



## UNAUDITED INTERIM GROUP RESULTS

FOR THE SIX MONTHS ENDED 31 MAY 2008

- Sales up 24% to R1,2 billion
- Operating Profit up 36% to R158 million
- Normalised headline earnings per share up 57% to 400 cents
- Dividends rebalanced interim dividend increased 100% to 130 cents per share

Hudaco is a South African group engaged in the business of importing and distributing industrial consumable products. Its customers are predominately in the southern African manufacturing, mining, construction, automotive and security industries.

#### Results

The group has delivered excellent first half results. Sales of R1,2 billion for the half year are up 24% on 2007. Two acquisitions, Astore Africa a distributor of specialised pipes and fittings, and Ambro Sales, a distributor of special solid and hollow round steel which together cost R152 million contributed R75 million or 8% to this increase. The balance of 16% was achieved mainly in the Bearings and Transmission and diesel engine businesses. Operating profit increased 36% to R158 million.

The Bearings and Transmission division has become the main beneficiary of the surge in spending on mining and infrastructure projects. Full advantage was taken of the prevailing buoyant trading conditions and an outstanding first half result was achieved. Total sales including the two acquisitions were up 34% to R763 million. Operating profit increased 50% to R92 million.

Trading conditions in the Powered Products division were mixed with sales increasing 16% and operating profit 29%. The diesel engine business had an excellent first half, with continued strong demand for engines for underground mining and power generation applications. On the other hand, volume sales of industrial power tools were flat.

In the Security Equipment division sales increased 2% and operating profit declined 13%. This disappointing result was due to the scaling down of the UK business. The South African business increased sales and held profitability as it completed a three-year nationwide branch rollout.

The complete restructure and refinancing of the group in August 2007 when new BEE shareholders were introduced has resulted in significant changes to the balance sheet and consequently to finance costs and the rate of taxation this year. These changes were spelt out in detail in the 2007 annual report. Net finance costs of R17,4 million compare with last year's income of R6,4 million whilst the tax charge has decreased from R41 million to R12 million.

Headline earnings per share of 366 cents are up 43% on last year. Normalised headline earnings per share, which excludes a fair value adjustment of R10 million which has been raised to recognise costs to be incurred in closing or rationalising a number of branch outlets, are 400 cents, up 57% on last year.

The interim dividend has been increased by 100% to 130 cents (last year 65 cents). This follows a decision to both rebalance the interim and final dividends and to change the group policy to now pay annual dividends equal to approximately 40% (previously 33%) of normalised headline earnings.



Stephen Connelly Group chief executive

The group balance sheet remains healthy. Working capital (inventories, accounts receivable less accounts payable) at R727 million is R218 million or 43% above 2007 financial year end levels. Of this increase, R86 million or 17% is from acquisitions which means the group is slightly overstocked but should be back in line by year-end. Net cash declined R367 million since the end of the 2007 financial year is mainly due to R132 million spent on acquisitions and R165 million on dividends including the special dividend of R100 million paid in December last year, resulting in R50 million short-term borrowing

### **Prospects**

Growth prospects in the medium term remain good. Infrastructural spending looks set to continue and perhaps accelerate. High commodity prices and electricity demand continues to support ongoing investment in mining projects. Thus, economic growth driven by investment spending looks set to continue for the foreseeable future. Prospects for making acquisitions at more reasonable prices than the recent past also look brighter. Growth in the consumer side of the economy is weak and could weaken further but Hudaco's exposure to this segment of the economy is relatively limited.

Normalised earnings per share for the full year will not grow at the same pace as the 57% of the first half mainly because the initial earning enhancement feature of the group's BEE transaction was largely already in last year's second half results. Nevertheless earnings for the full 2008 financial year are expected to be well ahead of last year.

### Dividend

Notice is hereby given that interim dividend No. 43 of 130 cents per share has been declared in respect of the six months ended 31 May 2008.

The last day to trade in order to participate in the dividend ("cum" the dividend), will be Friday, 8 August 2008. The shares will commence trading "ex" the dividend from the commencement of business on Monday, 11 August 2008 and the record date will be Friday, 15 August 2008. The dividend will be paid on Monday, 18 August 2008. Share certificates may not be dematerialised between Monday, 11 August 2008 and Friday, 15 August 2008 both days inclusive.

For and on behalf of the Board

RT Vice (Chairman)

SJ Connelly (Chief executive)

26 June 2008

# Hudaco

#### **Income statement**

R million         2006         change         2007         2007           Turnover         1 230,0         24         992,6         2 226,5           - continuing operations         74,6         2         226,5           - operations acquired in 2008         74,6         2         226,5           Gross profit         468,5         364,2         844,2           Gross profit         157,5         36         115,4         318,0           - continuing operations         - operations acquired in 2008         150,1         30         115,4         318,0           - continuing operations         - operations acquired in 2008         150,1         30         115,4         318,0           - continuing operations         - operations acquired in 2008         10,0         10,0         10,0           Cost to introduce BEE shareholders         147,5         115,4         274,1         11,		Six mon 31 May	ths ende	e <b>d</b> 31 May	Year ended 30 Nov
- continuing operations         - i 155,4         16         992,6         2 226,5           - operations acquired in 2008         761,5         628,4         1 382,4           Gross profit         468,5         364,2         944,3           Operating expenses         311,0         248,8         526,3           - operations acquired in 2008         150,1         30         115,4         318,0           - operations acquired in 2008         150,1         30         115,4         318,0           - operations acquired in 2008         147,5         115,4         318,0         318,6           - operations acquired in 2008         147,5         115,4         274,4         318,6           - operations acquired in 2008         147,5         115,4         274,4         318,6           Interest received an preference shares         100,2         66,6         64,4         155,7           Frofit before taxation         130,1         121,8         40,9         86,5           Profit before taxation         130,1         121,9         47,7         76,7         182,6           Attribuable to shareholders of the group         117,8         80,9         188,5         366,43         255,600         60,60           Ba	R million				2007*
- operations acquired in 2008         74,6           Cost of sales         761,5         628,4         1 382,6           Gross profit         468,5         364,2         844,3           Operating expenses         311,0         248,8         226,3           Operating profit         157,5         36         115,4         318,0           - continuing operations         - operations acquired in 2008         10,0         -           Impairment of assets in businesses for sale         10,0         -         -           Cost to introduce BEE shareholders         147,5         115,4         274,4           Interest received and finance costs         147,5         115,4         274,4           Dividends received and finance costs         (117,6)         (80,7)         182,5           Finance costs         (117,6)         (80,7)         182,5           Attributable to shareholders of the group         112,9         47         76,7         182,5           Normalised headline earnings         -         117,8         80,9         183,5           Profit for the period         117,8         400         57         55           Difued headline earnings         -         117,8         80,9         183,5 <tr< td=""><td>Turnover</td><td>1 230,0</td><td>24</td><td>992,6</td><td>2 226,9</td></tr<>	Turnover	1 230,0	24	992,6	2 226,9
Cost of sales         761,5         628,4         1 382,6           Gross profit         468,5         364,2         944,3           Operating expenses         311,0         248,8         523,4           - continuing operations         157,5         36         115,4         318,0           - continuing operations acquired in 2008         150,1         30         115,4         318,0           - operating acquired in 2008         7,4         115,4         318,0         7,4           Impairment of assets in businesses for sale         100,0         66,4         155,7         115,4         274,1           Dividends received and finance costs         117,5         115,4         274,1         76,7         182,2           Finance costs         (117,6)         100,2         66,4         15,7         115,4         274,1           Taxation         130,1         121,8         40,9         86,5         96,6         17,8         80,9         188,5           Normalised headline carnings         117,8         80,9         188,5         60,0         17,8         80,9         188,5         60,0           Basic carnings per share (cents)         366         43         255         60,0          Basic carni	<ul> <li>continuing operations</li> </ul>	1 155,4	16	992,6	2 226,9
Gross profit         448,5         344,2         944,3           Operating expenses         311,0         248,8         526,3           Operating profit         157,5         36         115,4         318,0           - operations acquired in 2008         15,1         30         115,4         318,0           - operations acquired in 2008         7,4         10,0         50         50,1         30         115,4         318,0           Cost to introduce BEE shareholders         10,0         50,2         66,4         15,4         115,4         274,1           Dividends received on preference shares         100,2         66,4         15,4         124,3         40,9         86,5           Profit before taxation         130,1         121,8         275,7         75,7         147,5         115,4         274,1           Interest received         6,4         15,4         124,3         40,9         86,5           Profit of the period         117,8         46,9         188,5         60,6           Attributable to shareholders of the group         117,8         80,9         188,5         60,6           Normalised headline earnings         117,8         80,9         125,5         60,0					
Operating expenses         311,0         248.8         526.3           Operating profit         157,5         36         115.4         318.0           - continuing operations         according inclusions         10,0         30         115.4         318.0           - operations acquired in 2008         10,0         30         115.4         318.0         311.0         248.8         526.3           Profit before dividends received, interest received and finance costs         147,5         115.4         274.1         30         117.6         46.0         10.0         30         117.8         40.9         86.5           Profit before taxation         130,1         121.8         275.7         182.6         117.8         46.80.9         188.3           Attributable to minorities         (sec supplementary information)         4.9         4.2         6.1           Normalised headline earnings         117.8         46.80.9         188.3         189.3         189.3         189.3         189.3         189.3         189.3         189.3         189.3         189.3         189.3         189.3         189.3         189.3         189.3         189.3         189.3         189.3         189.3         189.3         1112.9         76.7         18	Cost of sales	761,5		628,4	1 382,6
Instruction         IST,5         36         I15.4         316.0           - continuing operations         - operations acquired in 2008         150,1         30         115.4         318.0           - operations acquired in 2008         160,0         30         115.4         318.0           Cost to introduce BEE shareholders         43.5         10,0         66.6           Cost to introduce BEE shareholders         100,2         66.6         6.4         15.4           Finance costs         (117.6)         80.9         188.5           Profit before taxation         130,1         121.8         275.5           Taxation         12,3         40.9         86.5           Profit for the period         117.8         46         80.9         188.5           Normalised headline earnings         7         76.7         182.6           Normalised headline earnings         117.8         80.9         188.5           Normalised headline earnings         90         57         255         750           Basic earnings per share (cents)         366         43         255         60.0           Diluced headline earnings         90         249         7249         585           Diluced headline earnings<	Gross profit	468,5		364,2	844,3
- continuing operations         150,1         30         115,4         315,2           - operations acquired in 2008         7,4         115,4         315,2           Impairment of assets in businesses for sale         10,0         7,4         7,4           Cost to introduce BEE shareholders         10,0         6,4         15,4           Profit before dividends received, interest received and finance costs         117,6         66,4         15,4           Finance costs         (117,6)         (80,7)         76,7         182,6           Profit before taxation         130,1         12,8         27,4         76,7         182,6           Profit for the period         117,8         46         80,9         188,5           Attributable to shareholders of the group         112,9         47         76,7         182,6           Normalised headline earnings         per share (cents)         366         43         255         60,0           Diluted headline earnings per share (cents)         357         249         586         72,67         182,6           Diluted headline earnings per share (cents)         357         249         586         74         556           Diluted headline earnings         Profit attributable earnings:         76,7	Operating expenses	311,0		248,8	526,3
- operations acquired in 2008         7,4           Impairment of assets in businesses for sale         10,0           Cost to introduce BEE shareholders         43,5           Profit before dividends received, interest received and finance costs         147,5         115,4         274,1           Dividends received on preference shares         100,2         66,6         66,6           Interest received         6,4         152,7         18,8         275,4           Finance costs         (117,6)         (80,7)         182,8         40,9         86,5           Profit before taxation         130,1         121,8         275,7         182,6         41,7         76,7         182,6           Attributable to shareholders of the group         41,7         80,9         188,5         40,9         182,5         60,0           Normalised headline earnings         per share (cents)         307         44         255         60,0           Basic earnings per share (cents)         357         249         586         76,7         182,6           Profit deheadline earnings         per share (cents)         357         249         586         60,0         76,7         182,6         60,0         76,7         182,6         60,0         76,7         182	Operating profit	157,5	36	115,4	318,0
Impairment of assets in businesses for sale         10,0         43,5           Cost to introduce BEE shareholders         43,5         Profit before dividends received, interest received and finance costs         147,5         115,4         274,1           Dividends received on preference shares         100,2         66,6         66,7           Interest received on preference shares         100,2         66,6         66,7           Finance costs         (117,6)         (80,7)         76,7         182,6           Profit before taxation         130,1         121,8         275,7         76,7         182,6           Attributable to shareholders of the group         117,8         46         80,9         188,5           Attributable to shareholders of the group         117,8         80,9         188,5           Normalised headline earnings         per share (cents)         366         43         255         60,6           Diluted normalised headline earnings         per share (cents)         357         249         588           Diluted headline earnings         per share (cents)         357         249         588           Diluted headline earnings         112,9         76,7         182,6         47         56         43         56         43         56			30	115,4	318,0
Cost to introduce BEE shareholders         43,5           Profit before dividends received, interest received on preference shares         100,2         66,6           Interest received on preference shares         100,2         66,6           Profit before taxation         130,1         121,8         275,4           Finance costs         (117,6)         (80,0)         88,5           Profit for the period         117,8         46,09         88,5           Profit for the period         117,8         46,09         88,5           Profit for the period         117,8         46,09         188,5           Attributable to shareholders of the group         117,8         46,09         188,5           Normalised headline earnings         4,9         4,2         6,1           per share (cents)         366         43         255         60,0           Diluted normalised headline earnings         390         249         726           Diluted normalised headline earnings         357         249         586           Reconciliation to normalised         112,9         76,7         182,6           Adjusted to eliminate the effect of the following items in attributable earnings:         112,6         47         76,7         182,6           Adju					
Profit before dividends received, interest received and finance costs         147,5         115,4         274,1           Dividends received on preference shares         100,2         6.6           Interest received         6.4         15.4           Finance costs         (117,6)         (80,7)           Profit before taxation         130,1         121.8         275.4           Taxation         12,3         40.9         86.5           Profit for the period         117,8         46         80.9         188.5           Attributable to shareholders of the group         4.9         4.2         6.1           Attributable to shareholders of the group         400         57         255         750           Headline earnings         9         4.2         6.1         117.8         80.9         188.5           Normalised headline earnings         per share (cents)         366         43         255         600           Diluted normalised headline earnings         per share (cents)         357         249         585           Diluted headline earnings         112,9         76,7         182.6         44         25.5         600           Diluted headline earnings:         357         249         586         249	•	10,0			43.9
interest received on preference shares         147,5         115,4         274,1           Dividends received on preference shares         100,2         66,6           Interest received         6,4         15,4           Finance costs         (117,6)         (80,7)           Profit before taxation         130,1         121,8         275,4           Taxation         12,3         40,9         86,5           Profit for the period         117,8         46         80,9         188,5           Attributable to shareholders of the group         Attributable to minorities         117,8         80,9         188,5           Normalised headline earnings         per share (cents)         400         57         255         750           Headline earnings per share (cents)         366         43         255         606           Diluted normalised headline earnings         per share (cents)         357         249         582           Diluted normalised headline earnings         per share (cents)         358         249         586           Diluted headline earnings:         -         558         249         586           Diluted headline earnings:         -         558         249         586           Diluted headline					,,
Dividends received on preference shares         100,2         66,6           Interest received         6,4         15,5           Finance costs         (117,6)         (80,7)           Profit before taxation         130,1         121,8         275,4           Taxation         12,3         40,9         88,5           Profit for the period         117,8         46         80,9         188,5           Attributable to shareholders of the group         112,9         47         76,7         182,6           Attributable to minorities         (see supplementary information)         4,9         4,2         6,1           Tr,8         80,9         188,5         Normalised headline earnings         80,9         188,5           per share (cents)         400         57         255         750           Basic earnings per share (cents)         366         43         255         606           Diluted normalised headline earnings         90         249         726           Diluted headline earnings per share (cents)         358         249         586           Reconciliation to normalised         112,9         76,7         182,6           Adjust do eliminate the effect of the following items in attributable earnings:         112,6<		147 5		115.4	274
Interest received       6,4       15,4         Finance costs       (117,6)       (80,7)         Profit before taxation       130,1       121,8       275,4         Taxation       12,3       40,9       86,5         Profit for the period       117,8       46       80,9       188,5         Attributable to shareholders of the group       112,9       47       76,7       182,6         Attributable to minorities       (see supplementary information)       4,9       4,2       6,1         Intr,8       80,9       188,5       750       750         Per share (cents)       400       57       255       750         Headline earnings per share (cents)       366       43       255       606         Diluted normalised headline earnings       per share (cents)       357       249       726         Diluted headline earnings       per share (cents)       358       249       586         Diluted headline earnings       Profit attributable to shareholders of the group       112,9       76,7       182,6         Adjusted to eliminate the effect of the following items in attributable earnings:       112,6       47       76,7       182,6         Adjusted to eliminate the effect of the following items in headlin				113,1	66,6
Profit before taxation         130,1         121,8         275,7           Taxation         12,3         40,9         86.5           Profit for the period         117,8         46         80,9         188,5           Attributable to shareholders of the group         112,9         47         76,7         182,6           Attributable to minorities         (see supplementary information)         4,9         4,2         6,1           Intrast device the addine earnings         per share (cents)         400         57         255         750           Headline earnings per share (cents)         366         43         255         600           Diluted normalised headline earnings         per share (cents)         37         249         726           Diluted headline earnings per share (cents)         358         249         586         586           Reconciliation to normalised headline earnings:         358         249         586         586           Profit attributable to shareholders of the group         112,9         76,7         182,6         41         25,6         600         600         64,3         25,6         64,3         25,6         64,3         64,3         64,3         64,3         64,7         76,7         182,6				6,4	15,4
Taxation         12,3         40,9         86,5           Profit for the period         117,8         46         80,9         188,5           Attributable to shareholders of the group         Attributable to minorities         47         76,7         182,6           Attributable to minorities         (see supplementary information)         4,9         4,2         6,1           Intrastiget deadline earnings         117,8         80,9         188,5           Normalised headline earnings         57         255         750           Per share (cents)         400         57         255         750           Headline earnings per share (cents)         366         43         255         604           Basic earnings per share (cents)         357         249         585           Diluted headline earnings         249         726           Diluted basic earnings per share (cents)         358         249         586           Reconciliation to normalised         headline earnings:         -         -         -           Profit attributable to shareholders of the group         112,9         76,7         182,6           Adjusted to eliminate the effect of the following items in headline earnings:         -         -         -         -	Finance costs	(117,6)			(80,7)
Taxation       12,3       40,9       86,5         Profit for the period       117,8       46       80,9       188,5         Attributable to shareholders of the group       112,9       47       76,7       182,6         Attributable to minorities       (see supplementary information)       4,9       4,2       6,1         Intrastige headline earnings       117,8       80,9       188,5         Per share (cents)       400       57       255       750         Headline earnings per share (cents)       366       43       255       600         Basic earnings per share (cents)       367       44       255       600         Diluted normalised headline earnings       per share (cents)       357       249       586         Profit attributable to shareholders of the group       112,9       76,7       182,6         Adjusted to eliminate the effect of the following items in attributable to ashareholders of the group       112,6       47       76,7       182,6         Adjusted to eliminate the effect of the following items in headline earnings:       110,0       182,6       43,5         Debt raising fees       32,5       60,3       (0,4)       44,7       76,7       182,6         Adjusted to eliminate the effect of the follow	Profit before taxation	130,1		121,8	275,4
Attributable to shareholders of the group         112,9         47         76,7         182,6           Attributable to minorities         (see supplementary information)         4,9         4,2         6,1           117,8         80,9         188,5         Normalised headline earnings         per share (cents)         366         43         255         600           Baic earnings per share (cents)         367         44         255         600           Diluted normalised headline earnings         390         249         726           Diluted headline earnings per share (cents)         357         249         586           Reconciliation to normalised         headline earnings         112,9         76,7         182,6           Adjusted to eliminate the effect of the following items in attributable to shareholders of the group         112,9         76,7         182,6           Adjusted to eliminate the effect of the following items in headline earnings:         112,6         47         76,7         182,6           Minority effect of adjustments         (0,3)         (0,4         46         46         46         46         46         46         46         46         46         46         46         46         47         76,7         182,6         46         46	Taxation				86,5
Attributable to shareholders of the group       112,9       47       76,7       182,6         Attributable to minorities       (see supplementary information)       4,9       4,2       6,1         117,8       80,9       188,5         Normalised headline earnings       9       4,2       6,1         per share (cents)       400       57       255       750         Headline earnings per share (cents)       366       43       255       606         Diluted normalised headline earnings       367       44       255       606         Diluted headline earnings per share (cents)       357       249       586         Reconciliation to normalised       112,9       76,7       182,6         Adjusted to eliminate the effect of the following items in attributable earnings:       112,9       76,7       182,6         Adjusted to eliminate the effect of the following items in headline earnings:       112,6       47       76,7       182,6         Mattributable to aliminate the effect of the following items in headline earnings:       10,0       0,4         Headline earnings:       10,0       0,4       4,6       249       586         Optic and invidends       1,0       0,1       0,6       3,3       3,3       3,3	Profit for the period	117,8	46	80,9	188,9
Attributable to minorities       (see supplementary information)       4,9       4,2       6,1         I17,8       80,9       188,3         Normalised headline earnings       per share (cents)       366       43       255       600         Basic earnings per share (cents)       366       43       255       600         Diluted normalised headline earnings       after 144       255       600         Diluted headline earnings per share (cents)       367       44       255       600         Diluted headline earnings per share (cents)       357       249       586         Reconciliation to normalised       headline earnings       249       586         Profit attributable to shareholders of the group       112,9       76,7       182,6         Adjusted to eliminate the effect of the following items in attributable earnings:       -       -       Surplus on disposal of plant and equipment after taxation       (0,3)       (0,4         Headline earnings       112,6       47       76,7       182,6         Adjusted to eliminate the effect of the following items in hadline earnings:       -       -       -         Impairment of assets in businesses for sale       10,0       -       -       -         Other       1,0       -			47	76.7	182,8
IIT,8         80,9         188.5           Normalised headline earnings per share (cents)         400         57         255         750           Headline earnings per share (cents)         366         43         255         606           Diluted normalised headline earnings per share (cents)         367         44         255         606           Diluted headline earnings per share (cents)         357         249         585           Diluted headline earnings per share (cents)         358         249         586           Reconciliation to normalised headline earnings         Headline earnings         76,7         182,6           Adjusted to eliminate the effect of the following items in attributable earnings:         -         Surplus on disposal of plant and equipment after taxation         (0,3)         (0,4           Headline earnings         112,6         47         76,7         182,6           Other         1,0         Cost to introduce BEE shareholders         10,0         10,0           Other         1,0         Cost to introduce BEE shareholders         4,6         3,3           STC on special dividend         4,6         4,6         4,6           Taxation effect of adjustments         (0,1)         (6,5         266           Normal dividends	Attributable to minorities	-			
Normalised headline earnings per share (cents)         400         57         255         750           Headline earnings per share (cents)         366         43         255         604           Basic earnings per share (cents)         367         44         255         604           Diluted normalised headline earnings per share (cents)         390         249         726           Diluted headline earnings per share (cents)         357         249         586           Reconciliation to normalised headline earnings         358         249         586           Reconciliation to normalised headline earnings         112,9         76,7         182,6           Adjusted to eliminate the effect of the following items in attributable earnings:         -         Surplus on disposal of plant and equipment after taxation         0,03)         (0,4           Headline earnings         112,6         47         76,7         182,6           Adjusted to eliminate the effect of the following items in headline earnings:         1,0         Cocst to introduce BEE shareholders         43,5           Debt raising fees         3,3         3,2         5TC on special dividend         4,6           Taxation effect of adjustments         (0,1)         (6,5         Normalised headline earnings         130         100         65	(see supplementary information)				
per share (cents)         400         57         255         750           Headline earnings per share (cents)         366         43         255         604           Basic earnings per share (cents)         367         44         255         604           Diluted normalised headline earnings         390         249         726           Diluted basic earnings per share (cents)         357         249         586           Reconciliation to normalised         headline earnings         76.7         182.6           Adjusted to eliminate the effect of the following items in attributable earnings:         -         Surplus on disposal of plant and equipment after taxation         0(0,3)         (0,4           Headline earnings         112,6         47         76,7         182.6           Adjusted to eliminate the effect of the following items in headline earnings:         110.0         -         Cost to introduce BEE shareholders         44,6           Cost to introduce BEE shareholders         0,3)         (1,0         -         -           Other         1,0         -         -         -         -           Debt raising fees         3,3         -         -         -         -         -         -           Normal dividends         -		117,8		80,9	188,9
Headline earnings per share (cents)       366       43       255       604         Basic earnings per share (cents)       367       44       255       606         Diluted normalised headline earnings       390       249       726         Diluted headline earnings per share (cents)       357       249       586         Diluted basic earnings per share (cents)       358       249       586         Reconciliation to normalised headline earnings       76,7       182,6         Adjusted to eliminate the effect of the following items in attributable earnings:       76,7       182,6         – Surplus on disposal of plant and equipment after taxation       (0,3)       (0,4         Headline earnings       112,6       47       76,7       182,6         Adjusted to eliminate the effect of the following items in headline earnings:       10,0       0.4       0.4         Impairment of assets in businesses for sale       10,0       0.4       0.4       0.4         Other       1,0       6.5       0.0       0.1       0.6       0.1       0.6       0.1       0.6       0.1       0.6       0.1       0.0       0.1       0.1       0.1       0.1       0.1       0.1       0.1       0.1       0.1       0.1       0.1<	-				
Basic earnings per share (cents)         367         44         255         606           Diluted normalised headline earnings per share (cents)         390         249         726           Diluted headline earnings per share (cents)         357         249         585           Diluted basic earnings per share (cents)         357         249         586           Reconciliation to normalised headline earnings         Profit attributable to shareholders of the group         112,9         76,7         182,6           Adjusted to eliminate the effect of the following items in attributable earnings:         9         112,6         47         76,7         182,6           Adjusted to eliminate the effect of the following items in headline earnings:         112,6         47         76,7         182,6           Impairment of assets in businesses for sale         10,0         0         0         0         0           Other         1,0         100         0					750
Diluted normalised headline earningsper share (cents)390249726Diluted headline earnings per share (cents)357249586Diluted basic earnings per share (cents)358249586Reconciliation to normalised headline earnings112,976,7182,6Profit attributable to shareholders of the group after taxation112,976,7182,6Adjusted to eliminate the effect of the following items in attributable earnings: - Surplus on disposal of plant and equipment after taxation(0,3)(0,4Headline earnings112,64776,7182,6Adjusted to eliminate the effect of the following items in headline earnings: Impairment of assets in businesses for sale10,00Other1,023,26176,7226,3Normal fees13010065260Normal ised headline earnings123,26176,7226,3Normal dividends40,119,779,6Per share (cents)13010065260- Amount (Rm)101,533 36132 75833 262- Total (000)33 36132 75833 262- Total (000)30 07430 04730 176	,				
per share (cents)390249726Diluted headline earnings per share (cents)357249585Diluted basic earnings per share (cents)358249586Reconciliation to normalised headline earnings112,976,7182,6Adjusted to eliminate the effect of the following items in attributable earnings: – Surplus on disposal of plant and equipment after taxation(0,3)(0,4Headline earnings112,64776,7182,6Adjusted to eliminate the effect of the following items in headline earnings: Impairment of assets in businesses for sale10,0(0,4Other1,000044,6Cost to introduce BEE shareholders43,53,33,3STC on special dividend taxation effect of adjustments(0,1)(6,5Normalised headline earnings123,26176,7226,3Normal dividends – Per share (cents)13010065260- Amount (Rm)101,119,779,6Special dividend – Amount (Rm)308533025030Shares in issue – 1000308533025030754- Total (000) – Held by subsidiary company (000)307743004730178	,	307	44	255	000
Diluted headline earnings per share (cents)357249585Diluted basic earnings per share (cents)358249586Reconciliation to normalised headline earnings112,976,7182,6Profit attributable to shareholders of the group Adjusted to eliminate the effect of the following items in attributable earnings: - Surplus on disposal of plant and equipment after taxation112,64776,7182,6Headline earnings items in headline earnings: Impairment of assets in businesses for sale10,00,4Other1,0004,6Cost to introduce BEE shareholders43,54,6Debt raising fees3,33,33,3STC on special dividend Taxation effect of adjustments(0,1)(6,5Normalised headline earnings13010065260Amount (Rm)101,119,779,6Special dividend - Per share (cents)308533025030Amount (Rm)3133343225030Shares in issue308533025030754- Total (000)30743004730176	0	390		249	726
Reconciliation to normalised headline earningsProfit attributable to shareholders of the group112,976,7182,6Adjusted to eliminate the effect of the following items in attributable earnings: – Surplus on disposal of plant and equipment after taxation(0,3)(0,4Headline earnings112,64776,7182,4Adjusted to eliminate the effect of the following items in headline earnings: Impairment of assets in businesses for sale10,00Other1,0000Cost to introduce BEE shareholders43,53,3Debt raising fees3,33,33,3STC on special dividend4,64,6Taxation effect of adjustments(0,1)(6,5Normalised headline earnings123,26176,7Normal dividends13010065260– Per share (cents)13010065260– Amount (Rm)40,119,779,6Special dividend3085330<250	,	357		249	585
headline earningsProfit attributable to shareholders of the groupI 12,976,7I 82,6Adjusted to eliminate the effect of the following items in attributable earnings: - Surplus on disposal of plant and equipment after taxation(0,3)(0,4Headline earningsI 12,64776,7I 82,6Adjusted to eliminate the effect of the following items in headline earnings: Impairment of assets in businesses for sale10,00Other1,0000Cost to introduce BEE shareholders43,544,6Debt raising fees3,33,33,3STC on special dividend4,64,6Taxation effect of adjustments(0,1)(6,5Normalised headline earnings123,26176,7Normal dividends Per share (cents)13010065- Amount (Rm)40,119,779,6Shares in issue3085330250- Total (000)333613275833- Held by subsidiary company (000)307743004730	Diluted basic earnings per share (cents)	358		249	586
Profit attributable to shareholders of the group Adjusted to eliminate the effect of the following items in attributable earnings: - Surplus on disposal of plant and equipment after taxation112,976,7182,6- Surplus on disposal of plant and equipment after taxation(0,3)(0,4Headline earnings112,64776,7182,6Adjusted to eliminate the effect of the following items in headline earnings: Impairment of assets in businesses for sale10,00Other1,0000Cost to introduce BEE shareholders43,53,3Debt raising fees3,33,33,3STC on special dividend4,64,6Taxation effect of adjustments(0,1)(6,5Normalised headline earnings123,26176,7Normal dividends Per share (cents)13010065- Amount (Rm)101,530853Shares in issue3085330250- Total (000)333613275833- Held by subsidiary company (000)307743004730	Reconciliation to normalised				
Adjusted to eliminate the effect of the following items in attributable earnings: 	headline earnings				
items in attributable earnings: - Surplus on disposal of plant and equipment after taxation (0,3) (0,4 Headline earnings Il2,6 47 76,7 182,4 Adjusted to eliminate the effect of the following items in headline earnings: Impairment of assets in businesses for sale Other 1,0 Cost to introduce BEE shareholders 43,9 Debt raising fees 3,3 STC on special dividend 4,6 Taxation effect of adjustments (0,3) (1,0 Minority effect of adjustments (0,1) (6,5 Normalised headline earnings 123,2 61 76,7 226,3 Normal dividends - Per share (cents) 130 100 65 260 - Amount (Rm) 40,1 19,7 79,6 Special dividend - Per share (cents) 330 - Total (000) 30 853 30 250 30 754 - Total (000) 100 - Total (000) 2508 - Total (000) 30 774 30 047 30 178		112,9		76,7	182,8
Surplus on disposal of plant and equipment after taxation(0,3)(0,4)Headline earningsI12,64776,7182,4Adjusted to eliminate the effect of the following items in headline earnings: Impairment of assets in businesses for sale10,00Other1,0000Cost to introduce BEE shareholders43,94,6Debt raising fees3,33,33,3STC on special dividend4,64,6Taxation effect of adjustments(0,1)(6,5Normalised headline earnings123,26176,7Normal dividends-13010065– Per share (cents)13010065260– Amount (Rm)40,119,779,6Shares in issue30 85330 25030 754– Total (000)33 36132 75833 265– Held by subsidiary company (000)30 77430 04730 178	, 0				
after taxation(0,3)(0.4Headline earningsI12,64776,7182,4Adjusted to eliminate the effect of the following items in headline earnings: Impairment of assets in businesses for sale10,00Other1,00Cost to introduce BEE shareholders43,9Debt raising fees3,3STC on special dividend4,6Taxation effect of adjustments(0,1)(6,5Normalised headline earnings123,26176,7226,3Normal dividends79,6Per share (cents)13010065266Amount (Rm)40,119,779,6Shares in issue30 85330 25030 754- Total (000)33 36132 75833 265- Held by subsidiary company (000)30 77430 04730 178	6				
Headline earnings112,64776,7182,4Adjusted to eliminate the effect of the following items in headline earnings: Impairment of assets in businesses for sale10,010,0Other1,00Cost to introduce BEE shareholders43,5Debt raising fees3,3STC on special dividend4,6Taxation effect of adjustments(0,1)Minority effect of adjustments(0,1)Mormalised headline earnings123,2Amount (Rm)40,1Per share (cents)30Amount (Rm)101,5Shares in issue30Amount (Rm)250,80Pet share (conts)30Amount (Rm)101,5Shares in issue30Basic (000)30Amount (Rm)101,5Merghted average shares in issue30Basic (000)30Amount (Rm)30Amount (Rm)Amount (Rm)		(0 3)			(0.4)
Adjusted to eliminate the effect of the following items in headline earnings:Impairment of assets in businesses for sale10,0Other1,0Cost to introduce BEE shareholders43,5Debt raising fees3,3STC on special dividend4,6Taxation effect of adjustments(0,3)Minority effect of adjustments(0,1)Kormalised headline earnings123,2Amount (Rm)100Special dividend40,1- Per share (cents)130- Per share (cents)30- Per share (cents)30- Total (000)333613275833260(2 508)27583326126026330275833275833264302758332652602758332653027583326530275833265302758332650(2 508)2758332650(2 508)2758332650(2 508)2758332650(2 508)275830275830275830275830275830275830275830275830275830275830275830<			47	7/7	. ,
Impairment of assets in businesses for sale         10,0           Other         1,0           Cost to introduce BEE shareholders         43,9           Debt raising fees         3,3           STC on special dividend         4,6           Taxation effect of adjustments         (0,3)           Minority effect of adjustments         (0,1)           Mormalised headline earnings         123,2         61         76,7         226,3           Normal dividends         -         -         -         -         76,6         266,2           Amount (Rm)         40,1         19,7         79,6         5         260,3         -         76,7         226,3           Shares in issue         30         853         30         250         30,74         -         76,6           Shares in issue         30         853         30         250         30,754         -           - Total (000)         33         361         32         758         33         260         -           - Held by subsidiary company (000)         (2         508)         (2         508)         -         50           Weighted average shares in issue         -         -         Basic (000)         30 </td <td>-</td> <td>112,0</td> <td>47</td> <td>/6,/</td> <td>182,4</td>	-	112,0	47	/6,/	182,4
Other         1,0           Cost to introduce BEE shareholders         43,9           Debt raising fees         3,3           STC on special dividend         4,6           Taxation effect of adjustments         (0,3)         (1,0           Minority effect of adjustments         (0,1)         (6,5           Normalised headline earnings         123,2         61         76,7         226,3           Normal dividends         -	items in headline earnings:				
Cost to introduce BEE shareholders       43,5         Debt raising fees       3,3         STC on special dividend       4,6         Taxation effect of adjustments       (0,3)       (1,0         Minority effect of adjustments       (0,1)       (6,5         Normalised headline earnings       123,2       61       76,7       226,3         Normal dividends       -       -       -       76,6       226,3         Normal dividends       -       -       -       76,7       226,3         Normal dividends       -       -       -       -       76,6       260,1       -       79,6         Special dividend       -       -       -       -       30,100       65       260,2         - Per share (cents)       -       30       10,1       19,7       79,6         Shares in issue       -       30       853       30,250       30,754         - Total (000)       -       -       33       361       32,758       33,262         - Held by subsidiary company (000)       (2 508)       (2 508)       (2 508)       2 506         Weighted average shares in issue       -       -       -       -       -       -		10,0			
Debt raising fees         3,3           STC on special dividend         4,6           Taxation effect of adjustments         (0,3)         (1,0           Minority effect of adjustments         (0,1)         (6,5           Normalised headline earnings         123,2         61         76,7         226,3           Normal dividends         -         -         -         226,3           Normal dividends         -         -         -         -         76,6         260,-7           - Amount (Rm)         40,1         19,7         79,6         -         300,-1         19,7         79,6           Special dividend         -         -         -         -         -         -         101,5         -		1,0			
STC on special dividend       4,6         Taxation effect of adjustments       (0,3)       (1,0)         Minority effect of adjustments       (0,1)       (6,5)         Normalised headline earnings       123,2       61       76,7       226,3         Normal dividends       -       -       -       -       226,3         Normal dividends       -       -       -       -       226,3         Normal dividends       -					43,9
Taxation effect of adjustments       (0,3)       (1,0)         Minority effect of adjustments       (0,1)       (6,5)         Normalised headline earnings       123,2       61       76,7       226,3         Normal dividends       -	-				
Minority effect of adjustments         (0,1)         (6,5)           Normalised headline earnings         123,2         61         76,7         226,3           Normal dividends         -         -         130         100         65         260           Amount (Rm)         40,1         19,7         79,6         5         5         330         -         7 <td></td> <td>(0 3)</td> <td></td> <td></td> <td></td>		(0 3)			
Normalised headline earnings         123,2         61         76,7         226,3           Normal dividends         -					(6,9)
Sormal dividends           – Per share (cents)         130         100         65         260           – Amount (Rm)         40,1         19,7         79,6           Special dividend         30         5         330           – Per share (cents)         30         853         30         250         30         754           – Amount (Rm)         101,5         33         361         32         758         33         262           – Total (000)         33         361         32         758         33         262           – Held by subsidiary company (000)         (2         508)         (2         508)         250           Weighted average shares in issue         -         -         30         774         30         047         30         178		,	61	76.7	. ,
- Per share (cents)       130       100       65       260         - Amount (Rm)       40,1       19,7       79,6         Special dividend       -       333         - Per share (cents)       30       853       30       250       30       754         - Amount (Rm)       30       853       30       250       30       754         - Total (000)       33       361       32       758       33       262         - Held by subsidiary company (000)       (2       508)       (2       508)         Weighted average shares in issue       -       -       -       30       047       30       178		0, _		,,	,,
- Amount (Rm)       40,1       19,7       79,6         Special dividend       330       50,5       330,5         - Per share (cents)       101,5       101,5         - Amount (Rm)       30,853       30,250       30,754         - Total (000)       33,361       32,758       33,262         - Held by subsidiary company (000)       (2,508)       (2,508)       (2,508)         Weighted average shares in issue       -       -       -       -         - Basic (000)       30,774       30,047       30,178		130	100	65	260
- Per share (cents)       330         - Amount (Rm)       101,5         Shares in issue       30 853       30 250       30 754         - Total (000)       33 361       32 758       33 262         - Held by subsidiary company (000)       (2 508)       (2 508)       (2 508)         Weighted average shares in issue       -       -       -         - Basic (000)       30 774       30 047       30 178	– Amount (Rm)	40, I		19,7	79,6
- Per share (cents)       330         - Amount (Rm)       101,5         Shares in issue       30 853       30 250       30 754         - Total (000)       33 361       32 758       33 262         - Held by subsidiary company (000)       (2 508)       (2 508)       (2 508)         Weighted average shares in issue       -       -       -         - Basic (000)       30 774       30 047       30 178	Special dividend				
Shares in issue         30 853         30 250         30 754           - Total (000)         33 361         32 758         33 262           - Held by subsidiary company (000)         (2 508)         (2 508)         (2 508)           Weighted average shares in issue         -         -         -         -           - Basic (000)         30 774         30 047         30 178					330
- Total (000)       33 361       32 758       33 262         - Held by subsidiary company (000)       (2 508)       (2 508)       (2 508)         Weighted average shares in issue         - Basic (000)       30 774       30 047       30 176	· ,	20.052		20.250	
Held by subsidiary company (000)         (2 508)         (2 508)         (2 508)           Weighted average shares in issue         -         -         30 774         30 047         30 178					
Weighted average shares in issue         30 774         30 047         30 178					33 262
- Basic (000) 30 774 30 047 30 178		(2 508)		(2 508)	(2 508)
- Diluced (000) 31 580 30 834 31 182					30 178
*Audited	. ,	31 580		30 834	31 182

## **Balance sheet**

	31 May	31 May	30 Nov
R million	2008	2007	2007*
ASSETS			
Non-current assets	2 432,1	127,6	2 332,8
Property, plant and equipment	85,6	69,5	73,7
Investment in preference shares	2 181,0		2 181,0
Deferred taxation – net		0,9	1,5
Goodwill and other intangible assets	165,5	57,2	76,6
Current assets	49,	I 029,2	1 260,1
Inventories	745,4	517,3	544,1
Accounts receivable	403,7	318,4	398,7
Bank deposits and balances		193,5	317,3
TOTAL ASSETS	3 581,2	56,8	3 592,9
EQUITY AND LIABILITIES			
Equity	893,3	797,2	835,4
Shareholders' equity	863,I	771,8	806,8
Minority interest	30,2	25,4	28,6
Non-current liabilities	2 204,3		2 181,0
Subordinated debenture	2 181,0		2 181,0
Deferred taxation – net	5,3		
Due to vendors – interest bearing	18,0		
Current liabilities	483,6	359,6	576,5
Accounts payable	421,7	340,7	434,4
Shareholders for special dividend			101,5
Due to vendors – interest bearing	12,0	6,6	10,5
Bank overdraft and call funds	49,7		
Taxation	0,2	12,3	30, I
TOTAL EQUITY AND LIABILITIES	3 581,2	56,8	3 592,9

## Cash flow statement

			Year
	Six mon	ths ended	ended
	31 May	31 May	30 Nov
R million	2008	2007	2007*
Cash generated from trading	159,1	123,6	334,6
Applied to working capital	(160,9)	(68,3)	(71,2)
Cash (applied) to operating activities	(1,8)	55,3	263,4
Preference dividends and interest received	100,2		82,0
Net interest (paid) received	(117,6)	6,4	(80,1)
Taxation paid	(43,2)	(52,7)	(81,1)
Cash (applied) to operations	(62,4)	9,0	184,2
Dividends paid	(164,6)	(42,0)	(67,3)
NET CASH APPLIED	(227,0)	(33,0)	116,9
Investment in new operations – net	(131,8)	(8,0)	(35,4)
Investment in plant and equipment – net	(10,6)	(8,6)	(17,0)
Investment in preference shares			(2 181,0)
NET CASH INVESTED	( <b>142,4)</b>	(16,6)	(2 233,4)
Cash utilised	(369,4)	(49,6)	(2 116,5)
Issue of shares	2,4	4,7	14,4
Issue of subordinated debenture			2 181,0
DECREASE IN NET CASH	(367,0)	(44,9)	78,9



### Statement of changes in equity

	Six months ended		Year ended	
	31 May	31 May	30 Nov	
R million	2008	2007	2007*	
Equity at beginning of the period	835,4	749,9	749,9	
Attributable profit for the period	117,8	80,9	188,9	
Increase in equity compensation reserve	2,4	2,2	4,7	
Movement on fair value of cash flow hedges	(2,0)	1,3	0,2	
Gain on translation of foreign entities	0,6	0,5	2,5	
Arising on the introduction of BEE shareholders			43,9	
Minority interest acquired		(0,3)	(0,3)	
Shares issued	2,4	4,7	14,4	
Dividends	(63,3)	(42,0)	(168,8)	
<ul> <li>to shareholders of the group</li> </ul>	(60,0)	(42,0)	(163,5)	
- to minorities	(3,3)		(5,3)	
Equity at the end of the period	893,3	797,2	835,4	

#### Segment analysis

Turnover				
	30 May	%	31 May	30 Nov
R million	2008	Change	2007	2007*
Bearings and Power Transmission products	763,0	34	569,5	1 272,5
Powered products	291,4	16	250,7	589, I
Security equipment	176,0	2	172,6	365,4
Internal/head office	(0,4)		(0,2)	(0,1)
Tetel mene	1 230,0	24	992.6	2 226,9
Total group	1 230,0			
Operating profit		~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	31 May	30 Nov
	30 May 2008		31 May 2007	30 Nov 2007*
Operating profit	30 May	% Change 50	,	
Operating profit R million	30 May 2008	Change	2007	2007*
Operating profit R million Bearings and Power Transmission products	30 May 2008 91,6	Change 50	2007 61,2 45,5	2007* 173,3
Operating profit R million Bearings and Power Transmission products Powered products	30 May 2008 91,6 58,6	Change 50 29	2007 61,2 45,5	2007* 173,3 124,0

#### Average net operating assets

	30 May	31 May	30 Nov
R million	2008	2007	2007*
Bearings and Power Transmission products	620,6	425,9	445,9
Powered products	123,6	95,7	100,3
Security equipment	84,1	79,0	79,6
Internal/head office	9,2	(15,9)	(13,6)
Total group	837,5	584,7	612,2

\* Audited

### Supplementary information

These results were prepared in terms of IAS34, applying accounting policies that conform with International Financial Reporting Standards (IFRS) and are consistent with those applied in the previous financial year.

	31 May	1ay 31 May	30 Nov
	2008	2007	2007*
Average net operating assets (Rm)	837,5	584,7	612,2
Operating profit margin (%)	12,8	11,6	14,3
Average NOA turn (times – annualised)	2,9	3,4	3,6
Return on average NOA (% – annualised)	37,6	39,5	51,9
Net asset value per share (cents)	2 797	2 551	2 623
Profit after tax attributable to minorities (Rm)	4,9	4,2	6,1
<ul> <li>Share of normalised earnings</li> </ul>	4,9	4,2	13,0
<ul> <li>Share of cost to introduce BEE shareholders</li> </ul>	, i		(6,9)
Capital expenditure			
<ul> <li>Spent during the period (Rm)</li> </ul>	12,3		20,6
- Budgeted for second half of the year (Rm)	28,5		
Operating profit has been determined after taking into account the following charges:			
<ul> <li>Depreciation</li> <li>Amortisation of intangible assets acquired</li> </ul>	6,2	6,0	12,1
in acquisitions	2,4		
Commitments and contingencies			
<ul> <li>Operating lease on property (Rm)</li> </ul>	100,1		75,9
	35.7		49.6

 A contingent liability still exits in respect of the ongoing dispute on whether an employe contribution holiday in one of the group's defined contribution retirement funds, was authorised by its rules.

#### Acquisitions

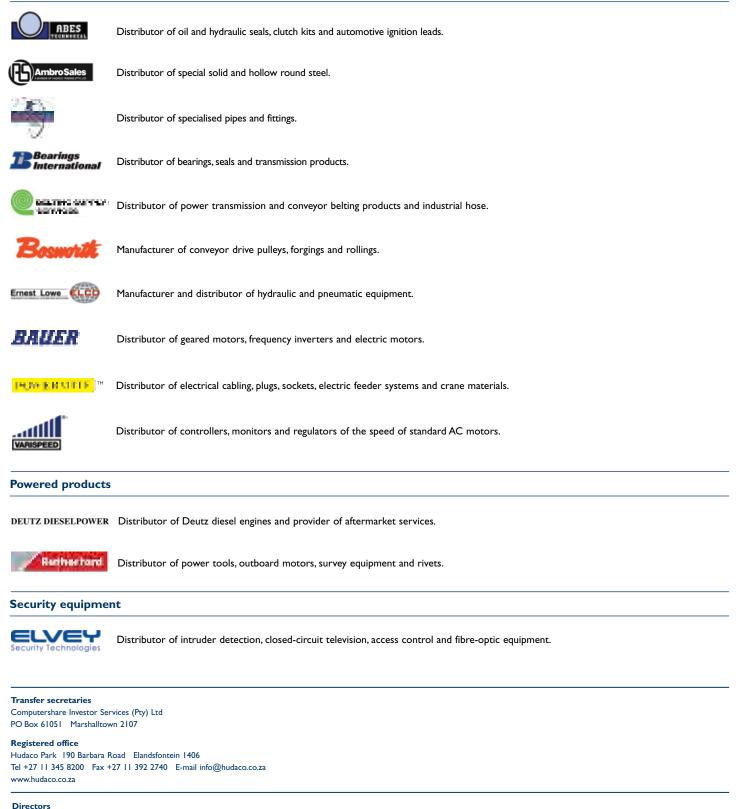
The group acquired 100% of the businesses of Astore Africa Group and Ambro Sales on I February 2008 and I March 2008 respectively, for an aggregate purchase consideration of R152 million. Property plant and equipment of R7 million, working capital (inventories, accounts receivable and trade accounts payable) of R60 million, goodwill and other intangible assets (brand name and customer relations) of R92 million, and deferred tax liabilities of R7 million were recognised at date of acquisition. These values approximate the fair value as determined under IFRS 3.

The initial accounting for the acquisition of Ambro Sales has been determined provisionally as the valuation of intangible assets has not yet been completed.

The acquisitions had no impact on the reported attributable earnings of the group for the period and if both these acquisitions had been effective on 1 December 2007 the turnover and attributable earnings of the group would have been approximately RI 264 million and RIII million respectively.



**Bearings and Power Transmission products** 



RT Vice# (Chairman) SJ Connelly (Chief Executive) PL Campbell<sup>#</sup> (Chairman) GE Gardiner JB Gibbon<sup>#</sup> YKN Molefi<sup>\*</sup> PM Poole <sup>#</sup>Independent non-executive \*Non-executive

**Group secretary** MMM Nkumanda