
	monitors and regulators	A weak Rand is usually good for Hudaco and our mining customers as they receive more Rands for the commodities they mine so it also usually results in an increase in mining production but this is	Reversal of impairment on pro	operty	142		140	(1)			consolidated results				
	of the speed of standard AC motors.	unlikely at present, given the industry's current travails.	Headline earnings Adjusted for:		142		140	339	for the group — Turnover (R		een as follows:	18	222		
VARISPEED		Although growth in consumer spending appears to be weakening, our businesses are positioned in niche areas which we believe will continue to perform satisfactorily.	Preference dividend received		(50)		(101)	(202)	<ul> <li>Profit after</li> </ul>				144		
		Organic earnings growth in the group will continue to be modest under current economic	Interest on debenture Income tax effect of the abov	/e	58 (16)		117 (33)	234 (65)	* Audited						
CONSUMER-RELATE	D PRODUCTS	circumstances with any out-performance coming from acquisitions.	STT on redemption of preferer		5				HUDACO IND Incorporated in						
		Directorate Due to other commitments, DD Mokgatle has tendered her resignation from the board with effect	Fair value adjustments on am due to vendors	iounts				(8)	Registration nu JSE code: HDC	mber 1985/00	4617/06				
		from 25 October 2013. The board thanks her for her contribution and a replacement will be appointed in due course.	Comparable earnings <sup>†</sup>		139	13	123	298	Transfer secre	taries:		- 61051 Mars	aballtarus 21(	07	
	Distributor of automotive clutch kits and ignition leads,	Declaration of interim dividend no 53	Dividends						Registered of	fice:	ces Pty Limited, PO Bc				
	rotary oil and hydraulic seals.	Interim dividend number 53 of 155 cents per share is declared payable on Monday, 19 August 2013 to ordinary shareholders recorded in the register at the close of business on Friday, 16 August 2013.	<ul> <li>per share (cents)</li> <li>amount (Rm)</li> </ul>		155 49		155 49	465 147	Building 9, Gre Tel +27 11 657	enstone Hill Of 5000	fice Park, Emerald Bo	llevard, Greens	stone Hill, Ede	envale, 1609	
		The timetable for the payment of the dividend is as follows:	Shares in issue		49 31 646		49 31 646	31 646	E-mail info@hu Directors:						
Se ll		Last day to trade <i>cum</i> dividend Thursday, 8 August 2013 Trading <i>ex</i> dividend commences Monday, 12 August 2013	- total (000)		34 154		34 154	34 154	RT Vice (Chairn	nan)*, SJ Conr	nelly (Chief executive),	CV Amoils (Fi	inancial direct	<i>tor),</i> GR Dunfo	ord
Dell	Distributor of maintenance	Record date Fridaý, 16 August 2013	<ul> <li>held by subsidiary company</li> </ul>	(000)	(2 508)		(2 508)	(2 508)	DD Mokgatle*, * Independent	non-executive					
	free batteries.	Payment date Monday, 19 August 2013 Share certificates may not be dematerialised or rematerialised between Monday, 12 August 2013 and	Weighted average shares in	n issue	24 646		21 646	21 646	Group secreta R Wolmarans	ry:					
₽°		Friday, 16 August 2013, both days inclusive. The certificated register will be closed for this period.	– basic (000) – diluted (000)		31 646 31 873		31 646 32 131	31 646 32 124	Sponsor: Nedbank Capit	al					
	Distributor of intruder detection,	In terms of the Listings Requirements of the JSE Limited regarding the new Dividends Tax effective 1 April 2012, the following additional information is disclosed:	Segment information						neubank capit						
ELVEY	access control and related CCTV	<ul> <li>The dividend has been declared out of income reserves;</li> </ul>	segment mormation		Turr	nover			Operatin	g profit		Averag	ge net opera	ating assets	;
Security Technologies	equipment.	<ul> <li>The local dividend rate is 15%;</li> <li>Secondary tax on Company (STC) credits of 155 cents per share will be utilised;</li> </ul>		Six months		Six months	Year	Six months		Six months		onths	Six	months	Year
	Distributor of professional	<ul> <li>The gross local dividend amount is 155 cents per ordinary share for shareholders exempt from the Dividends Tax;</li> </ul>		ended 31 May	%	ended 31 May	ended 30 Nov	ended 31 May	%	ended 31 May	30 Nov 3	ended 1 May	%	ended 31 May	ended 30 Nov
	Distributor of professional mobile radio communication	<ul> <li>The net local dividend amount is 155 cents per ordinary share for shareholders liable to pay the new Dividends Tax;</li> </ul>	R million	2013	change	2012	2012*	2013		2012	2012*		change	2012	2012*
	equipment and radio systems	Hudaco Industries Limited has 34 153 531 shares in issue (which includes 2 507 828 treasury	Engineering consumables	1 133	6	1 064	2 280	119	. ,	122		1 258	4	1 210	1 169
global communications	integrator.	<ul> <li>shares); and</li> <li>Hudaco Industries Limited's income tax reference number is 9400/159/71/2.</li> </ul>	<ul> <li>ongoing operations</li> <li>acquired in 2012 and 2013</li> </ul>	1 069 64	1	1 057 7	2 217 63	111	(8)	120 2	268 12	1 161 97	(3)	1 200 10	1 127 42
	Distributor of CCTV equipment,	Results presentation	Consumer-related products	684	28	533	1 223	85	23	69	169	547	20	457	487
	including system design,	Hudaco will host presentations on the financial results in Johannesburg and Cape Town on Friday, 28 June 2013 and Monday, 1 July 2013, respectively. Anyone wishing to attend should contact	- ongoing operations	599	12	533	1 154	78		69	162	495	8	457	469
	integration into access control,	Janine Yon at 011 657 5007.	<ul> <li>acquired in 2012 and 2013</li> </ul>				69	7			7	52			18
	intruder, fire detection systems and Video over IP.	The slides which form part of the presentation will be available on the company's website from Tuesday, 2 July 2013.	Total operating segments Head office, shared services	1 817	14	1 597	3 503	204	7	191	449	1 805	8	1 667	1 656
		For and on behalf of the board	and eliminations	(4)		(4)	(11)	(9)	)	(10)	(12)	103		43	117
	Distributor of Makita power	RT Vice SJ Connelly	Total group	1 813	14	1 593	3 492	195	8	181	437	1 908	12	1 710	1 773
Rutherford	tools, Mercury marine engines and survey instrumentation.	Independent non-executive chairman Chief executive 27 June 2013	<ul> <li>Calculated as if the restructuring</li> <li>Audited</li> </ul>	ing of the financ	cing of the BEE	transaction had	l taken place bef	fore the start of	the 2012 financial	year					
		27 June 2015	Auuneu												
	"Val	ue-added distribution – our core co	mpetency"							W	ww.huda	aco.co	o.za		⁄ince

**Results** The group continues to deliver satisfactory results in an uncertain and difficult economic environment. In particular, mining activity continues to be beset by work stoppages and exchange rate volatility makes pricing difficult.

Businesses serving underground mining, specifically platinum and gold, have been particularly hard hit by work stoppages since August last year and it has been only towards the end of the first half that sales volumes have started to recover. Activity in open cast mining, mainly coal and iron ore, was not as badly affected by the stoppages so alse volumes have been closer to normal levels. Good performances from other businesses, especially those in the Consumer related products segment. have more than offset weak performances in the Engineering consumables segment.

Sales at R1,8 billion were up 14% whilst operating profit grew 8% to R195 million with an operating margin to sales of 10,8% – down on last year's 11,3%. Headline and basic earnings per share of 448 cents are up slightly on last year but comparable earnings (calculated as if the restructuring of the financing of the BEE transaction had taken place before the start of the 2012 financial year) are up 13%. The interim dividend has been maintained at 155 cents per share. Our dividend policy, to pay about 40% of HEPS annually, remains in place.

The financial position is healthy. Working capital (inventories, accounts receivable and accounts payable) have increased sharply as replacement stock has been bought at higher Rand prices but this cash outlay will be recouped through price increases over the next year if the Rand remains at current levels. The group has net borrowings of R148 million at 31 May 2013.