

OVERVIEW

The past year was without doubt the most difficult in the history of the Group.

It was the first year in which the Group was focused exclusively on the automotive industry and a year that was tumultuous for the economy as a whole, and especially difficult for businesses in the automotive industry, particularly in the fourth quarter.

Shareholders were warned in the 2007 annual report and again in the commentary to the interim results for the six months ended 30 June 2008 that the prospects for 2008 were at best unclear, with a real possibility of a downturn in the automotive industry. What took everyone by surprise is that what lay ahead were not just storm clouds, but several tsunamis.

Worldwide volumes in the automotive industry have dropped between 35% and 50% on an annualised basis. This is completely unprecedented. Previously an annualised downturn of 5% in the automotive industry was regarded as a major drop. The levels at which the industry is currently operating are below those of even the most pessimistic scenarios ever put together.

RESULTS AND BUSINESS OVERVIEW

The counter-cyclical nature of the Group's two businesses is part of its strategy. Trading downturns in the purchase of new vehicles affects our original equipment manufacture ("OEM") business, but means that individuals and businesses keep and operate their existing vehicles for longer resulting in an increase in requests for replacement parts, which should be positive for our Aftermarket business. This has held true, however the negative effects of the credit crunch and economic downturn have meant that people and businesses are using their vehicles less than they normally would. The overall uptake of replacement parts has therefore not been as rapid as anticipated.

Early in the third quarter of 2008 the Group was well under way with aggressive programmes to reduce its cost base and infrastructural levels significantly. These programmes were accelerated and intensified in the fourth quarter when it became apparent that we were facing something much more serious than a severe downturn.

Accordingly, significant reductions in headcount and other expenses have been made in all our operations. In our original equipment manufacture ("OEM") business senior executives have taken salary reductions and factory staff are working short-time. Every effort is being made to preserve jobs, but in the current environment large-scale redundancies are unavoidable. Since the end of 2007 the Group's headcount has fallen by 512 people.

Aftermarket - CI Automotive

The main factors driving the Aftermarket business are the size and age of the vehicle pool - both of which are growing in the current economy. South Africa's vehicle pool has grown significantly in recent years and the economic downturn will result in a notably older pool of vehicles.

The Aftermarket business did not achieve the level of profitability aimed for in 2008. The major contributing factor to this was the failure of the management team to get on top of the issues arising from the consolidation of the Johannesburg operations into a new office and warehouse facility during the last quarter of 2007.

This is evident in CI Automotive's results for the year ended 31 December 2008. These show a decrease in revenue of 3.6% to R450.6 million compared with R467.4 million in the previous year. EBITDA decreased 80.0% to R8.8 million from R44.1 million in the year ended 31 December 2007. EBITDA for the year ended 31 December 2008 includes R6.7 million of non-recurring restructuring costs and EBITDA for the previous year includes a R13.6 million profit on the sale of buildings. After deducting these non-recurring and once-off amounts EBITDA for the year ended 31 December 2008 decreased 49.2% compared with the previous year.

The senior management team was changed in the third quarter of 2008 and the benefits of the changes are already apparent. Customer service levels have returned to their previous high standards and there have been reductions in inventory. A number of changes aimed at increasing efficiency, quality and service levels are being made throughout the business, including the Gabriel manufacturing facility, on an ongoing basis.

Even in these difficult economic times, the prospects for the aftermarket business are good. It should be a contributor of cash and profitability to the Group during 2009.

OEM - Pi Shurlok

The South African manufacturing and the offshore (United Kingdom and United States of America) engineering operations produced excellent results for the year, in spite of the dramatic fall-off after September 2008.

At the end of the third quarter the OEM business appeared to be in an excellent position and projections for 2009 were also excellent. Going into the fourth quarter of 2008 we had a pipeline of new work that was filling well, including a number of interesting contracts that were in the offing.

This situation reversed dramatically in October 2008. We took immediate and radical action in an attempt to reduce our overheads in line with the unprecedented fall-off in business.

The good results for 2008 are as a result of concerted actions by Pi Shurlok's management teams. They contained costs and input prices and ensured that marginal contracts were exited. Stock and work-in-progress levels were significantly reduced and quality and production efficiencies were significantly improved. The management teams all performed exceptionally well under extremely difficult circumstances. Pi Shurlok is probably operating at its best ever efficiency and quality levels – it is just short of work!

Pi Shurlok's revenue for the year increased 51.2% to R563.7 million compared with R372.7 million in the previous year. EBITDA of R27.5 million is a substantial increase compared with the loss of R15.8 million in the previous year.

Worldwide, OEM related businesses are battling for survival. Volumes collapsed in the last quarter of 2008 at a rate that made it virtually impossible for businesses to adjust their cost bases rapidly enough to avoid large scale losses in the future.

Companies operating in this space, including ours, are at risk and it would be wrong of me to give the impression that it will be easy to weather the storm. Actions that we have taken and actions that we may still have to take will be aimed at no more than survival in the next 12 - 24 months.

Our key objective is to retain the core expertise and experience to ensure that we have a business that is in a position to prosper and grow when an upturn arrives.

The picture in the OEM market is not entirely bleak. There are areas in which we have invested time and money that are bearing fruit. In North America we are involved with a number of interesting programmes. These programmes are focused on areas of global interest and include emissions control and hybrid vehicles. In addition, Pi Shurlok has also developed a range of electronic control units ("ECUs") that significantly reduce the time and cost of the development of electronic products used in passenger cars, large trucks and military and hybrid vehicles.

DEALSTREAM

The board deeply regrets the Group's involvement with Dealstream, the associated financial loss and the damage to the Group's reputation. Our aim was to repurchase shares in the Company and a number of funding options were investigated in this regard and the method offered by Dealstream appeared to be suitable. All instructions, whether given to Dealstream or the brokers concerned, were for the purchase of shares and not for derivative instruments; and all transactions were therefore disclosed in the press and on SENS as purchases of shares and accounted for as share purchases in the Group's accounting records. As directors we believed we were acting in the best interests of the Group, nevertheless we apologise to shareholders for the resultant loss.

In retrospect and after much investigation it is clear that shares were not in fact purchased. Following our internal investigations and reviews a number of changes are being implemented to enhance our risk management procedures. The investigation into the collapse of Dealstream also revealed that Dealstream perpetrated high level fraud and misrepresentation.

The Group's subsidiary, CI Automotive (Pty) Limited, lost 13 388 800 Control Instruments shares and The Control Instruments Share Incentive Scheme lost 11 658 700 Control Instruments shares as a result of the collapse of Dealstream and the fraud perpetrated by Dealstream.

Cash lost by the Group in respect of these shares amounted to R11 650 000. No further losses are anticipated.

One of the immediate steps taken by the Group following the collapse of Dealstream was to apply for the urgent liquidation of Dealstream. This was primarily to protect the interests of the Group and its shareholders. It ensured that the losses and potential losses of the Group (and other Dealstream clients) were contained before the full effects of the collapse of the market were realised.

The provisional liquidation of Dealstream was granted in terms of a High Court order late on Sunday evening, 5 October 2008. A High Court order on 7 October 2008 granted the application by the Financial Services Board ("FSB") to place Dealstream under provisional curatorship. The provisional liquidation and the provisional curatorship ran concurrently until the return date of 18 November 2008.

In light of the progress made by the curator, Control Instruments was advised by its legal advisors to allow the provisional liquidation to be discharged on 18 November 2008. Control Instruments requested that certain specific matters (particularly those relating to the parties in the environment in which Dealstream was operating) be investigated by the curator and the FSB. The Company may still assist the liquidators with a section 417 enquiry should it be deemed necessary in future.

Following the Curator's final report Dealstream was placed in final liquidation on 20 February 2009.

AUDITOR'S REPORT

PricewaterhouseCoopers Inc. has audited the results for the year and their unqualified audit reports on the 31 December 2008 annual financial statements and the abridged financial statements are available on request at the Company's registered office.

PROSPECTS

While it has taken a huge knock, the automotive industry still exists and people and businesses are still buying vehicles. The South African OEM market is back to where it was about five years ago, which is approximately 30% lower than before the collapse of the industry. It is still a sizeable market.

Our OEM technology has uses beyond the automotive industry and we will continue to explore these openings.

Nevertheless, at the time of writing, the list of suppliers to the automotive industry who have failed grows daily. In many cases this is through no fault of their own. Events have either overtaken them or it is as a result of a 'domino effect' where one supplier folds elsewhere in the chain and this in turn causes a number of other businesses to go under.

We are facing similar challenges throughout the Group. OEMs continue to reduce and/or cancel orders. In the Aftermarket business we have the twin danger of the potential for failure in either or both our customer and supplier bases. This is going to be an exceptionally challenging period for all businesses and particularly for those in the automotive industry. Under these circumstances any guidance in respect of prospects for 2009 would be inadequate and potentially misleading.

On behalf of the board

JPS O'Leary

Chairman

R Friedman

CEO and Group Managing Director

25 March 2009

BALANCE SHEETS

AT 31 DECEMBER 2008

	GROUP	
	31/12/08 R 000	31/12/07 R 000
ASSETS		
Non-current assets	300 908	316 724
Property, plant and equipment	139 788	152 206
Intangible assets	137 247	146 255
Investments in subsidiaries		
Investments in joint ventures and associates	2 421	2 003
Available-for-sale financial assets	384	900
Non-current receivables	-	-
Deferred income tax assets	21 068	15 360
Current assets	291 003	324 224
Inventories	152 378	159 508
Trade and other receivables	124 746	140 808
Loans to subsidiaries		
Derivative financial instruments	3 986	511
Financial assets at fair value through profit or loss	81	4 050
Current income tax assets	1 883	3 485
Cash and cash equivalents	7 929	15 862
Non-current assets held for sale	-	69 415
Total assets	591 911	710 363
EQUITY AND LIABILITIES		
Capital and reserves	329 924	416 803
Share capital	6 972	6 972
Share premium	396 996	396 996
Treasury shares	(3 117)	(7 634)
Foreign currency translation reserve	(3 185)	(915)
Other reserves	1 338	245
(Accumulated loss)/retained earnings	(69 080)	21 139
Reserves associated with non-current assets held for sale	-	5 210
Total equity	329 924	422 013
Non-current liabilities	109 884	113 685
Borrowings	76 791	76 765
Deferred income tax liabilities	27 699	34 088
Provisions	5 394	2 832
Current liabilities	152 103	163 859
Trade and other payables	106 633	126 356
Current income tax liabilities	9 342	9 277
Derivative financial instruments	1 848	485
Borrowings	28 560	22 768
Loans from subsidiaries		
Provisions	5 720	4 973
Liabilities associated with non-current assets held for sale	-	10 806
Total equity and liabilities	591 911	710 363

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

	GROUP	
	31/12/08	31/12/07
	R 000	R 000
CONTINUING OPERATIONS		
Revenue	1 014 229	840 070
Cost of sales	(761 533)	(629 414)
Gross profit	252 696	210 656
Other operating income	12 154	19 825
Marketing and selling expenses	(32 370)	(35 722)
Administrative expenses	(133 348)	(126 576)
Other operating expenses	(137 585)	(101 722)
Operating (loss)/profit	(38 453)	(33 539)
Finance income	585	472
Finance costs	(16 243)	(30 023)
Share of profit from joint ventures	418	1 325
(Loss)/profit before tax	(53 693)	(61 765)
Tax	3 520	13 165
(Loss)/profit for the year from continuing operations	(50 173)	(48 600)
DISCONTINUED OPERATIONS		
(Loss)/profit for the year from discontinued operations	(25 507)	509 352
(Loss)/profit for the year	(75 680)	460 752
Attributable to equity holders of the Company	(75 680)	460 752
Loss per share (cents) - Continuing		
- basic	(36.4)	(40.1)
- diluted	(36.4)	(38.7)
(Loss)/earnings per share (cents) - Discontinued		
- basic	(18.5)	420.2
- diluted	(18.5)	405.9
Dividends per share (cents)		
- cash	8.0	3.5
- <i>in specie</i>	-	410.0

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	Share capital R 000	Share premium R 000	Treasury shares R 000	Foreign currency translation reserve R 000	Other reserves R 000	Retained earnings / (accumulated loss) R 000	Total R 000
GROUP							
Balance at 1 January 2007	5 472	221 066	(10 282)	5 370	12 563	116 042	350 231
Gains on cash flow hedges, net of tax					345		345
Profit for the year						460 752	460 752
Fair value adjustment					(2 309)		(2 309)
Employee share option scheme:							
- Value of services provided					4 059		4 059
- Transferred to retained earnings					(16 393)	16 393	-
Realised on disposal of subsidiaries				1 857	1 980		3 837
Utilisation of foreign currency translation reserve				(2 932)			(2 932)
Movement of treasury shares			2 648			(2 396)	252
Shares issued	1 500	175 930					177 430
Dividends paid						(569 652)	(569 652)
Balance at 31 December 2007	6 972	396 996	(7 634)	4 295	245	21 139	422 013
Classified as held for sale				(5 210)			(5 210)
	6 972	396 996	(7 634)	(915)	245	21 139	416 803
Gains on cash flow hedges, net of tax					1 524		1 524
Fair value adjustments					(516)		(516)
Loss for the year						(75 680)	(75 680)
Employee share option scheme:							
- Value of services provided					85		85
Realised on disposal of subsidiaries				(7 008)			(7 008)
Utilisation of foreign currency translation reserve				(472)		678	206
Movement of treasury shares			4 517			(4 388)	129
Dividends paid						(10 829)	(10 829)
Balance at 31 December 2008	6 972	396 996	(3 117)	(3 185)	1 338	(69 080)	329 924

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

	GROUP	
	31/12/08	31/12/07
	R 000	R 000
Cash flows from operating activities		
Cash generated from/(utilised in) operations	3 645	36 017
Finance income received	593	951
Finance costs paid	(16 889)	(35 104)
Dividends received	-	1 500
Dividends paid	(10 829)	(4 832)
Tax paid	(3 715)	(6 205)
	<u>(27 195)</u>	<u>(7 673)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(17 813)	(22 666)
Proceeds from disposal of property, plant and equipment	5 745	35 865
Increase in intangible assets	(9 758)	(21 195)
Proceeds from disposal of financial assets	3 591	65 600
Proceeds from disposal of subsidiaries, net of cash	26 046	74 419
Acquisition of subsidiaries and operations, net of cash	-	(8 240)
Decrease in non-current receivables	-	43
Additional investments in subsidiaries	-	(21 895)
	<u>7 811</u>	<u>101 931</u>
Cash flows from financing activities		
Net proceeds/(settlement of) from non-current borrowings	7 214	(141 107)
Net proceeds on disposal of treasury shares	129	252
Shares issued	-	87 430
	<u>7 343</u>	<u>(53 425)</u>
Net cash (outflow)/inflow for the year	(12 041)	40 833
Forex translation adjustments on cash and cash equivalents	(2 459)	(453)
Cash and cash equivalents at the beginning of the year	2 390	(37 990)
Cash and cash equivalents at the end of the year	<u>(12 110)</u>	<u>2 390</u>

SEGMENTS

SEGMENTS

Primary reporting format - business segments

The segment information for the year ended 31 December 2008 is as follows:

Continuing operations

	OEM R 000	Aftermarket R 000	Head office R 000	Unallocated / eliminations R 000	Total R 000
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
EBITDA	27 456	8 798	(6 586)	(25 466)	4 202
Depreciation	(11 972)	(10 352)	(239)	-	(22 563)
Amortisation	(13 343)	(4 568)	(50)	-	(17 961)
Impairment of intangible assets	(136)	-	(353)	-	(489)
Impairment of property, plant and equipment	-	(1 642)	-	-	(1 642)
Operating profit/(loss)	2 005	(7 764)	(7 228)	(25 466)	(38 453)
Net finance (costs)/income	(11 062)	(6 824)	(19 019)	21 247	(15 658)
Share of profit from joint ventures	418	-	-	-	418
Loss before tax	(8 639)	(14 588)	(26 247)	(4 219)	(53 693)
Tax	813	4 683	(1 976)	-	3 520
Loss for the year	(7 826)	(9 905)	(28 223)	(4 219)	(50 173)

Discontinued operations

	Fleet management R 000	OEM R 000	Unallocated / eliminations R 000	Total R 000
Total segment revenue	6 633	13 573	-	20 206
Inter-segment revenue	-	-	-	-
Revenue	6 633	13 573	-	20 206
EBITDA	(5 344)	(5 994)	-	(11 338)
Depreciation	-	-	-	-
Amortisation	-	-	-	-
Operating loss	(5 344)	(5 994)	-	(11 338)
Net finance costs	(45)	(593)	-	(638)
Loss before tax	(5 389)	(6 587)	-	(11 976)
Tax	(3 048)	1 844	-	(1 204)
Loss after tax	(8 437)	(4 743)	-	(13 180)
Loss on disposal of discontinued operations	(12 327)	-	-	(12 327)
Loss for the year	(20 764)	(4 743)	-	(25 507)

SEGMENTS continued

Primary reporting format - business segments (continued)

The segment information for the year ended 31 December 2007 is as follows:

Continuing operations

	OEM R 000	Aftermarket R 000	Head office R 000	Unallocated / eliminations R 000	Total R 000
Total segment revenue	372 716	467 354	-	-	840 070
Inter-segment revenue	23 166	-	84 951	(108 117)	-
Revenue	395 882	467 354	84 951	(108 117)	840 070
EBITDA	(15 824)	44 085	47 637	(55 876)	20 022
Depreciation	(11 649)	(10 338)	(65)	-	(22 052)
Amortisation	(14 810)	(4 488)	(108)	-	(19 406)
Impairment of intangible assets	(7 141)	(4 412)	(550)	-	(12 103)
Operating (loss)/profit	(49 424)	24 847	46 914	(55 876)	(33 539)
Net finance (costs)/income	(20 694)	(11 431)	2 574	-	(29 551)
Share of profit from joint ventures	1 325	-	-	-	1 325
(Loss)/profit before tax	(68 793)	13 416	49 488	(55 876)	(61 765)
Tax	17 575	(5 199)	789	-	13 165
(Loss)/profit for the year	(51 218)	8 217	50 277	(55 876)	(48 600)

	Fleet management R 000	OEM R 000	Unallocated / eliminations R 000	Total R 000
Discontinued operations				
Total segment revenue	224 137	60 277	-	284 414
Inter-segment revenue	-	-	-	-
Revenue	224 137	60 277	-	284 414
EBITDA	12 376	(13 252)	-	(876)
Excess of acquirer's interest in the fair value of the acquiree over cost	15 540	-	-	15 540
Depreciation	(1 453)	(3 018)	-	(4 471)
Amortisation	(3 179)	(2 530)	-	(5 709)
Impairment of property, plant and equipment	-	(6 456)	-	(6 456)
Impairment of intangible assets	(19 379)	(42 106)	-	(61 485)
Operating profit/(loss)	3 905	(67 362)	-	(63 457)
Net finance costs	(967)	(3 635)	-	(4 602)
Profit/(loss) before tax	2 938	(70 997)	-	(68 059)
Tax	(11 374)	11 649	-	275
Loss after tax	(8 436)	(59 348)	-	(67 784)
Profit on disposal of discontinued operations	577 136	-	-	577 136
Profit/(loss) for the year	568 700	(59 348)	-	509 352

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated parties.

SEGMENTS

SEGMENTS continued

Primary reporting format - business segments (continued)

Segment assets consist primarily of property, plant and equipment, intangible assets, investments in joint ventures, inventories, trade and other receivables and cash and cash equivalents. Unallocated assets comprise deferred tax, available-for-sale financial assets, financial assets at fair value through profit or loss and current income tax assets.

Segment liabilities comprise operating liabilities (including derivatives designated as hedges of future commercial transactions). Unallocated liabilities comprise items such as taxation and borrowings.

Capital expenditure comprises additions to property, plant and equipment (refer to note 2) and intangible assets (refer to note 3), including additions resulting from acquisitions through business combinations (refer to notes 2, 3 and 28).

	Fleet management R 000	OEM R 000	After- market R 000	Head office R 000	Unallocated/ eliminations R 000	Total
The segment assets and liabilities at 31 December 2008 and capital expenditure for the year then ended are as follows:						
Assets	-	320 523	358 612	373 645	(463 290)	589 490
Investments in joint ventures	-	2 421	-	-	-	2 421
Total assets	-	322 944	358 612	373 645	(463 290)	591 911
Liabilities	-	333 383	213 399	181 448	(466 243)	261 987
Capital expenditure (notes 2 and 3)	-	13 459	13 170	942	-	27 571

The segment assets and liabilities at 31 December 2007 and capital expenditure for the year then ended are as follows:

Assets	33 917	327 831	330 462	375 602	(359 452)	708 360
Investments in joint ventures	-	2 003	-	-	-	2 003
Total assets	33 917	329 834	330 462	375 602	(359 452)	710 363
Liabilities	8 919	321 007	173 296	141 815	(356 687)	288 350
Capital expenditure (notes 2 and 3)	12 168	20 475	11 095	-	123	43 861

Secondary reporting format - geographical segments

At 31 December 2008, the Group is organised into the following geographical segments:

Africa

Sales to markets in sub-Saharan Africa.

Rest of the world

Sales to markets mainly in the United States of America and the United Kingdom.

	GROUP	
	31/12/08	31/12/07
	R 000	R 000
SEGMENTS continued		
Secondary reporting format - geographical segments (continued)		
Revenue		
Africa		
- internal	5 583	55 685
- external	872 238	911 358
Rest of the world		
- internal	1 609	3 399
- external	162 197	213 126
	1 041 627	1 183 568
Less internal revenue	(7 192)	(59 084)
	1 034 435	1 124 484
Revenue is allocated based on the country in which the sale is made.		
Total assets		
Africa	516 065	600 528
Rest of the world	88 978	118 652
	605 043	719 180
Joint ventures	2 421	2 003
	607 464	721 183
Less internal assets	(15 553)	(10 820)
	591 911	710 363
Capital expenditure (notes 2 and 3)		
Africa	20 330	39 140
Rest of the world	7 241	4 721
	27 571	43 861

NOTES

FOR THE YEAR ENDED 31 DECEMBER 2008

1. Accounting policies and basis of presentation

The consolidated financial statements for the year ended 31 December 2008 are prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 - Interim Financial Reporting and in compliance with the Listing Requirements of the JSE Limited. These are the Group's abridged consolidated financial statements for the year for which annual financial statements are prepared in terms of IFRS.

The principle accounting policies used in preparing the audited results for the year ended 31 December 2008 are consistent with those applied in the annual financial statements for the year ended 31 December 2007 in terms of IFRS.

2. Significant disposals

2.1 Fleet and vehicle management businesses

With effect from 1 April 2008 the Group sold its remaining fleet and vehicle management operation, Tripmaster Incorporated, to TeliMatrix Limited for US\$1.00.

	Book value
	R 000
Property, plant and equipment	901
Intangible assets	21 703
Non-current receivables	361
Inventories	4 023
Trade and other receivables	8 817
Current income tax assets	1 704
Borrowings	(877)
Deferred tax liabilities	(7 152)
Trade and other payables	(8 784)
Provisions	(1 557)
Cash and cash equivalents	196
Total net asset value	19 335
Loss on sale of business	(12 327)
Reserve realised on the disposal of subsidiaries	(7 008)
Proceeds	-
Purchase consideration	-
Cash and cash equivalents in business disposed	(196)
Net cash outflow from disposal	(196)

2.2 OEM plastics operations

Control Instruments reached agreement on 9 November 2007 to sell its OEM automotive plastics operations to Smiths Plastics (Pty) Limited, a subsidiary of Metair Investments Limited. Competition Commission approval for the sale was received at the beginning of March 2008 and the effective date of the transaction was 17 March 2008.

The purchase consideration of R19.5 million plus the carrying value of inventories, debtors and certain creditors, was paid on the effective date.

	Book value
	R 000
Property, plant and equipment	19 378
Intangible assets	122
Inventories	8 486
Trade and other receivables	14 917
Trade and other payables	(600)
Total net asset value	42 303
Repayment of borrowings	(7 614)
Repayment of trade and other payables	(8 447)
Net cash inflow from disposal	26 242

3. Reconciliation of EPS to Headline EPS (cents)

2008

	137 891		
	Continuing operations	Discontinued operations	Total
Weighted average number of shares in issue (000)			
Loss for the year per share	(39.0)	(17.5)	(56.5)
Loss on sale of subsidiaries	8.9	8.9	
Loss on disposal of property, plant and equipment	-	-	-
Impairment of other intangible assets	0.4	-	0.4
Impairment of property, plant and equipment	1.2	-	1.2
Tax effect	2.2	(0.9)	1.3
Headline loss per share	(35.2)	(9.5)	(44.7)

NOTES

2007

Weighted average number of shares in issue (000)	121	211	
	Continuing operations	Discontinued operations	Total
(Loss)/earnings for the year per share	(51.0)	420.0	369.0
Profit on sale of subsidiaries	-	(476.1)	(476.1)
Profit on disposal of property, plant and equipment	(9.5)	(2.3)	(11.8)
Excess of acquirer's interest in the fair value of the acquiree over cost	-	(12.8)	(12.8)
Impairment of goodwill	1.9	28.1	30.0
Impairment of other intangible assets	8.1	22.6	30.7
Impairment of property, plant and equipment	-	5.3	5.3
Tax effect	9.3	(4.7)	4.6
Headline loss per share	(41.2)	(19.9)	(61.1)

4. Sale of building

One of the buildings owned by Pi Shurlok in Pietermaritzburg was sold during the year.

5. Commitments

Capital expenditure commitments

	2008 R 000	2007 R 000
Authorised by directors and contracted for:		
Property, plant and equipment	4 438	1 200
Authorised by directors and not yet contracted for:		
Property, plant and equipment	3 814	4 933
The capital expenditure is to be financed as follows:		
Internally generated funds	1 691	6 133
Existing credit facilities	6 561	-
	8 252	6 133

6. Post Balance Sheet Events

6.1 Litigation with Sagercy

The Group acquired a 100% interest in the business of Sagercy PE, Ariston and Specialised Plastics Engineering ("SPE") ("Sagercy business") with effect from 1 March 2006.

Notice has been served against the vendors of the Sagercy business for the recovery of R34 million arising out of certain warranties and representations made by them.

Ariston and SPE were sold to Smiths Plastics (Pty) Limited, a subsidiary of Metair Investments Limited with effect from 17 March 2008.

6.2 Net working capital dispute

TeliMatrix Limited has declared a dispute with the Group with regard to the calculation of the net working capital in certain of the businesses that the Group sold to it with effect from 1 October 2007.

This dispute is in the process of being resolved. The Group has taken independent professional advice and based on this advice the directors do not believe that the Group has any liabilities with regard to this dispute.