

**Hudaco Industries Limited**  
Unaudited Interim Group Results  
for the six months ended 31 May 2005

Income Statement				
R million	Six months ended		Year ended	
	31 May 2005	% change	31 May 2004	30 Nov 2004 *
Turnover	705.2	4	678.4	1,448.4
- Continuing operations	651.0	2	639.6	1,357.3
- Operations acquired in 2005	54.2			
- Operations discontinued in 2004			38.8	91.1
Cost of sales	409.7		428.8	896.5
Gross profit	295.5		249.6	551.9
Operating expenses	221.7		185.6	376.1
EBITDA	73.8	15	64.0	175.8
Depreciation less recoupments	6.4		7.2	13.7
Operating profit	67.4	19	56.8	162.1
- Continuing operations	59.8	-3	61.8	166.3
- Operations acquired in 2005	7.6			
- Operations discontinued in 2004			(5.0)	(4.2)
Costs of closure of discontinued operations				18.6
Capital items			2.9	5.5
Profit before interest	67.4		53.9	138.0
Net interest received	1.8		2.5	6.1
Profit before taxation	69.2		56.4	144.1
Taxation	22.8		20.8	50.4
Profit after taxation	46.4	30	35.6	93.7
Attributable to outside shareholders	1.8		1.6	5.0
Profit attributable to shareholders	44.6	31	34.0	88.7

Headline earnings per share (cents)	151.3	20	126.5	370.6
- Continuing operations	138.9	0	139.5	381.4
- Operations acquired in 2005	12.4			
- Operations discontinued in 2004			(13.0)	(10.8)

Basic earnings per share (cents)	151.3		116.5	302.8
Diluted earnings per share (cents)	149.2		114.1	298.6

Reconciliation to headline earnings				
Profit attributable to shareholders	44.6		34.0	88.7
Add back:				
- Costs of closure of discontinued operations				18.6
- Tax effect of costs of closure				(4.2)
- Amortisation of goodwill			2.9	5.5
Headline earnings	44.6	21	36.9	108.6

Dividends				
- per share (cents)	42.0	20	35.0	128.0
- amount (Rm)	12.4		10.3	37.7

Shares in issue	29,610		29,372	29,438
- Total (000)	32,118		31,880	31,946
- Held by subsidiary company (000)	-2,508		-2,508	-2,508

Weighted average shares in issue				
- Basic (000)	29,473		29,185	29,289
- Diluted (000)	29,889		29,806	29,702

Cash Flow Statement				
R million	Six months ended		Year ended	
	31 May 2005		31 May 2004	30 Nov 2004 *
Cash generated from trading	73.8		64.0	175.8
Applied to working capital	(45.9)		1.6	37.9
Cash generated from operating activities	27.9		65.6	213.7
Net interest received	1.8		2.5	5.8
Taxation paid	(36.9)		(40.1)	(62.9)
Cash applied to operations	(7.2)		28.0	156.6
Dividends paid	(27.4)		(26.4)	(39.3)
Net cash applied	(34.6)		1.6	117.3
Investment in new operations - net	(17.9)		(4.4)	(10.7)
Investment in property, plant and equipment - net	(3.6)		(7.8)	(13.9)
Net cash invested	(21.5)		(12.2)	(24.6)
CASH UTILISED	(56.1)		(10.6)	92.7
Shareholder funding	1.9		2.6	3.1
DECREASE IN NET CASH	(54.2)		(8.0)	95.8

\* Audited

Balance Sheet				
R million	31 May 2005	31 May 2004	30 Nov 2004 *	
ASSETS				
Non-current assets	129.5	109.6	104.6	
Property, plant and equipment	45.1	44.8	42.9	
Deferred taxation - net	12.5	12.1	16.0	
Goodwill	71.9	52.7	45.7	
Current assets	800.5	674.4	779.4	
Inventories	362.5	314.4	284.6	
Accounts receivable	242.4	214.0	245.0	
Bank call deposits and balances	195.6	146.0	249.8	
TOTAL ASSETS	930.0	784.0	884.0	
EQUITY AND LIABILITIES				
Equity	559.8	493.6	536.8	
Shareholders' equity	532.3	468.5	510.9	
Outside shareholders' interest	27.5	25.1	25.9	
Non-current liabilities	75.0	66.1	62.4	
Interest bearing debt	50.0	50.0	50.0	
Due to vendors - interest bearing	25.0	16.1	12.4	
Current liabilities	295.2	224.3	284.8	
Accounts payable	241.4	209.7	259.5	
Due to vendors - interest bearing	46.1			
Taxation	7.7	14.6	25.3	
TOTAL EQUITY AND LIABILITIES	930.0	784.0	884.0	

Statement of Changes in Equity				
R million	Six months ended 31 May 2005	31 May 2004	30 Nov 2004 *	
Equity at beginning of period	510.9	457.9	457.9	
Attributable profit for the period	44.6	34.0	88.7	
Deferred gain on hedging instruments	3.1	0.3	(0.1)	
Loss on translation of foreign entities	(1.0)	0.1	(1.9)	
Share issues	2.1	2.6	3.0	
Dividends	(27.4)	(26.4)	(36.7)	
Equity at the end of the period	532.3	468.5	510.9	

**Supplementary Information**

These results were prepared applying accounting policies which conform with South African Statements of Generally Accepted Accounting Practice and are consistent with those applied in the most recent annual financial statements.

	31 May 2005	31 May 2004	30 Nov 2004 *
Average net operating assets (Rm)	443.7	402.9	391.2
Operating profit margin (%)	9.6	8.4	11.2
Average NOA turn (times - annualised)	3.2	3.4	3.7
Return on average NOA (%) - annualised)	30.4	28.2	41.4
Interest covered by operating profit (times)	n/a	n/a	n/a
Gearing - net (%)	nil	nil	nil
Net asset value per share (cents)	1 798	1 595	1 736
Capital expenditure			
- spent during the period (Rm)	7.0	9.0	18.3
- budgeted for second half of the year (Rm)	6.2	10.6	
Operating lease commitments - property (Rm)	47.5	29.1	33.9
Net cash composites (Rm)	145.6	96.0	199.8
- Bank call deposits and balances	195.6	146.0	249.8
- Interest bearing debt - non-current	(50.0)	(50.0)	(50.0)
Capital items (Rm)	0.0	2.9	5.5
- Amortisation of goodwill		2.9	5.8
- Other - net	0.0		(0.3)

There is a contingent liability in respect of an unresolved dispute with the Financia Services Board on whether the rules of one of the group's defined contribution retirement funds correctly authorised an employer contribution holiday of approximately R2,5n per annum from 1992 to 2001.

Segment Analysis **												
R million	Turnover				Operating Profit				Average net operating assets			
	31 May 2005	% change	31 May 2004	30 Nov 2004 *	31 May 2005	% Change	31 May 2004	30 Nov 2004 *	31 May 2005	31 May 2004	30 Nov 2004 *	
Bearings and Transmission Products	425.1	16	367.7	778.7	33.5	-7	36.2	93.6	320.8	235.6	232.4	
- Continuing operations	370.9	1	367.7	778.7	25.9	-28	36.2	93.6	258.8	235.6	232.4	
- Operations acquired in 2005	54.2				7.6				62.0			
Powered Products	158.2	-2	161.2	350.2	26.1	18	22.1	59.9	54.8	67.8	63.0	
Security Equipment	122.8	10	111.4	229.7	10.8	52	7.1	17.5	71.9	79.1	78.4	
Internal/head office	(0.9)		(0.7)	(1.3)	(3.0)		(3.6)	(4.7)	(16.3)	(31.0)	(25.7)	
Operations discontinued in 2004 **			38.8	91.1			(5.0)	(4.2)	12.5	51.4	43.1	
Total Group	705.2	4	678.4	1,448.4	67.4	19	56.8	162.1	443.7	402.9	391.2	

\*\* Comparative figures have been restated following the closure of Hudaco Friction and sale of Vivian Regina.