



• Revenue



IFRS
90%

Normalised
90%

• Profit before tax



140%

70%

Unaudited interim results for the six months ended 30 June 2006

COMMENTARY

Overview

The directors are pleased to report that good progress is being made with the Group's stated strategic objectives of growing the business substantially, globalising the business and reducing dependence on any one area of operation.

The results for the six months ended 30 June 2006 show strong underlying growth in revenue, operating profit and profit before tax.

The results have been prepared in accordance with International Financial Reporting Standards (IFRS). It should be noted that due to the significant acquisitions completed during the past nine months and the impact of IFRS, comparisons with prior year figures are not necessarily meaningful.

Results

In accordance with IFRS

Revenue increased by 90% from R176.0 million in the same period last year to R333.6 million and profit before tax by 140% to R37.9 million from R15.8 million.

The Group's effective rate of tax increased from 8% to 22% in the period and profit after tax increased 105% from R14.5 million to R29.6 million.

Earnings per share increased 49% from 22.0 cents per share to 32.8 cents per share. Headline earnings per share decreased 22% from 22.2 cents per share to 17.4 cents per share. The major reason for this disparity is the IFRS requirement with respect to accounting for negative goodwill.

Normalised results

The core metrics the Group uses in managing its businesses are, turnover, operating profit and profit after interest, but before IFRS adjustments and tax. It is the opinion of the directors that certain of the requirements of IFRS distort the results from a business perspective. A normalised income statement for the six months ended 30 June 2006, is therefore presented separately.

On a normalised basis, operating profit increased by 85% from R18.9 million to R35.1 million and normalised profit before tax increased 70% from R16.2 million to R27.6 million. This relates to a 24% increase in normalised earnings per share before tax from 24.7 cents to 30.6 cents.

General

In February 2006, 16 667 000 shares were issued at R6.00 per share and in March 2006 a loan to the value of R50 million was raised to fund the acquisitions. The Group's cash flow remained strong and enabled it to fund working capital growth requirements and service its debt repayment obligations. R6.2 million of principal debt was repaid during the period under review.

In June 2006, 8 148 672 treasury shares were cancelled and delisted.

Business overview

Good progress is being made with the integration of the recent acquisitions. The full effect of this will be felt in 2007.

The Fleet Management business performed well both internationally and locally. Tripmaster Corporation (USA), acquired with effect from 1 March 2006, performed better than expected. The Group expects the Fleet Management business to continue to show strong growth and is actively seeking further opportunities to expand its international operations.

The Automotive Aftermarket operations were consolidated into the premises occupied by Dana South Africa, during the first half of the year. Despite the disruptions a strong performance was recorded. The acquisition of Gabriel should be completed in the last quarter of the year and this will then add significantly to the growth of the Automotive Aftermarket business in 2007.

Normalised consolidated income statements (Unaudited)

for the six months ended 30 June 2006

| | 6 months ended 30/06/06 R 000 | 6 months ended 30/06/05 R 000 | Variance % | Year ended 31/12/05 R 000 |
|--|-------------------------------------|-------------------------------------|---------------|---------------------------------|
| Revenue | 333 595 | 175 959 | 89.6 | 395 060 |
| Cost of sales | (203 874) | (91 852) | 122.0 | (233 168) |
| Normalised gross profit | 129 721 | 84 107 | 54.2 | 161 892 |
| Other operating income | 7 282 | 2 886 | 152.3 | 11 693 |
| Interest income | 80 | 4 | | 845 |
| Administrative expenses | (56 698) | (38 322) | 48.0 | (79 252) |
| Marketing and selling expenses | (17 907) | (4 346) | 311.2 | (18 704) |
| Other operating expenses | (30 123) | (25 385) | 18.7 | (43 955) |
| Profit from joint ventures before tax | 2 710 | – | | 3 938 |
| Normalised operating profit | 35 100 | 18 944 | 85.3 | 36 457 |
| Loss from discontinuing operations | – | (8) | | – |
| Finance costs | (7 462) | (2 708) | 175.5 | (7 357) |
| Normalised profit before tax | 27 638 | 16 228 | 70.3 | 29 100 |
| Weighted average number of shares in issue (000) | 90 190 | 65 780 | 37.1 | 69 687 |
| Normalised earnings per share before tax (cents) | 30.64 | 24.67 | 24.2 | 41.76 |
| Reconciliation between profit before tax and normalised profit before tax | | | | |
| Profit before tax | 37 864 | 15 792 | | 25 455 |
| IFRS 3: <i>Business Combinations</i> – Negative goodwill | (14 213) | – | | (3 098) |
| IFRS 3: <i>Business Combinations</i> – Amortisation of intangible assets created on acquisition | 326 | – | | 215 |
| IFRS 2: <i>Share-based Payment</i> – Share option expense | 2 661 | 436 | | 3 751 |
| IAS 39: (Amendment): <i>The Fair Value Option</i> – Impairment of "available-for-sale" financial asset | – | – | | 1 604 |
| Tax on profit from joint venture | 1 000 | – | | 1 173 |
| Normalised profit before tax | 27 638 | 16 228 | | 29 100 |

During the past 18 months the Group has been repositioning its OEM businesses to meet the major changes taking place in the automotive industry in South Africa. The establishment of a UK based office, the acquisition of the business of Sagery and an increased investment in development resources is starting to have a positive effect.

Prospects

The Group continues to operate in niche sectors of global markets and is therefore subject to local and international disruptions that are not under its control.

Prospects for the remainder of 2006 are good.

On behalf of the board of directors

JPS O'Leary
Chairman

R Friedman
Managing Director

21 August 2006

DECLARATION OF INTERIM DIVIDEND

Notice is hereby given that the board has declared an interim dividend of 3.5 cents per share in respect of the six months ended 30 June 2006.

In terms of the requirements of STRATE:

Last day to trade cum dividend Friday, 8 September 2006
Shares trade ex dividend Monday, 11 September 2006
Record date Friday, 15 September 2006
Payment date Monday, 18 September 2006

Share certificates may not be dematerialised or rematerialised between Monday, 11 September 2006 and Friday, 15 September 2006, both days inclusive.

Consolidated income statements

for the six months ended 30 June 2006

| | 6 months ended 30/06/06 Unaudited R 000 | 6 months ended 30/06/05 Unaudited R 000 | Variance % | Year ended 31/12/05 Audited R 000 |
|--|--|--|---------------|--|
| Revenue | 333 595 | 175 959 | 89.6 | 395 060 |
| Cost of sales | (204 099) | (91 852) | | (233 168) |
| Gross profit | 129 496 | 84 107 | 54.0 | 161 892 |
| Other operating income | 21 495 | 2 886 | | 14 791 |
| Interest income | 80 | 4 | | 845 |
| Administrative expenses | (59 425) | (38 758) | | (83 036) |
| Marketing and selling expenses | (17 907) | (4 346) | | (18 886) |
| Other operating expenses | (30 123) | (25 385) | | (45 559) |
| Operating profit | 43 616 | 18 508 | 135.7 | 30 047 |
| Loss from discontinuing operations | – | (8) | | – |
| Finance costs | (7 462) | (2 708) | | (7 357) |
| Net profit from joint ventures | 1 710 | – | | 2 765 |
| Profit before tax | 37 864 | 15 792 | 139.8 | 25 455 |
| Tax | (8 247) | (1 319) | | (4 737) |
| Net profit | 29 617 | 14 473 | 104.6 | 20 718 |
| Additional information | | | | |
| Total shares in issue (excluding treasury shares) (000) | 95 623 | 66 600 | | 78 956 |
| Weighted average number of shares in issue (000) | 90 190 | 65 780 | | 69 687 |
| Adjustment for share options (000) | 6 375 | 5 617 | | 5 173 |
| Weighted average number of shares for diluted earnings per share (000) | 96 565 | 71 397 | | 74 860 |
| EPS (cents) | 32.84 | 22.00 | 49.3 | 29.73 |
| Headline earnings (R 000) | 15 703 | 14 615 | 7.4 | 19 740 |
| Headline EPS (cents) | 17.41 | 22.22 | (21.6) | 28.34 |
| Diluted EPS (cents) | 30.67 | 20.27 | 51.3 | 27.68 |
| Diluted Headline EPS (cents) | 16.26 | 20.47 | (20.6) | 26.37 |
| Dividend per share (cents) | 4.00 | 3.00 | 33.3 | 6.00 |
| Reconciliation of EPS to Headline EPS (cents) | | | | |
| EPS | 32.84 | 22.00 | | 29.73 |
| Loss/(profit) on disposal of property, plant and equipment | 0.05 | 0.22 | | (0.09) |
| Profit on disposal of joint ventures | – | – | | (0.31) |
| Negative goodwill on acquisitions | (15.76) | – | | (4.45) |
| Impairment of "available-for-sale" financial asset | – | – | | 2.31 |
| Impairment of development cost | 0.28 | – | | 1.15 |
| Headline EPS | 17.41 | 22.22 | | 28.34 |

Statements of changes in equity*

for the six months ended 30 June 2006

| | Share capital Share premium Treasury shares R 000 | Fair value and other reserves R 000 | Retained earnings R 000 | Total R 000 |
|--|--|--|----------------------------|----------------|
| Balance at 1 January 2005 | 25 146 | 2 349 | 59 328 | 86 823 |
| As previously reported | 25 146 | 3 953 | 57 724 | 86 823 |
| Change in accounting policy | – | (1 604) | 1 604 | – |
| Net profit not recognised in the income statement: | | | | |
| Cash flow hedges: net fair value gains, net of tax | – | 452 | – | 452 |
| Net profit | – | – | 14 473 | 14 473 |
| Movement of treasury shares | 1 833 | – | (599) | 1 234 |
| Employee share option scheme: – value of services provided | – | 436 | – | 436 |
| Dividends paid | – | – | (1 971) | (1 971) |
| Balance at 30 June 2005 | 26 979 | 3 237 | 71 231 | 101 447 |
| Net loss not recognised in the income statement: | | | | |
| Cash flow hedges: net fair value losses, net of tax | – | (592) | – | (592) |
| Net profit | – | – | 6 245 | 6 245 |
| Impairment of "available-for-sale" financial asset | – | 1 604 | – | 1 604 |
| Movement of treasury shares | 133 | – | (36) | 97 |
| Employee share option scheme: – value of services provided | – | 3 315 | – | 3 315 |
| Shares issued | 54 908 | – | – | 54 908 |
| Dividends paid | – | – | (1 997) | (1 997) |
| Balance at 31 December 2005 | 82 020 | 7 564 | 75 443 | 165 027 |
| Net profit not recognised in the income statement: | | | | |
| Cash flow hedges: net fair value gains, net of tax | – | 1 162 | – | 1 162 |
| Creation of currency translation reserve | – | 2 725 | – | 2 725 |
| Net profit | – | – | 29 617 | 29 617 |
| Cancellation of treasury shares | (97) | – | – | (97) |
| Employee share option scheme: – value of services provided | – | 2 661 | – | 2 661 |
| Shares issued | 99 947 | – | – | 99 947 |
| Dividends paid | – | – | (3 826) | (3 826) |
| Balance at 30 June 2006 | 181 870 | 14 112 | 101 234 | 297 216 |

* 31 December 2005 audited, 30 June 2006 unaudited

Consolidated balance sheets

at 30 June 2006

| | 30/06/06 Unaudited R 000 | 30/06/05 Unaudited R 000 | 31/12/05 Audited R 000 |
|---|--------------------------------|--------------------------------|------------------------------|
| ASSETS | | | |
| Non-current assets | 348 472 | 131 688 | 193 179 |
| Property, plant and equipment | 136 919 | 89 699 | 124 831 |
| Intangible assets | 202 493 | 31 469 | 57 727 |
| Investment in joint ventures | 1 871 | – | 2 765 |
| Financial assets | 3 208 | 3 208 | 3 208 |
| Non-current receivables | – | 383 | – |
| Deferred tax assets | 3 981 | 6 929 | 4 648 |
| Current assets | 269 518 | 102 133 | 175 792 |
| Inventories | 98 621 | 38 860 | 84 846 |
| Trade and other receivables | 159 407 | 61 852 | 90 702 |
| South African Revenue Service | 612 | 1 183 | – |
| Cash and cash equivalents | 10 878 | 238 | 244 |
| Total assets | 617 990 | 233 821 | 368 971 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | 297 216 | 101 447 | 165 027 |
| Non-current liabilities | 185 001 | 37 480 | 111 853 |
| Borrowings | 140 605 | 28 724 | 96 065 |
| Retirement benefit obligations | 600 | 600 | 600 |
| Deferred tax liabilities | 40 920 | 8 156 | 14 356 |
| Provisions | 2 876 | – | 832 |
| Current liabilities | 135 773 | 94 894 | 92 091 |
| Trade and other payables, provisions and current borrowings | 133 525 | 81 973 | 90 394 |
| South African Revenue Service | 1 057 | 3 291 | 213 |
| Bank overdraft | 1 191 | 9 630 | 1 484 |
| Total equity and liabilities | 617 990 | 233 821 | 368 971 |
| Net asset value per share (cents) | 311 | 152 | 209 |

Consolidated cash flow statements

for the six months ended 30 June 2006

| | 6 months ended 30/06/06 Unaudited R 000 | 6 months ended 30/06/05 Unaudited R 000 | Year ended 31/12/05 Audited R 000 |
|---|--|--|--|
| Cash flows from operating activities | | | |
| Operating profit before working capital changes | 42 080 | 26 331 | 49 499 |
| Working capital changes | (22 408) | (8 569) | (42 296) |
| Cash generated from operations | 19 672 | 17 762 | 7 203 |
| Interest received | 80 | 4 | 845 |
| Finance costs | (7 462) | (2 708) | (7 357) |
| Dividends paid | (3 826) | (1 971) | (3 968) |
| Tax paid | (4 662) | (4 398) | (7 778) |
| | 3 802 | 8 689 | (11 055) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | (4 507) | (6 729) | (31 701) |
| Proceeds from disposal of property, plant and equipment | 14 | – | 2 622 |
| Increase in intangible assets | (8 181) | (5 832) | (13 808) |
| Movement of investments in joint ventures | 894 | 250 | 512 |
| Acquisition of subsidiaries and operations, net of cash | (74 752) | (7 126) | (8 359) |
| Increase in non-current receivables | – | (91) | – |
| | (86 532) | (19 528) | (50 734) |
| Cash flow from financing activities | | | |
| Settlement of non-current borrowings | (6 193) | (4 538) | (4 407) |
| Shares issued | 99 947 | – | 54 908 |
| Shares cancelled | (97) | – | – |
| Movement of treasury shares | – | 1 234 | 1 297 |
| | 93 657 | (3 304) | 55 798 |
| Net cash inflow/(outflow) for the period | 10 927 | (14 143) | (5 991) |
| Cash and cash equivalents at the beginning of the period | (1 240) | 4 751 | 4 751 |
| Cash and cash equivalents at the end of the period | 9 687 | (9 392) | (1 240) |

Notes

Accounting policies – basis of presentation

The financial statements have been prepared in terms of International Financial Reporting Standards. These are subject to ongoing review and may change.

The accounting policies are consistent with those applied in the annual financial statements for the year ended 31 December 2005 except for the adoption of the amendment of IAS 39 – *The Fair Value Option*, which became effective from 1 January 2006. This reclassified the preference shares of Multenet Technologies (Pty) Limited as an "Available-for-sale" financial asset. Changes in the fair value have been recognised directly in the statement of changes in equity and impairment has been recognised in the income statement. As a result an impairment of R1.6 million was recognised in the income statement in 2005.

Significant acquisitions

Tripmaster

With effect from 1 March 2006, the Group acquired a 100% interest in Tripmaster.

Details of the net assets acquired and negative goodwill are as follows:

| | R 000 |
|--|----------|
| Purchase consideration: | |
| Paid | 36 544 |
| Direct costs relating to the acquisition | 894 |
| Total purchase consideration | 37 438 |
| Less: Fair value of net assets acquired | 51 651 |
| Negative goodwill on acquisition | (14 213) |

The assets and liabilities arising from the acquisition are as follows: