



### OVERVIEW

- The past nine months will undoubtedly be remembered as one of the most tumultuous times in business and in the history of the automotive industry.
- Decisive action taken by the Group enabled us to weather the storm and position our business for the future.
- The Group's cash flow turned positive in the second quarter of 2009.
- R12.2 million was invested in product development and capex to position our businesses for the future.
- The automotive industry appears to have stabilised and a slow but steady upturn in demand is expected for the remainder of 2009.

### RESULTS

Group revenue decreased by 17% to R416.0 million in the six months to 30 June 2009 compared with R501.1 million in the same period last year. A reduction of R38.0 million in the expense base during the period limited the operating loss to R6.2 million compared with an operating profit of R3.4 million in the six months to 30 June 2008. Further cost reductions were considered, but were not implemented as they would have impacted the core competencies of our businesses. The reduction in expenses and other efficiencies implemented resulted in the loss per share for the six months being reduced by 62% to 8.75 cents compared with 23.21 cents in the same period in 2008. The headline loss per share reduced 7% to 8.76 cents compared with 9.37 cents.

Our cash resources were under significant pressure until May 2009. The major contributory factor for this was long lead-time orders for components and products that could not be cancelled or deferred, despite the significant drop off in demand. The resultant net cash outflow for the period was R7.8 million, which was better than our targets.

Cash generation remains an area of intense focus for the Group.

### OEM

The global fall off in new vehicles sales led to a decline in demand for manufacturing and engineering services.

OEM revenue decreased by 31% to R196.5 million for the six months to 30 June 2009 compared with R284.2 million in the comparative period. Normalised EBITDA decreased by 52% to R11.1 million compared with R23.3 million in the same period last year.

Pi Shurlok's OpenECU forms the cornerstone of the Group's OEM strategy. A new range of OpenECU products was introduced into the North American market during the first quarter of the year. The market's response to these products has been positive. For more information about Pi Shurlok's OpenECU please go to [www.pi-shurlok.com](http://www.pi-shurlok.com).

### AFTERMARKET

The aftermarket business traded well below expectations during the first half of the year. While generally being counter cyclical to the OEM business, the aftermarket business was affected by the global financial crisis and the ensuing impact on consumer spending.

At R220.7 million, revenue was essentially flat compared with the same period in the previous year. Normalised EBITDA increased by 21% to R15.0 million in the six months under review compared with R12.4 million in the first six months of the previous year. This is as a result of the strict control over expenses and the ongoing rationalisation of resources.

The Group's strategy is to own and distribute strong brand names in the automotive aftermarket. Brand names owned by the Group include Gabriel, Echlin, Acsa-Mag, AutoExcel, MAG-Brakes, AutoSave and Autocom. Globally recognised product brands, for which the Group has the distribution rights, include VDO and Warn.

### MANAGEMENT AND STAFF

Sean Rogers was appointed Chief Operating Officer of the Group's South African operations (Pi Shurlok and CI Automotive) and Eckert Gillomee was appointed Group Financial Director and Financial Director of the Group's South African operations in April 2009. They were previously Managing Director and Financial Director respectively of Pi Shurlok South Africa.

Our staff have played a vital role during these difficult times. The energy and commitment that they have brought and continue to bring to the business is invaluable and is greatly appreciated. In particular the Board would like to thank staff in the Group's OEM businesses who have made a number of sacrifices, including salary cuts. At the time of writing this report the majority of the salary cuts remain in place and one of our priorities is to restore salary levels as soon as possible.

We would also like to thank our shareholders who have stood by us during these difficult times.

### PROSPECTS

Conditions are expected to remain challenging in the coming months. However it appears that the automotive market has stabilised and a slow but steady upturn in demand is expected for the remainder of 2009.

The Group expects to generate cash in the second half of 2009, subject to no unforeseen circumstances. We will continue to focus on the expansion of international markets, particularly for our OpenECU platforms; the development of own IP products; high levels of customer service; and brand strength.

On behalf of the board

**Sam O'Leary** Chairman  
**Richard Friedman** Group Managing Director  
28 August 2009

### CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

	Unaudited 6 months ended 30/06/09 R 000	Unaudited Restated 6 months ended 30/06/08 R 000	Audited Year ended 31/12/08 R 000
<b>Continuing operations</b>			
Revenue	415 943	501 123	1 014 229
Cost of sales	(306 014)	(343 201)	(761 533)
<b>Gross profit</b>	<b>109 929</b>	<b>157 922</b>	<b>252 696</b>
Other operating income	3 262	2 878	12 154
Marketing and selling expenses	(16 355)	(15 809)	(32 370)
Administrative expenses	(42 017)	(80 956)	(133 348)
Other operating expenses	(61 050)	(60 681)	(137 585)
<b>Operating (loss)/profit</b>	<b>(6 231)</b>	<b>3 354</b>	<b>(38 453)</b>
Finance income	4	28	585
Finance costs	(7 566)	(9 329)	(16 243)
Share of profit from joint ventures	451	361	418
<b>Loss before tax</b>	<b>(13 342)</b>	<b>(5 586)</b>	<b>(53 693)</b>
Tax	1 315	1 268	3 520
<b>Loss for the period from continuing operations</b>	<b>(12 027)</b>	<b>(4 318)</b>	<b>(50 173)</b>
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	-	(24 175)	(25 507)
<b>Loss for the period</b>	<b>(12 027)</b>	<b>(28 493)</b>	<b>(75 680)</b>
<b>Attributable to equity holders of the Parent</b>	<b>(12 027)</b>	<b>(28 493)</b>	<b>(75 680)</b>
Total shares in issue excluding treasury shares (000)	137 387	117 792	137 387
Weighted average number of shares in issue (000)	137 387	122 786	137 891
Adjustment for share options (000)	-	162	-
Weighted average number of shares for diluted earnings per share (000)	137 387	122 948	137 891
<b>Loss per share (cents)</b>			
Continuing operations	(8.75)	(3.52)	(36.39)
Discontinued operations	-	(19.69)	(18.50)
Loss per share	(8.75)	(23.21)	(54.89)
<b>Headline loss (R 000)</b>			
<b>Continuing headline loss</b>			
Loss after tax for the period	(12 027)	(4 318)	(50 173)
(Profit)/loss on disposal of property, plant and equipment	(58)	26	7
Impairment of property, plant and equipment	36	-	1 642
Impairment of other intangible assets	-	-	489
Tax on the above	8	-	(461)
	(12 041)	(4 292)	(48 496)
<b>Discontinued headline loss</b>			
Loss after tax for the period	-	(24 175)	(25 507)
Loss on disposal of subsidiaries and operations	-	16 935	12 327
Loss on disposal of property, plant and equipment	-	45	45
Tax on the above	-	(13)	(13)
	-	(7 208)	(13 148)
<b>Total headline loss</b>	<b>(12 041)</b>	<b>(11 500)</b>	<b>(61 644)</b>
<b>Headline loss per share (cents)</b>			
Continuing headline loss per share	(8.76)	(3.50)	(35.17)
Discontinued headline loss per share	-	(5.87)	(9.54)
Headline loss per share	(8.76)	(9.37)	(44.71)
<b>Diluted loss per share (cents)</b>			
Continuing diluted loss per share	(8.75)	(3.51)	(36.39)
Discontinued diluted loss per share	-	(19.66)	(18.50)
Diluted loss per share	(8.75)	(23.17)	(54.89)
<b>Diluted headline loss per share (cents)</b>			
Continuing diluted headline loss per share	(8.76)	(3.49)	(35.17)
Discontinued diluted headline loss per share	-	(5.86)	(9.54)
Diluted headline loss per share	(8.76)	(9.35)	(44.71)
<b>Dividends per share (cents)</b>			
Cash	-	4.5	8.0

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Unaudited 6 months ended 30/06/09 R 000	Unaudited Restated 6 months ended 30/06/08 R 000	Audited Year ended 31/12/08 R 000
<b>Loss for the period</b>	<b>(12 027)</b>	<b>(28 493)</b>	<b>(75 680)</b>
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(9 170)</b>	<b>8 095</b>	<b>(5 794)</b>
Fair value adjustments	144	(121)	(516)
Cash flow hedges, net of tax	(6 199)	4 403	1 524
Foreign currency translation reserve	(3 115)	3 813	(6 802)
<b>Total comprehensive loss for the period</b>	<b>(21 197)</b>	<b>(20 398)</b>	<b>(81 474)</b>
<b>Attributable to equity holders of the Parent</b>	<b>(21 197)</b>	<b>(20 398)</b>	<b>(81 474)</b>

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

	Unaudited 30/06/09 R 000	Unaudited 30/06/08 R 000	Audited 31/12/08 R 000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>296 188</b>	<b>314 913</b>	<b>300 908</b>
Property, plant and equipment	138 337	148 281	139 788
Intangible assets	132 539	147 820	137 247
Investments in joint ventures and associates	867	2 364	2 421
Available-for-sale financial assets	528	780	384
Deferred income tax assets	23 917	15 668	21 068
<b>Current assets</b>	<b>280 138</b>	<b>371 154</b>	<b>291 003</b>
Inventories	137 366	175 719	152 378
Trade and other receivables	135 128	174 968	124 746
Derivative financial instruments	-	6 136	3 986
Financial assets at fair value through profit or loss	111	3 498	81
Current income tax assets	120	3 485	1 883
Cash and cash equivalents	7 413	7 348	7 929
<b>Total assets</b>	<b>576 326</b>	<b>686 067</b>	<b>591 911</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>308 727</b>	<b>369 020</b>	<b>329 924</b>
Share capital	6 972	6 972	6 972
Share premium	396 996	396 996	396 996
Treasury shares	(3 117)	(37 534)	(3 117)
Foreign currency translation reserve	(6 300)	8 108	(3 185)
Other reserves	(4 717)	4 599	1 338
Accumulated loss	(81 107)	(10 121)	(69 080)
<b>Non-current liabilities</b>	<b>109 110</b>	<b>110 957</b>	<b>109 884</b>
Borrowings	79 601	71 594	76 791
Deferred income tax liabilities	26 131	31 032	27 699
Provisions	3 378	8 331	5 394
<b>Current liabilities</b>	<b>158 489</b>	<b>206 090</b>	<b>152 103</b>
Trade and other payables	104 813	176 704	106 633
Current income tax liabilities	5 210	10 052	9 342
Derivative financial instruments	6 501	-	1 848
Borrowings	37 355	19 334	28 560
Provisions	4 610	-	5 720
<b>Total equity and liabilities</b>	<b>576 326</b>	<b>686 067</b>	<b>591 911</b>
Net asset value per share (cents)	225	313	240

### CONSOLIDATED SEGMENTS

#### Segment reporting – reportable segments

At 30 June 2009, the Group is organised on a worldwide basis into the following reportable segments:

- OEM – Automotive engineering services and the development and manufacturing of electronic products for the international original equipment manufacture ("OEM") market.
- Aftermarket – The supply of branded products to the sub-Saharan Africa automotive aftermarket.
- Fleet management – Design, development, sale and distribution of fleet management products and systems (discontinued).
- Head office – Service supplier to the group including treasury and investment management.

#### For the six months ended 30 June 2009:

	OEM	Aftermarket	Head office	Unallocated/ eliminations	Total
<b>Continuing operations</b>					
Total segment revenue	195 263	220 680	-	-	415 943
Inter-segment revenue	1 200	-	7 527	(8 727)	-
Revenue	196 463	220 680	7 527	(8 727)	415 943
Normalised EBITDA	11 100	14 986	(8 355)	-	17 731

#### For the six months ended 30 June 2008:

	OEM	Aftermarket	Head office	Unallocated/ eliminations	Total
<b>Continuing operations</b>					
Total segment revenue	282 255	218 868	-	-	501 123
Inter-segment revenue	1 895	-	-	(1 895)	-
Revenue	284 150	218 868	-	(1 895)	501 123
Normalised EBITDA	23 333	12 424	(12 060)	-	23 697

	Fleet management	OEM	Unallocated/ eliminations	Total
<b>Discontinued operations</b>				
Total segment revenue	6 633	13 573	-	20 206
Inter-segment revenue	-	-	-	-
Revenue	6 633	13 573	-	20 206
Normalised EBITDA	(4 387)	(5 501)	-	(9 888)

#### For the year ended 31 December 2008:

	OEM	Aftermarket	Head office	Unallocated/ eliminations	Total
<b>Continuing operations</b>					
Total segment revenue	563 668	450 561	-	-	1 014 229
Inter-segment revenue	9 030	-	34 444	(43 474)	-
Revenue	572 698	450 561	34 444	(43 474)	1 014 229
Normalised EBITDA	27 456	15 472	11 678	(25 466)	29 140

	Fleet management	OEM	Unallocated/ eliminations	Total
<b>Discontinued operations</b>				
Total segment revenue	6 633	13 573	-	20 206
Inter-segment revenue	-	-	-	-
Revenue	6 633	13 573	-	20 206
Normalised EBITDA	(5 344)	(5 994)	-	(11 338)

A reconciliation of total normalised EBITDA to the total loss after income tax and discontinued operations is provided as follows:

	Unaudited 30/06/09 R 000	Unaudited Restated 30/06/08 R 000	Audited 31/12/08 R 000
Normalised EBITDA from continuing and discontinued operations	17 731	13 809	17 802
Depreciation	(10 143)	(11 537)	(22 563)
Amortisation	(6 628)	(8 806)	(17 961)
Impairment of intangible assets	-	-	(489)
Impairment of property, plant and equipment	(36)	-	(1 642)
Impairment of inventories	(5 298)	-	-
Restructuring costs	(1 857)	-	(6 674)
Loss (Dealstream)	-	-	(11 650)
Impairment of related party debtor	-	-	(6 614)
Operating loss from continuing and discontinued operations	(6 231)	(6 534)	(49 791)
Net finance costs	(7 562)	(9 939)	(16 296)
Share of profit from joint ventures	451	361	418
Loss before tax from continuing and discontinued operations	(13 342)	(16 112)	(65 669)
Tax	1 315	4 554	2 316
Loss for the period from continuing and discontinued operations	(12 027)	(11 558)	(63 353)
Loss on disposal of the fleet management businesses	-	(16 935)	(12 327)
Loss for the period from continuing and discontinued operations	(12 027)	(28 493)	(75 680)

### CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

	Unaudited 6 months ended 30/06/09 R 000	Unaudited 6 months ended 30/06/08 R 000	Audited Year ended 31/12/08 R 000
<b>Cash flows from operating activities</b>			
Operating profit before working capital changes	10 518	13 404	4 171
Working capital changes	(2 049)	(2 846)	(526)
Cash generated from operations	8 469	10 558	3 645
Finance income received	4	36	593
Finance costs paid	(7 566)	(9 981)	(16 889)
Dividends received	2 005	-	-
Dividends paid	-	(5 316)	(10 829)
Tax paid	(3 772)	(362)	(3 715)
	(860)	(5 065)	(27 195)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(8 422)	(7 775)	(17 813)
Proceeds from disposal of property, plant and equipment	209	174	5 745
Increase in intangible assets	(3 765)	(5 010)	(9 758