



MICROmega Holdings Limited

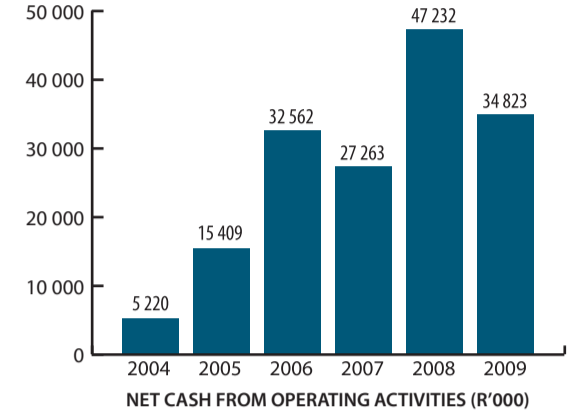
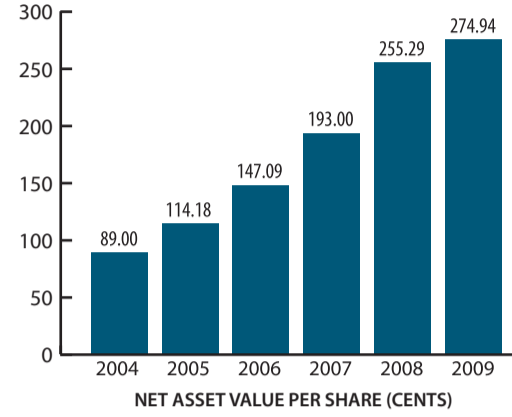
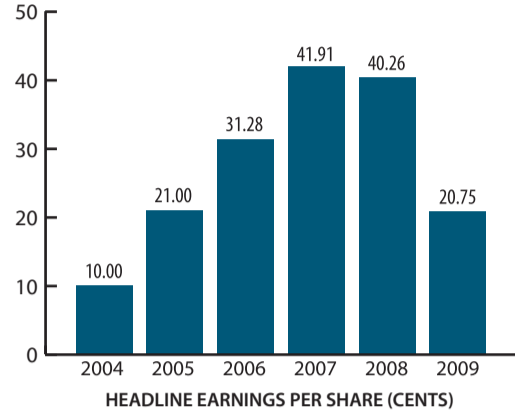
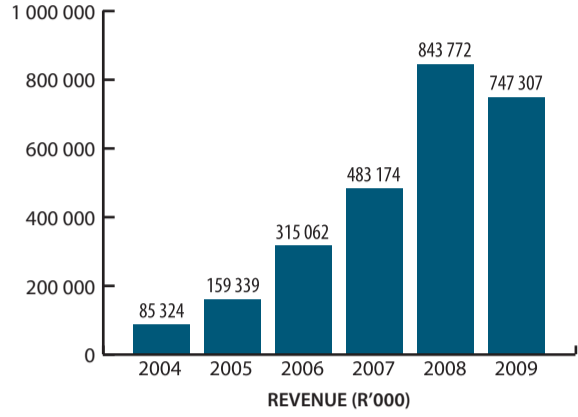
Incorporated in the Republic of South Africa • Registration number 1998/003821/06
Share code MMG ISIN ZAE000034435 • "MICROmega" or "the Company"

PRELIMINARY AUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2009

-11% DECREASE IN REVENUE
8% INCREASE IN NET ASSET VALUE PER SHARE

-48% DECREASE IN HEADLINE EARNINGS PER SHARE
-26% DECREASE IN NET CASH FROM OPERATING ACTIVITIES



THE MICROmega GROUP OF COMPANIES



SUMMARISED GROUP STATEMENT OF COMPREHENSIVE INCOME

Notes	Audited for the year ended 31 December 2009 (R'000)	Audited for the year ended 31 December 2008 (R'000)
Revenue	747 307	843 772
Revenue from continuing operations	721 900	703 045
Revenue from discontinued operations	25 407	140 727
Cost of sales	(517 175)	(573 043)
Gross profit	230 132	270 729
Gross profit from continuing operations	227 428	213 985
Gross profit from discontinued operations	2 704	56 744
Other income	9 109	31 406
Distribution expenses	(5 578)	(7 213)
Administrative expenses	(196 616)	(223 805)
Results from operations	37 047	71 117
Results from continuing operations	43 947	62 848
Results from discontinued operations	(6 900)	8 269
Finance income	9 479	10 847
Finance cost	(16 995)	(6 567)
Net finance (cost)/income	(7 516)	4 280
Share of (loss)/profit in equity accounted associates	(768)	99
Profit before taxation	28 763	75 496
Profit before taxation from continuing operations	36 346	71 775
(Loss)/profit before taxation from discontinued operations	(7 623)	3 721
Taxation expense	(11 084)	(13 570)
Profit for the year	17 679	61 926
Profit from continuing operations	23 768	57 519
(Loss)/profit from discontinued operations	(6 089)	4 407
Other comprehensive income		
Foreign currency translation differences	42	(23)
Revaluation of property, plant and equipment	2 230	-
Income tax on other comprehensive income	(634)	(102)
Other comprehensive income for the year	1 638	(125)
Total comprehensive income for the year	19 317	61 801
Profit attributable to:		
Owners of the company	16 362	60 241
Non-controlling interests	1 317	1 685
Profit for the year	17 679	61 926
Total comprehensive income attributable to:		
Owners of the company	18 000	60 116
Non-controlling interests	1 317	1 685
Total comprehensive income for the year	19 317	61 801
Reconciliation of headline earnings		
Profit attributable to owners of the company		
Profit per the statement of comprehensive income	16 362	60 241
Profit on disposal of property, plant and equipment	(1 786)	(101)
Reversal of impairment of property, plant and equipment	-	(88)
Profit on disposal of other investments	2	(1 995)
Impairment of goodwill	7 540	-
Negative goodwill	-	(20 820)
Headline earnings	20 121	39 232
Earnings per share		
Headline earnings per share (cents)	20.75	40.26
Basic earnings per share (cents)	16.88	61.82
Diluted earnings per share (cents)	16.77	61.35
Continuing operations		
Basic earnings per share (cents)	23.16	57.30
Diluted earnings per share (cents)	23.01	56.86
Weighted average number of shares (000)	96 958	97 438
Diluted weighted average shares in issue (000)	97 561	98 198
Total number of shares in issue (000)	96 966	97 110

SUMMARISED GROUP STATEMENT OF CASH FLOWS

	Audited for the year ended 31 December 2009 (R'000)	Audited for the year ended 31 December 2008 (R'000)
Cash flows for operating activities		
Cash generated by operating activities	50 157	64 768
Movement in working capital	14 771	(8 172)
Finance income	9 479	10 847
Finance costs	(16 995)	(6 567)
Taxation paid	(22 589)	(13 644)
Net cash inflows from operating activities	34 823	47 232
Cash outflow from investing activities		
Expenditure to maintain operating capacity		
Property, plant and equipment acquired	(12 212)	(19 855)
Intangible assets acquired	(213)	(1 195)
Proceeds on disposals of property, plant and equipment	5 656	1 149
Proceeds on disposals of intangible assets	19	-
Expenditure for expansion		
Acquisition of subsidiaries	(1 578)	(18 142)
Internally generated intangible assets	(4 956)	-
Proceeds on investments sold	2 359	-
Loans receivable granted	(26 350)	(5 050)
Loans receivable repaid	1 012	553
Net cash used in investing activities	(36 263)	(42 540)
Cash flows from financing activities		
Treasury shares repurchased	(224)	(6 113)
Dividends paid to non-controlling interests	(200)	-
Borrowings raised/(repaid)	12 857	(29 099)
Deferred vendor payments raised	-	2 800
Deferred vendor payments repaid	(2 327)	(6 235)
Net cash generated/(used) by finance activities	10 106	(38 647)
Increase/(decrease) in cash and cash equivalents	8 666	(33 955)
Cash and cash equivalents at beginning of the year	17 340	51 295
Cash and cash equivalents at end of the year	26 006	17 340

SUMMARISED GROUP STATEMENT OF FINANCIAL POSITION

	Audited as at 31 December 2009 (R'000)	Audited as at 31 December 2008 (R'000)
ASSETS		
Non-current assets	168 880	144 654
Property, plant and equipment	58 871	55 181
Intangible assets	61 434	64 468
Investment in associates	3 747	5 527
Other investments	6 698	6 737
Loans receivable	21 891	349
Deferred tax assets	16 239	12 392
Current assets	251 906	295 347
Inventories	45 200	91 059
Retirement benefits	18 877	17 971
Trade and other receivables	123 976	124 564
Current portion of loans receivable	5 497	689
Cash and cash equivalents	29 936	30 365
Non-current assets classified as held for sale	28 420	30 699
Total assets	420 786	440 001
EQUITY AND LIABILITIES		
Equity		
Share capital and premium	191 440	191 649
Non-distributable reserves	8 196	5 664
Retained earnings	66 959	50 597
Total equity attributable to equity holders of the company	266 595	247 910
Non-controlling interests	13 455	12 338
Total equity	280 050	260 248
Liabilities		
Non-current liabilities	27 530	16 280
Borrowings	19 467	8 789
Deferred tax liabilities	8 063	7 491
Current liabilities	113 206	163 473
Bank overdraft	3 930	13 025
Current portion of borrowings	21 372	19 193
Trade and other payables	86 055	117 773
Derivatives	-	282
Deferred vendor payments	871	4 598
Provisions	36	64
Taxation payable	942	8 538
Total equity and liabilities	420 786	440 001
Net asset value per share (cents)	274.94	255.29
Net tangible asset value per share (cents)	211.58	188.91

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/(Accumulated loss) R'000	Total R'000	Non-controlling interests R'000	Total equity R'000
Balance at 01 January 2008	982	193 138	2 490	2	1 000	1 453	(9 644)	189 421	4 262	193 683
Total comprehensive income for the year	-	-	-	-	-	-	60 241	60 241	1 685	61 926
Other comprehensive income	-	-	(102)	(23)	-	-	-	(125)	-	(125)
Foreign currency translation differences	-	-	-	(23)	-	-	-	(23)	-	(23)
Deferred tax effect on revaluation of property, plant and equipment	-	-	(102)	-	-	-	-	(102)	-	(102)
Total comprehensive income for the year	-	-	(102)	(23)	-	-	60 241	60 116	1 685	61 801
Transactions with owners, recorded directly in equity	(11)	(2 460)	-	-	-	844	-	(1 627)	-	(1 627)
Issue of share capital	16	3 543	-	-	-	-	-	3 559	-	3 559
Share issue costs	-	(12)	-	-	-	-	-	(12)	-	(12)
Treasury shares purchased	(27)	(6 086)	-	-	-	-	-	(6 113)	-	(6 113)
Share-based payment transactions	-	95	-	-	-	844	-	939	-	939
Changes in ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	-	-	-	-	-	-
Business combinations	-	-	-	-	-	-	-	-	6 391	6 391
Total transactions with owners	(11)	(2 460)	-	-	-	844	-	(1 627)	6 391	4 764
Balance at 31 December 2008	971	190 678	2 388	(21)	1 000	2 297	50 597	247 910	12 338	260 248
Balance at 01 January 2009	971	190 678	2 388	(21)	1 000	2 297	50 597	247 910	12 338	260 248
Total comprehensive income for the year	-	-	-	-	-	-	16 362	16 362	1 317	17 679
Other comprehensive income	-	-	1 596	42	-	-	-	1 638	-	1 638
Foreign currency translation differences	-	-	-	42	-	-	-	42	-	42
Revaluation of property, plant and equipment	-	-	1 596	-	-	-	-	1 596	-	1 596
Total comprehensive income for the year	-	-	1 596	42	-	-	16 362	18 000	1 317	19 317
Transactions with owners, recorded directly in equity	(1)	(208)	-	-	-	894	-	685	(200)	485
Treasury shares purchased	(1)	(223)	-	-	-	-	-	(224)	-	(224)
Dividends paid by subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	(200)	(200)
Share-based payment transactions	-	15	-	-	-	894	-	909	-	909
Balance at 31 December 2009	970	190 470	3 984	21	1 000	3 191	66 959	266 595	13 455	280 050

COMMENTARY ON RESULTS

MICROmega Holdings Limited is an investment holding company with a diversified portfolio of businesses. The group's investments are focused in four sectors of the economy namely: financial services, support services, information technology and automotive components sectors.

MICROmega Holdings Limited reported, for the first time in 6 years, a decrease in headline earnings per share of 48% to 20.75 cents per share. This decrease was as a result of a number of event risks that occurred during the year. In all instances risk reduction strategies were adopted to address these events and limit their impact on earnings in future periods.

Events that occurred during 2009:

On 19 December 2008 Kolbenco (Proprietary) Limited closed its manufacturing activities. This was a direct result of the downturn experienced in the global automotive sector. Whilst significant write-offs were taken in the 2008 reported earnings, there was a need to further impair assets in 2009. In addition, a number of unforeseen expenses occurred during the financial year as a result of the closure of the production facility. The net impact in this year's results was a decrease in revenue of R115m, whilst earnings before tax were negatively impacted by R11.4m.

Throughout 2009 the automotive component manufacturers struggled with new car sales and demand

for product well down when compared to prior years. This had a direct impact on BTM Manufacturing (Proprietary) Limited, which reported a R6.8m decrease in revenue and a R8.2m decline in earnings before tax.

The group sustained a loss of R9.9m on foreign currency denominated trade receivables (2008: profit of R6.1m) due to the strengthening of the Rand against all major currencies. These trade receivables were not hedged during the year due to the nature of the trade agreements in place and the uncertainty surrounding cashflows from other African countries.

During the course of the year, the group was forced to collapse a failed BEE transaction, which resulted in an impairment of R7.5m against goodwill.

Accordingly, the aforementioned events negatively impacted the net profit before taxation figure by a sizeable R43.1m.

Notwithstanding this, the remaining three sectors performed relatively well despite the economic slowdown, with the information technology sector reflecting the highest growth in revenue and attributable profits. The services sector continued to perform in line with expectations and the increased spend in both

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation
The consolidated annual financial statements for the year ended 31 December 2009, have been prepared in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board (IASB), and the requirements of the Companies Act of South Africa. These consolidated annual financial statements are presented in compliance with the International Accounting Standard (IAS) 34 Interim Financial Reporting.

The accounting policies applied in the presentation of the annual financial results are consistent with those for the prior year, except for the adoption of the following new or revised standards and interpretations which are now effective:

- IAS 1 - Presentation of financial statements
- IAS 23 - Borrowings costs
- IFRS 8 - Operating segments

These summarised consolidated financial statements have been prepared in accordance with the historic cost convention, except for certain assets and liabilities which are carried at amortised cost, and derivative financial instruments, land and buildings and held for trading investments which are stated at their fair value.

All financial information presented in Rand has been rounded to the nearest thousand.

2. Profit on disposal of other investments

During the year the group disposed of their investment in the Bond Exchange of South Africa (Proprietary) Limited to the JSE Limited. This disposal was done in accordance with the JSE Limited's takeover of the Bond Exchange of South Africa (Proprietary) Limited and was as per the terms of their offer to purchase, as disclosed in the market.

3. Segment information

SEGMENT REVENUE	Audited year ended 31 December 2009 (R'000)	Audited year ended 31 December 2008 (R'000)
Financial services - external sales	36 619	40 759
Support services - external sales	365 123	359 770
Information technology - external sales	164 931	102 964
Automotive components - external sales	218 563	365 276
Adjustments and eliminations	(37 929)	(24 997)
Total revenue	747 307	843 772
SEGMENT PROFIT/(LOSS)	Audited year ended 31 December 2009 (R'000)	Audited year ended 31 December 2008 (R'000)
Financial services	5 387	7 155
Support services	6 911	15 908
Information technology	14 093	8 211
Automotive components	(8 672)	9 140
Adjustments and eliminations	(1 357)	19 827
Total profit	16 362	60 241
SEGMENT ASSETS	Audited as at 31 December 2009 (R'000)	Audited as at 31 December 2008 (R'000)
Financial services	243 511	235 379
Support services	75 644	59 075
Information technology	148 255	71 180
Automotive components	199 213	204 022
Adjustments and eliminations	(245 837)	(129 655)
Total assets	420 786	440 001

the mining and petrochemical industries will have a positive impact on revenue and earnings for this sector in 2010. Whilst the financial services sector was directly affected by the global economic downturn, this sector performed relatively well, with earnings in line with the 2008 results.

The group remains optimistic about its financial performance for the 2010 financial year and believes that the inherent balance sheet strength with low gearing will afford growth opportunities.

Report of the auditors

KPMG Inc, MICROmega Holding Limited's independent auditors have audited the consolidated annual financial statements of this group from which the summarised consolidated financial results have been derived and have expressed an unmodified opinion on the consolidated annual financial statements. The summarised consolidated financial results comprise the summarised consolidated statement of financial position at 31 December 2009, summarised consolidated statement of comprehensive income, summarised consolidated statement of changes in equity and summarised consolidated statement of cash flows for the year then ended and selected explanatory notes. The audit report is available for inspection at MICROmega Holding Limited's registered offices.

By order of the Board
Directors: IG Morris (Executive Chairman); DSE Carlisle (Financial Director); PV Henwood (Non-Executive); RC Lewin (Non-Executive)
Company Secretary: GW Schnehage
Auditors: KPMG Inc
Transfer Secretaries: Computershare Investor Services (Proprietary) Limited
Sponsor Broker: Investec Bank Limited
Attorneys: Moss Cohen & Partners

