

MICROOmega HOLDINGS LIMITED

Incorporated in the Republic of South Africa • Registration number 1998/003821/06
Share code MMG ISIN ZAE00034435 • "MICROOmega" or "the Company"



MICROOmega

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

INCREASE IN REVENUE 2% ↑
INCREASE IN NET ASSET VALUE PER SHARE 16% ↑
INCREASE IN NET TANGIBLE ASSET VALUE PER SHARE 22% ↑

DECREASE IN ATTRIBUTABLE EARNINGS PER SHARE -70% ↓
DECREASE IN HEADLINE EARNINGS PER SHARE -52% ↓

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME			
	Unaudited Six months ended 30 June 2009	Unaudited Six months ended 30 June 2008	Audited Year ended 31 December 2008
Notes	R ('000)	R ('000)	R ('000)
Revenue	394 532	386 314	843 772
Revenue from continuing operations	375 236	327 448	703 045
Revenue from discontinued operations	19 296	58 866	140 727
Cost of sales	(282 972)	(273 166)	(573 043)
Gross profit	111 560	113 148	270 729
Gross profit from continuing operations	116 719	103 141	213 985
Gross (loss) / profit from discontinued operations	(5 159)	10 007	56 744
Other income	4 001	18 058	31 011
Other expenses	(93 530)	(85 864)	(230 623)
Operating profit	22 031	45 342	71 117
Net finance (expense) / income	(3 352)	1 083	4 280
Shares of profits in associates	586	587	99
Profit before tax	19 265	47 012	75 496
Profit before tax from continuing operations	27 017	30 444	53 108
(Loss) / profit before tax from discontinued operations	(7 752)	16 568	22 388
Taxation expense	(5 397)	(9 292)	(13 570)
Profit for the period	13 868	37 720	61 926
Profit from continuing operations	19 450	22 151	38 852
(Loss) / profit from discontinued operations	(5 582)	15 569	23 074
Other comprehensive income			
Foreign currency translation differences for foreign operations	61	(2)	(23)
Total comprehensive income for the period	13 929	37 718	61 903
Profit attributable to:			
Owners of MICROOmega Holdings Limited	10 991	36 141	60 241
Non-controlling interest in subsidiaries	2 877	1 579	1 685
Total comprehensive income attributable to:	11 052	36 139	60 218
Owners of MICROOmega Holdings Limited	11 052	36 139	60 218
Non-controlling interest in subsidiaries	2 877	1 579	1 685
Reconciliation of headline earnings			
Net profit attributable to ordinary shareholders	10 991	36 141	60 241
Profit on disposal of property, plant and equipment	(117)	(69)	(101)
Impairment of property, plant and equipment	297	-	-
Reversal of impairment of property, plant and equipment	-	-	(88)
Negative goodwill	3	(13 001)	(20 820)
Headline earnings	11 171	23 071	39 232
Headline earnings per share (cents)	11,52	23,99	40,26
Earnings per share (cents)	11,34	37,57	61,82
Diluted earnings per share (cents)	11,26	37,18	61,35
Weighted average number of shares	96 930	96 184	97 438
Diluted weighted average shares in issue	97 579	97 211	98 198
Total number of shares in issue	96 845	96 759	97 110

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION			
	Unaudited Six months ended 30 June 2009	Unaudited Six months ended 30 June 2008	Audited Year ended 31 December 2008
	R ('000)	R ('000)	R ('000)
ASSETS			
Non-current assets			
Property, plant and equipment	54 822	74 637	55 181
Intangible assets	66 494	64 666	64 468
Investments in associates	5 321	4 959	5 527
Other investments	6 742	7 440	6 737
Loans receivable	23 374	1 114	349
Deferred tax asset	17 859	12 816	12 392
Current assets	252 954	257 938	295 347
Inventories	62 069	102 491	91 059
Retirement benefits	17 971	-	17 971
Trade and other receivables	112 603	122 801	124 564
Current portion of loans receivable	5 716	637	689
Cash and cash equivalents	26 508	32 009	30 365
Non-current assets held for sale	28 087	-	30 699
Total assets	427 566	423 570	440 001
EQUITY AND LIABILITIES			
Equity			
Share capital and premium	191 229	190 686	191 649
Non-distributable reserves	6 075	5 286	5 664
Retained earnings	61 588	26 497	50 597
Total equity attributable to equity holders of the company	258 892	222 469	247 910
Minorities interest	15 215	6 407	12 338
Non-current liabilities	26 508	39 398	16 280
Loans and borrowings	19 115	37 960	8 789
Deferred tax liability	7 393	1 438	7 491
Current liabilities	126 951	155 296	163 473
Bank overdraft	16 572	10 044	13 025
Trade and other payables	80 961	124 687	117 773
Derivative liability	-	-	282
Provisions	-	302	64
Current portion of loans and borrowings	22 706	9 830	23 791
Taxation	6 712	10 433	8 538
Total equity and liabilities	427 566	423 570	440 001
Net asset value per share (cents)	267,33	229,92	255,29
Net tangible asset value per share (cents)	198,67	163,09	188,90

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital R ('000)	Share premium R ('000)	Share- based payment reserve R ('000)	Revaluation reserve R ('000)	Foreign currency translation reserve R ('000)	Deal differences reserve R ('000)	Retained earnings/ (accumu- lated loss) R ('000)	Total R ('000)	Minority Interest R ('000)	Total equity R ('000)
Balance at 1 January 2008	982	193 138	1 453	2 490	2	1 000	(9 644)	189 421	4 262	193 683
Total comprehensive income for the period (net of income tax)	-	-	-	-	(2)	-	36 141	36 139	1 579	37 718
Business combinations	-	-	-	-	-	-	-	-	566	566
Issue of share capital	8	1 401	-	-	-	-	-	1 409	-	1 409
Share issue costs	-	(12)	-	-	-	-	-	(12)	-	(12)
Treasury share purchase	(22)	(4 848)	-	-	-	-	-	(4 870)	-	(4 870)
Share-based payments: IFRS 2	-	39	343	-	-	-	-	382	-	382
Balance at 30 June 2008	968	189 718	1 796	2 490	-	1 000	26 497	222 469	6 407	228 876
Total comprehensive income for the period (net of income tax)	-	-	-	-	(21)	-	24 100	24 079	106	24 185
Deferred tax effect on revaluation of property, plant and equipment	-	-	-	(102)	-	-	-	(102)	-	(102)
Business combinations	-	-	-	-	-	-	-	-	5 825	5 825
Issue of share capital	8	2 142	-	-	-	-	-	2 150	-	2 150
Treasury share purchase	(5)	(1 238)	-	-	-	-	-	(1 243)	-	(1 243)
Share-based payments: IFRS 2	-	56	501	-	-	-	-	557	-	557
Balance at 31 December 2008	971	190 678	2 297	2 388	(21)	1 000	50 597	247 910	12 338	260 248
Total comprehensive income for the period (net of income tax)	-	-	-	-	61	-	10 991	11 052	2 877	13 929
Treasury share purchase	(3)	(417)	-	-	-	-	-	(420)	-	(420)
Share-based payments: IFRS 2	-	-	350	-	-	-	-	350	-	350
Balance at 30 June 2009	968	190 261	2 647	2 388	40	1 000	61 588	258 892	15 215	274 107

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June 2009	Unaudited Six months ended 30 June 2008	Audited Year ended 31 December 2008
	R ('000)	R ('000)	R ('000)
Cash generated by operations	27 575	38 064	64 768
Movement in working capital	4 096	(15 506)	(8 172)
Net finance (expense) / income	(3 341)	1 174	4 280
Taxation paid	(12 744)	(7 146)	(13 644)
Net cash from operating activities	15 586	16 586	47 232
Net cash used in investing activities	(31 413)	(22 606)	(42 540)
Loans raised	13 787	-	-
Loans repaid	(4 945)	(18 439)	(32 534)
Treasury shares repurchased	(419)	(4 871)	(6 113)
Net cash used in finance activities	8 423	(23 310)	(38 647)
Net decrease in cash and cash equivalents	(7 404)	(29 330)	(33 955)
Represented as follows:			
Cash and cash equivalents at beginning of the year	17 340	51 295	51 295
Cash and cash equivalents at end of the period	9 936	21 965	17 340
Net decrease in cash and cash equivalents	(7 404)	(29 330)	(33 955)

COMMENTARY ON RESULTS

We are satisfied with the corporate performance for the six month period albeit attributable earnings are down 70%. The decline in earnings of R24 million year-on-year can be attributed to two principle causes. Firstly, there is a reduction in earnings of R21 million arising from the closure of Kolbenco in December 2008, and the need to raise further provisions in the current period to recognise the subsequent impairment of the Kolbenco assets that have not been disposed of as at June 2009. Secondly, the strengthening of the Rand against the Dollar contributed to a R4 million loss on Dollar based receivables.

Giving consideration to the aforementioned, and the extended economic slowdown that we have experienced in the automotive sector, we are satisfied that our diverse investment portfolio has shielded us against an excessive erosion in the profitability of our combined businesses. This fact is borne out by the retention of revenue demonstrated in these results, albeit at reduced margins, and our ability to grow our information technology businesses, which we remain confident will continue throughout the remainder of the year.

By order of the Board

Directors: IG Morris (Chairman), DSE Carlisle (Financial Director), PV Henwood (Non-Executive), RC Lewin (Non-Executive), JE Newbury (Non-Executive); **Company Secretary:** GW Schnehage; **Auditors:** KPMG Inc.; **Transfer Secretaries:** Computershare Investor Services (Pty) Ltd; **Sponsor Broker:** Investec Bank Limited; **Attorneys:** Moss Cohen & Partners



NOTES TO THE FINANCIAL STATEMENTS

- Basis of preparation** – The condensed consolidated interim financial statements have been prepared in compliance with the Listing Requirements of the JSE Limited, International Accounting Standard (IAS) 34 - Interim Financial Reporting and Schedule 4 of the South African Companies Act, No 60 of 1973, as amended.
- Significant accounting policies** – The condensed consolidated interim financial statements have been prepared using accounting policies that comply with International Financial Reporting Standards (IFRS). The accounting policies used are consistent with those used in the annual financial statements for the year ended 31 December 2008.
- Negative goodwill** – Negative goodwill in the prior year arose as a result of the acquisition of two subsidiaries, namely Kolbenco (Proprietary) Limited and Ocneblok Properties (Proprietary) Limited. The negative goodwill was recognised in the statement of comprehensive income as per IFRS 3 - Business Combinations. The negative goodwill was removed from the calculation of headline earnings as per IAS 33 - Earnings per share.
- Segment information**

SEGMENT REVENUE			
	Unaudited Six months ended 30 June 2009	Unaudited Six months ended 30 June 2008	Audited Year ended 31 December 2008
	R ('000)	R ('000)	R ('000)
Financial services			
- external sales	16 215	19 892	33 962
- inter-segment sales	-	-	-
Support services			
- external sales	184 274	141 737	350 770
- inter-segment sales	-	-	-
Information technology			
- external sales	87 380	44 555	98 964
- inter-segment sales	-	-	-
Automotive components			
- external sales	106 663	180 130	360 076
- inter-segment sales	-	-	-
Total revenue	394 532	386 314	843 772
SEGMENT PROFIT / (LOSS)			
Financial services	3 343	2 748	9 098
Support services	7 283	9 817	15 908
Information technology	12 680	2 160	8 211
Automotive components	(6 664)	24 687	29 693
Holding company	(5 651)	(3 271)	(2 669)
Total profit	10 991	36 141	60 241
SEGMENT ASSETS			
Financial services	31 907	46 228	33 153
Support services	62 109	58 004	72 808
Information technology	116 110	73 091	87 386
Automotive components	210 636	239 138	239 798
Holding company	6 804	7 109	6 856
Total assets	427 566	423 570	440 001