

CONTROL INSTRUMENTS – GROWTH IN TOUGH CONDITIONS

Control Instruments' interim results show growth - despite the extremely tough conditions in the global automotive industry.

Speaking at the presentation of the Group's first set of results following the sale of its fleet and vehicle management businesses, MD Richard Friedman said that the results are encouraging. He said the Group continues to use EBITDA (earnings before interest, tax, depreciation, amortisation, negative goodwill and profit/loss on sale of assets) as a measure of performance and this increased 81% to R23.7 million compared with the first six months of 2007. Headline earnings per share increased to 2.2 cents compared with a headline loss per share of 14.9 cents.

Friedman said that Pi Shurlok's international engineering services division was its main profit driver and this was augmented by stringent cost reduction programmes locally. Pi Shurlok focuses on the introduction of its products and technologies into niche international markets. It has an order from a major European motorcycle manufacturer for the design and manufacture of a new range of integrated radio and communications systems, which will be put into production at the Group's factory in Pietermaritzburg in early 2009.

Poor economic conditions in South Africa adversely affected CI Automotive, the Group's automotive aftermarket business. This was compounded by the electricity supply problems that impacted fitment centres around the country; the rapid increase in the price of fuel, which in the short-term has resulted in a significant reduction in the use of vehicles; and the rapid increase in the cost of raw materials.

Friedman was cautious regarding the future, particularly as there are well publicised very difficult conditions in all the markets in which the Group operates and there is a good probability that these conditions could worsen during the second half of 2008. He said this would have a negative effect on the results for the remainder of the year.

Friedman does not expect conditions to improve in the short-term, however he says there are some encouraging signs emanating from the Group's push into selected niches internationally. Although new vehicle sales have dropped dramatically in the past twelve months, he believes that once the local economic scenario stabilises the demand for replacement parts could be expected to increase

Control Instruments will continue to focus on cash generation, customer service and the introduction of new products and technologies.

The company repurchased 20.1 million shares during the period and Friedman said that this would continue as and when attractive opportunities arise.

An unchanged interim dividend of 3.5 cents per share in respect of the six months ended 30 June 2008 has been declared.

Control Instruments last closed at R1.45.

ENDS

NOTES TO EDITORS

Control Instruments is an international group that provides products, services and components to the global automotive market through its two subsidiaries, namely; Pi Shurlok, a Tier 1 automotive electronics supplier providing a unique set of specialised hardware and software solutions to OEMs and their suppliers worldwide; and CI Automotive, which supplies high quality, branded products to the sub-Saharan automotive aftermarket.

OEM

Pi Shurlok provides a unique set of specialised hardware and software solutions to OEMs and their suppliers worldwide. Its wide range of technologies and capabilities enables customers to integrate electronic controls into their products.

Pi Shurlok's family of OpenECU products combines its background and experience in both the prototype and production worlds - allowing customers to move seamlessly from the prototyping phase to volume production.

Focus areas include, powertrain and emissions control; body and chassis control; and instrument clusters and infotainment.

Pi Shurlok's headquarters are in Cambridge in the United Kingdom. Pi Shurlok employs over 100 engineers who operate out of Cambridge, Detroit (USA), Rodgau (Germany) and Pietermaritzburg (SA). Manufacturing is carried out at Pi Shurlok's world-class facilities in South Africa.

Aftermarket

CI Automotive distributes an extensive range of high quality, branded products to the sub-Saharan Africa automotive aftermarket. Focusing on long-term relationships with world-class suppliers and wholesale and retail outlets in sub-Saharan Africa, Control Instruments offers a significant basket of products.

Brand names owned by CI Automotive include Gabriel, Echlin, Acsa-Mag, Autocom, AutoExcel, AutoSave, Eurocable, Mag Brakes, Shurlok and Truck-Lite. CI Automotive represents Warn, ContiTech, VDO Dayton, VDO, Ring, Touratech and QH.

CONTACT DETAILS

Jean Jeffery
021 876 3738 / 8870 (direct)
jean.jeffery@ci.co.za

28 August 2008