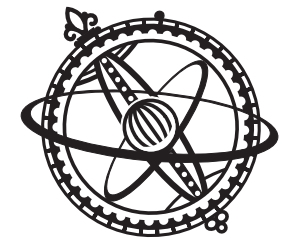


# MICROmega Holdings Limited

Incorporated in the Republic of South Africa • Registration number 1998/003821/06  
Share code MMG ISIN ZAE000034435 • ("MICROmega" or "the Group")



MICROmega

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

REVENUE ↑ 14% ■ HEADLINE EARNINGS PER SHARE ↑ 27% ■ NET ASSET VALUE PER SHARE ↑ 5% ■ HEADLINE EARNINGS PER SHARE FROM CONTINUING OPERATIONS ↑ 26%

### SUMMARISED GROUP STATEMENT OF FINANCIAL POSITION

	Audited as at 31 December 2011 (R'000)	Audited as at 31 December 2010 (R'000)
<b>ASSETS</b>		
<b>Non-current assets</b>	275 202	262 828
Property, plant and equipment	147 033	141 332
Intangible assets	70 318	62 902
Investment in associates	2 038	2 476
Other investments	1 573	6 695
Loans receivable	23 606	24 677
Deferred tax assets	30 634	24 746
<b>Current assets</b>	244 156	242 036
Inventories	43 793	51 631
Retirement benefit surplus	21 381	26 844
Trade and other receivables	134 467	113 330
Current portion of loans receivable	13 539	3 539
Cash and cash equivalents	23 742	20 963
Income tax receivable	642	1 043
Non-current assets classified as held for sale	6 592	24 686
<b>Total assets</b>	519 358	504 864
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital and premium	187 022	190 797
Non-distributable reserves	16 653	14 410
Retained earnings	85 911	78 280
<b>Total equity attributable to owners of the company</b>	289 586	283 487
Non-controlling interests	24 303	16 189
<b>Total equity</b>	313 889	299 676
<b>Liabilities</b>		
<b>Non-current liabilities</b>	76 480	69 877
Borrowings	65 192	56 576
Deferred tax liabilities	11 288	13 301
<b>Current liabilities</b>	128 989	135 311
Bank overdraft	9 065	11 844
Current portion of borrowings	14 418	31 886
Trade and other payables	99 066	82 286
Deferred vendor payments	534	789
Provisions	5 906	8 506
<b>Total liabilities</b>	205 469	205 188
<b>Total equity and liabilities</b>	519 358	504 864
Net asset value per share (cents)	307.11	293.88
Net tangible asset value per share (cents)	232.54	228.68

### SUMMARISED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Notes	Audited year ended 31 December 2011 (R'000)	Audited year ended 31 December 2010 (R'000)
<b>Revenue</b>		775 483	682 314
Revenue from continuing operations		690 985	547 781
Revenue from discontinued operations	3	84 498	134 533
Cost of sales		(520 218)	(451 437)
<b>Gross profit</b>		255 165	230 877
Gross profit from continuing operations		241 295	211 198
Gross profit from discontinued operations	3	13 870	19 679
Other income		7 940	4 005
Distribution expenses		(6 429)	(6 068)
Administrative expenses		(246 279)	(217 052)
<b>Results from operations</b>		10 297	11 762
Results from continuing operations		49 516	33 836
Results from discontinued operations	3	(39 119)	(22 074)
Finance income		5 731	6 703
Finance cost		(7 076)	(5 997)
<b>Net finance (cost) / income</b>		(1 345)	706
Share of loss in equity accounted associates		(628)	(724)
<b>Profit before income taxation</b>		8 424	11 744
Profit before taxation from continuing operations		47 823	35 760
Loss before taxation from discontinued operations	3	(39 399)	(24 016)
Taxation expense		3 413	(3 936)
<b>Profit for the year</b>		11 837	7 808
Profit from continuing operations		40 975	25 316
Loss from discontinued operations	3	(29 138)	(17 508)
<b>Other comprehensive income</b>			
Foreign currency translation differences		(4)	12
Revaluation of property		8 214	16 099
Realisation of revaluation reserve		90	(49)
Income tax on other comprehensive income		(1 299)	(4 507)
<b>Other comprehensive income for the year</b>		7 001	11 555
<b>Total comprehensive income for the year</b>		18 838	19 363
Profit attributable to:			
Owners of the company		7 386	5 673
Non-controlling interests		4 451	2 135
<b>Profit for the year</b>		11 837	7 808
Total comprehensive income attributable to:			
Owners of the company		10 527	11 432
Non-controlling interests		8 311	7 931
<b>Total comprehensive income for the year</b>		18 838	19 363
<b>Reconciliation of headline earnings</b>			
Profit attributable to owners of the company		7 386	5 673
Profit per the statement of comprehensive income		872	(25)
Loss / (profit) on disposal of property, plant and equipment		(1 073)	-
Profit on disposal of intangible assets		15 291	7 758
Impairment of intangible assets		1 251	2 520
Impairment of assets classified as held for sale		(6 361)	-
Profit on disposal of investments in subsidiaries	3	2 679	-
Impairment of other investments		-	-
<b>Headline earnings</b>		20 045	15 926
<b>Earnings per share</b>			
Headline earnings per share (cents)		20.94	16.46
Basic earnings per share (cents)		7.72	5.86
Diluted earnings per share (cents)		7.64	5.83
<b>Continuing operations</b>			
Basic earnings per share (cents)		38.15	23.95
Diluted earnings per share (cents)		37.78	23.83
Weighted average number of shares (000)		95 736	96 783
Diluted weighted average shares in issue (000)		96 674	97 266
Total number of shares in issue (000)		94 294	96 462

### SUMMARISED GROUP STATEMENT OF CASH FLOWS

	Audited year ended 31 December 2011 (R'000)	Audited year ended 31 December 2010 (R'000)
<b>Cash flows for operating activities</b>		
Cash generated by operating activities	45 848	35 767
Movement in working capital	(14 559)	446
Finance income	5 731	6 703
Finance costs	(7 076)	(5 997)
Taxation paid	(13 759)	(14 817)
<b>Net cash inflows from operating activities</b>	16 185	22 102
<b>Cash outflow from investing activities</b>		
<i>Expenditure to maintain operating capacity</i>		
Property, plant and equipment acquired	(17 485)	(68 820)
Intangible assets acquired	-	(101)
Proceeds on disposals of property, plant and equipment	5 364	1 528
Proceeds on disposals of intangible assets	1 247	-
Proceeds on disposals of assets classified as held for sale	16 356	-
<i>Expenditure for expansion</i>		
Acquisition of subsidiaries	(2 957)	(7 812)
Disposal of subsidiaries	16 095	-
Internally generated intangible assets	(20 885)	(9 368)
Proceeds on investments sold	6 524	51
Loans receivable granted	(8 003)	-
Loans receivable repaid	2 884	1 757
<b>Net cash used in investing activities</b>	(860)	(82 765)
<b>Cash flows from financing activities</b>		
Treasury shares repurchased	(3 810)	(644)
Dividends paid to non-controlling interests	(1 298)	(780)
Borrowings raised	(4 404)	45 537
Deferred vendor payments repaid	(255)	(337)
<b>Net cash generated by finance activities</b>	(9 767)	43 776
<b>Increase / (Decrease) in cash and cash equivalents</b>	5 558	(16 887)
Cash and cash equivalents at beginning of the year	9 119	26 006
<b>Cash and cash equivalents at end of the year</b>	14 677	9 119

### NOTES TO THE FINANCIAL STATEMENTS

**1. Basis of preparation**  
These audited summarised consolidated financial statements have been prepared under the supervision of DJ Case (CA) SA, in accordance with the framework concepts and the recognition and measurement criteria of International Financial Reporting Standards (IFRS), its interpretations adopted by the International Accounting Standards Board (IASB), the presentation and the disclosure requirements of IAS 34 Interim Financial Reporting, the AC 500 standards as issued by the Accounting Practices Board, the Listing Requirements of the JSE Limited and the requirements of the South African Companies Act 71 of 2008, as amended. The summarised consolidated financial results are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS. All financial information presented in South African Rand has been rounded to the nearest thousand.

**2. Comparative Information**  
The comparative figures have been restated in the statement of comprehensive income as the group previously classified profit and losses on conversion of foreign exchange transactions in finance income and finance costs. Due to the confusion that this treatment caused around group cost of capital the profit or loss on foreign exchange transactions has been classified as part of other income.

**3. Discontinued Operations**  
The group continues to classify Kolbenco (Proprietary) Limited as discontinued operations. There are ongoing discussions and negotiations around the remaining assets, including the plant & machinery and inventory. During September 2011 the group disposed of its entire interest in BTM Manufacturing (Proprietary) Limited, a manufacturer of towbars and other bolt on accessories for the automotive market. The business and assets of ARDA Professional Machining Services (Proprietary) Limited were disposed of as part of the transaction. During October 2011 the group disposed of 90% of its interest in Lubrication Equipment (Proprietary) Limited, an oil piping solutions company. During November 2011 the group disposed of the business and assets of Automobile Radio Dealers Association 1989 (Proprietary) Limited, a company specialising in auto electrical accessories distribution.

**4. Segment information**  
The group has amended its segment determination to provide a greater understanding of the underlying businesses to the users of the financial statements. Segments have been reported on in line with the business units and management structures that are currently in place within the group.

	Audited year ended 31 December 2011 (R'000)	Audited year ended 31 December 2010 (R'000)
<b>SEGMENT REVENUE</b>		
NOSA	155 756	123 507
- external sales		
MECS Africa	255 929	197 161
- external sales		
Deltac Power Distributors	129 538	92 889
- external sales		
Sebata Municipal Solutions	100 440	102 693
- external sales		
Turrito	9 746	652
- external sales		
MICROmega Securities	40 423	39 029
- external sales		
Automotive Disposal	84 498	134 533
- external sales		
Holdings Company and consolidation eliminations	4 747	1 651
- external sale	(5 944)	(9 801)
- internal sales		
<b>Total revenue</b>	775 483	682 314

	Audited year ended 31 December 2011 (R'000)	Audited year ended 31 December 2010 (R'000)
<b>SEGMENT PROFIT / (LOSS)</b>		
NOSA	22 763	16 666
MECS Africa	7 056	1 888
Deltac Power Distributors	8 652	6 045
Sebata Municipal Solutions	8 707	5 810
Turrito	(1 474)	(1 091)
MICROmega Securities	10 015	8 098
Automotive Disposal	(29 637)	(15 924)
Holdings Company and consolidation eliminations	(18 696)	(15 819)
<b>Total profit</b>	7 386	5 673

	Audited year ended 31 December 2011 (R'000)	Audited year ended 31 December 2010 (R'000)
<b>SEGMENT ASSETS</b>		
NOSA	72 321	61 247
MECS Africa	62 596	41 055
Deltac Power Distributors	61 230	44 443
Sebata Municipal Solutions	73 496	125 393
Turrito	6 920	3 485
MICROmega Securities	60 283	52 902
Automotive Disposal	62 433	141 384
Holdings Company and consolidations eliminations	119 979	34 955
<b>Total assets</b>	519 358	504 864

### SUMMARISED GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Revaluation reserve R'000	Foreign currency translation reserve R'000	Deal differences reserve R'000	Share-based payments reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interests R'000	Total equity R'000
<b>Balance at 01 January 2010</b>	970	190 470	3 984	21	1 000	3 191	66 959	266 595	13 455	280 050
Profit for the year	-	-	-	-	-	-	5 673	5 673	2 135	7 808
<b>Other comprehensive income</b>										
Foreign currency translation differences	-	-	5 376	12	-	-	371	5 799	5 796	11 555
Revaluation of property	-	-	5 796	-	-	-	-	5 796	5 796	11 592
Realisation of revaluation reserve	-	-	(420)	-	-	-	371	(49)	-	(49)
Total comprehensive income for the year	-	-	5 376	12	-	-	6 044	11 432	7 931	19 363
<b>Transactions with owners, recorded directly in equity</b>	(5)	(638)	-	-	-	826	5 277	5 460	(5 197)	263
Treasury shares purchased	(5)	(639)	-	-	-	-	-	(644)	-	(644)
Share-based payment transactions	-	1	-	-	-	826	-	827	-	827
IFRS 3 Business Combinations	-	-	-	-	-	-	5 277	5 277	(4 417)	860
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(780)	(780)
Total transactions with owners	(5)	(638)	-	-	-	826	5 277	5 460	(5 197)	263
<b>Balance at 31 December 2010</b>	965	189 832	9 360	33	1 000	4 017	78 280	283 487	16 189	299 676
<b>Balance at 01 January 2011</b>	965	189 832	9 360	33	1 000	4 017	78 280	283 487	16 189	299 676
<b>Total comprehensive income for the year</b>										
Profit for the year	-	-	-	-	-	-	7 386	7 386	4 451	11 837
<b>Other comprehensive income</b>										
Foreign currency translation differences	-	-	1 739	(4)	-	-	1 406	3 141	3 860	7 001
Revaluation of property	-	-	3 055	-	-	-	-	3 055	3 860	6 915
Realisation of revaluation reserve	-	-	(1 316)	-	-	-	1 406	90	-	90
Total comprehensive income for the year	-	-	1 739	(4)	-	-	8 792	10 527	8 311	18 838
<b>Transactions with owners, recorded directly in equity</b>	(22)	(3 753)	-	-	-	508	-	(3 267)	(1 298)	(4 565)
Treasury shares purchased	(22)	(3 788)	-	-	-	-	-	(3 810)	-	(3 810)
Share-based payment transactions	-	35	-	-	-	508	-	543	-	543
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(1 298)	(1 298)
<b>Changes in ownership interests in subsidiaries</b>										
Acquisitions on non-controlling interests without a change in control	-	-	-	-	-	-	(1 161)	(1 161)	1 101	(60)
Total transactions with owners	(22)	(3 753)	-	-	-	508	(1 161)	(4 428)	(197)	(4 625)
<b>Balance at 31 December 2011</b>	943	186 079	11 099	29	1 000	4 525	85 911	289 586	24 303	313 889

### COMMENTARY ON RESULTS

Headline earnings per share increased by 27% to 21 cents for the year under review. Net asset value per share increased by 4.5% to 307 cents.

The results for the year reflect the impact cost of the restructuring of the group that was announced last year. This entailed the disposal and closure of non-profit contributing businesses, and a refocus of our investment into information technology and our traditional support service operations.

Discontinued operations reduced headline earnings by R17 million (18 cents per share). This was the financial cost of losses incurred by these businesses, as well as the cost of closure or disposal. We can confirm that as at 31 December 2011 the full impact cost of the disposal and closure of these companies has been fully accounted for and that we are not carrying any further direct or indirect operating costs or cost of closure into the 2012 financial year.