

# The summarised unaudited results

FOR THE SIX MONTHS ENDED 30 JUNE 2008 ARE AS FOLLOWS



Share code: HWN ISIN: ZAE00010583 (Incorporated in the Republic of South Africa) (Registration number 1996/002982/06)

("the Company" or "the Group")

## Abridged consolidated income statement

	Actual 6 months ended 30 June 2008 (Unaudited) R'000	Actual 6 months ended 30 June 2007 (Unaudited) R'000	Actual % change	Actual 12 months ended 31 December 2007 (Audited) R'000
Revenue	387 111	300 614	28,8	686 367
<b>Operating profit from operations</b>	<b>46 576</b>	<b>36 770</b>	<b>26,7</b>	<b>88 979</b>
Net finance income/(cost)	497	(2 353)		(1 776)
Foreign exchange profit	2 552	352		(132)
Loss on disposal of associate	-	(1 028)		(1 028)
Share of results of associate	-	1 153		1 153
<b>Profit before income tax</b>	<b>49 625</b>	<b>34 894</b>	<b>42,2</b>	<b>87 196</b>
Income tax expenses	(20 771)	(10 906)		(24 753)
<b>Net profit for the period</b>	<b>28 854</b>	<b>23 988</b>	<b>20,3</b>	<b>62 443</b>
<b>Attributable to:</b>				
Equity holders of the Company	28 854	23 229		61 684
Minority interest	-	759		759
	<b>28 854</b>	<b>23 988</b>		<b>62 443</b>
Number of shares in issue (000's)	65 729	65 729		65 729
Earnings per share (cents)	43,90	35,34	24,2	93,85
Headline earnings per share (cents)	43,88	36,89	19,0	95,42
Dividends per share (cents)	15,00	-		-
Special dividend per share	100,00	-		-
<b>Reconciliation of headline earnings attributable to the equity holders of the Company</b>				
Net profit for the period attributable to equity holders	28 854	23 229		61 684
(Profit)/loss on disposal of property, plant and equipment	(11)	(9)		8
Loss on disposal of associate	-	1 028		1 028
<b>Headline earnings attributable to equity holders</b>	<b>28 843</b>	<b>24 248</b>	<b>19,0</b>	<b>62 720</b>

## Abridged consolidated statement of changes in equity

	Attributable to equity holders of the Company	Minority interest	Total equity
<b>Balance at 1 January 2007</b>	26 166	8 850	35 016
Currency translation differences	(1 174)	-	(1 174)
Profit for the period	23 229	759	23 988
Dividends paid	-	(7 006)	(7 006)
Dividend and return of share premium proposed	-	-	-
<b>Balance at 30 June 2007</b>	<b>48 221</b>	<b>2 603</b>	<b>50 824</b>
<b>Balance at 1 July 2007</b>	<b>48 221</b>	<b>2 603</b>	<b>50 824</b>
Currency translation differences	1 373	-	1 373
Profit for the period	38 455	-	38 455
Dividends paid	-	-	-
Minority interest acquired	-	(2 603)	(2 603)
<b>Balance at 31 December 2007</b>	<b>88 049</b>	<b>-</b>	<b>88 049</b>
<b>Balance at 1 January 2008</b>	<b>88 049</b>	<b>-</b>	<b>88 049</b>
Currency translation differences	(1 345)	-	(1 345)
Profit for the period	28 854	-	28 854
Dividends paid	(75 588)	-	(75 588)
<b>Balance at 30 June 2008</b>	<b>39 970</b>	<b>-</b>	<b>39 970</b>

## Segmental analysis by operating division

	Actual 6 months ended 30 June 2008 (Unaudited) R'000	Actual 6 months ended 30 June 2007 (Unaudited) R'000	Actual 12 months ended 31 December 2007 (Audited) R'000
<b>Revenue</b>			
FANS AND HEAT EXCHANGERS	269 126	206 112	458 031
ENVIRONMENTAL CONTROL	117 985	94 502	228 336
	<b>387 111</b>	<b>300 614</b>	<b>686 367</b>

For information only.

Abridged consolidated balance sheet

## Abridged consolidated balance sheet

	Actual 6 months ended 30 June 2008 (Unaudited) R'000	Actual 6 months ended 30 June 2007 (Unaudited) R'000	Actual 12 months ended 31 December 2007 (Audited) R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>131 955</b>	114 080	131 974
Property, plant and equipment	44 686	35 585	43 217
Intangible assets	58 066	36 079	58 933
Deferred income tax assets	26 179	40 661	27 114
Retentions due	3 024	1 755	2 710
<b>Current assets</b>	<b>353 614</b>	244 964	241 605
Inventories	44 526	30 847	32 197
Trade and other receivables	239 784	146 918	189 367
Derivative financial instruments	357	15	139
Cash and cash equivalents	68 947	67 184	19 902
<b>Total assets</b>	<b>485 569</b>	359 044	373 579
<b>EQUITIES AND LIABILITIES</b>			
Capital and reserves attributable to Company's equity holders	39 970	48 221	88 049
Minority interest	-	2 603	-
<b>Total equity</b>	<b>39 970</b>	50 824	88 049
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	47 141	50 000	20 000
Deferred income tax liabilities	7 132	16 227	11 412
Derivative financial instruments	-	75	-
Provisions for other liabilities and charges	12 889	2 117	3 680
	67 162	68 419	35 092
<b>Current liabilities</b>	<b>378 437</b>	239 801	250 438
Trade and other payables	277 198	216 670	238 439
Provisions and other liabilities and charges	7 657	7 292	6 199
Derivative financial instruments	87	640	102
Shareholders for dividend	65 729	-	-
Current income tax liabilities	23 311	7 704	5 082
Borrowings	4 455	7 495	616
<b>Total liabilities</b>	<b>445 599</b>	308 220	285 530
<b>Total equity and liabilities</b>	<b>485 569</b>	359 044	373 579

## Other group salient features

	Actual 6 months ended 30 June 2008 (Unaudited) R'000	Actual 6 months ended 30 June 2007 (Unaudited) R'000	Actual % change	Actual 12 months ended 31 December 2007 (Audited) R'000
Net asset value per share (cents)	60,81	73,36	(17,1)	133,96

For information only.

### Orders receivable

	387 111	300 614	686 367
FANS AND HEAT EXCHANGERS	307 363	272 741	556 785
ENVIRONMENTAL CONTROL	299 346	172 036	216 915
	606 709	444 777	773 700

## Commentary

### OVERVIEW

Order book levels have continued to benefit from rising demand for capital equipment in markets traditionally focused on by Group companies. Order intake for the six months to June 2008 is reported at R606,7 million compared to R444,7 million for the corresponding period last year, an improvement of 36%. The environmental control business, in particular, has seen benefit from the expansion of technologies available to meet demand at the high end of the gas cleaning market.

### RESULTS

In the six months ended 30 June 2008 Revenue of R387,1 million compares to R300,6 million in the corresponding period last year. Strong growth in Revenue is reported in both the fans and heat exchangers and environmental control divisions resulting from the strong opening order books at the start of the year.

Group operating profit from operations of R46,6 million is reported for the period to 30 June 2008, against R36,8 million reported for the six months to June last year. Higher volumes connected to the sale of new equipment account principally for the favourable movement in the results under review.

Earnings per share of 43,90 cents compare with 35,34 cents last year, after accounting for a secondary tax on companies charge of R6,6 million (10,00 cents per share) in respect of the special dividend of 100,0 cents per share declared on 5 June 2008. Excluding the effect of STC, earnings per share reflect an increase of 52% over last year.

A net cash position of R17,4 million compares with the net borrowings of R0,7 million reported at the end of December 2007. Cash generated by operations of R51,7 million compares to R39,6 million generated in the period to June 2007.

### ACCOUNTING POLICIES

The interim results to June 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS), in a manner consistent with the prior year and in accordance with IAS 34.

### REVIEW OF OPERATIONS

#### FANS AND HEAT EXCHANGERS

Order intake for fans and heat exchangers totalled R307,4 million compared to R272,7 million in the corresponding period last year. A strong opening order book in terms of new equipment sales to the mining market and continuing business associated with Eskom's RTS programme helped increase Revenue over the period under review. There has, however, been a reduction in new equipment orders from the mining market over the course of the year.

A strong order book exists at the half year and given a fair success ratio in converting available prospects this position should be maintained through the year.

#### ENVIRONMENTAL CONTROL

The environmental control business received orders totalling R299,3 million compared to R172,0 million last year. Efforts aimed at increasing the portfolio of gas cleaning technologies necessary to position the business strongly in the high end of the market have resulted in a rising order book and improvement in Revenue compared to last year. Large value orders totalling R225 million were processed in the period connected to both Eskom and ArcelorMittal's opening

	(Unaudited) R'000	(Unaudited) R'000	(Audited) R'000
Net asset value per share (cents)	60,81	73,36	(17,1) 133,96
Depreciation	1 579	1 740	3 312
Amortisation	988	952	1 881
Capital expenditure	3 709	2 034	11 311
Capital commitments			
Authorised and contracted	6 696	5 572	–
Authorised not contracted	1 789	4 641	4 685

## Abridged consolidated cash flow statements

	Actual 6 months ended 30 June 2008 (Unaudited) R'000	Actual 6 months ended 30 June 2007 (Unaudited) R'000	Actual 12 months ended 31 December 2007 (Audited) R'000
<b>Cash flow from operating activities</b>			
Cash generated by operations	51 684	39 636	94 077
Utilised to (increase)/decrease working capital	(13 867)	9 599	(13 653)
Cash generated from operating activities	37 817	49 235	80 424
Interest paid	(3 698)	(5 704)	(11 228)
Income tax paid	(5 887)	(10 786)	(18 523)
<b>Cash inflow from operating activities</b>	<b>28 232</b>	<b>32 745</b>	<b>50 673</b>
<b>Cash (outflow)/inflow from investing activities</b>	<b>(308)</b>	<b>152</b>	<b>2 645</b>
<b>Cash inflow/(outflow) from financing activities</b>	<b>21 121</b>	<b>(8 012)</b>	<b>(75 715)</b>
Net increase/(decrease) in cash and cash equivalents	49 045	24 885	(22 397)
<b>Cash and cash equivalents at beginning of period</b>	<b>19 902</b>	<b>42 299</b>	<b>42 299</b>
<b>Cash and cash equivalents at end of period</b>	<b>68 947</b>	<b>67 184</b>	<b>19 902</b>

R225 million last year. Efforts aimed at increasing the portfolio of gas cleaning technologies necessary to position the business strongly in the high end of the market have resulted in a rising order book and improvement in Revenue compared to last year. Large value orders totalling R225 million were processed in the period connected to both Eskom and ArcelorMittal's ongoing efforts to improve the efficiency of their respective exhaust gas cleaning plant.

The division continues to build on initiatives implemented over the last two years and is well placed to respond to increasing demands for environmental control equipment.

## OUTLOOK

Order book levels have continued to grow over the first half of this year and given a fair success ratio in converting available prospects should result in the position remaining strong through to year end. The Company remains close to developments associated with Eskom's new build programme and the extent to which these efforts lead to positive outcomes will largely influence the Group's ability to grow earnings in the longer term.

## DIVIDENDS

As previously reported, the financial position of the Company allows for the reintroduction of regular dividend payments. The directors have resolved to declare an interim dividend of 10 cents per share payable to shareholders. The last date to trade *cum* dividend is Friday, 12 September 2008. Shares start trading *ex* dividend on Monday, 15 September 2008. The record date is Friday, 19 September 2008. Payment will be on Monday, 22 September 2008. No share certificates are to be dematerialised or rematerialised between Monday, 15 September 2008 and Friday, 19 September 2008, both days inclusive.

## DIRECTORATE

The board has decided to strengthen the executive profile of the Group and is pleased to announce the appointment of Thomas Bärwald as Chief Executive. Shane Meyer will continue operating in his capacity as Group Financial Director.

## REVIEW INTERIM RESULTS – AUDITORS' OPINION

The company's auditors, PricewaterhouseCoopers Inc, have not reviewed or audited these results for the six months ended 30 June 2008.

For and on behalf of the Board of Directors.

**RJ Cleland**  
(Chairman)

**S Meyer**  
(Chief Operating Officer)

29 August 2008



**RJ Cleland (Chairman)\*\*\***  
**S Meyer (Chief Operating Officer)**  
**AB Mashiatshidi\*\*, J Brown \*\*\*, M Malebye\*\***  
(# British \*\* Non-executive)

Company secretary: **M Luthuli**  
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Transfer secretaries: **Computershare Investor  
Services (Pty) Limited, 70 Marshall Street  
Johannesburg, 2001**

Sponsor: **PricewaterhouseCoopers  
Corporate Finance (Pty) Limited**