



*Wheels Ltd.*  
**Tiger**

A N N U A L R E P O R T 2 0 0 1

# *Wheels Ltd. Group* **Tiger**

An association of like-minded people, with a common passion for the auto industry, customers and excellence – having specific focus on the wheel and tyre industries.

Incorporating



ALLOY WHEEL MANUFACTURING

**TSW**  
MANUFACTURING

**Tiger**  
Wheel & Tyre

TYRE & WHEEL RETAILING

MAIN AFTERMARKET WHEEL BRANDS

**TSW**

aluStar

WSL

**ATS**  
LEICHTMETALLRÄDER

PRIVATE BRAND TYRES

**VELOCITY**  
RACING

# Tiger Wheels Limited

“TIWHEEL”

(registration number 1970/011662/06)

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## Business Structure

**TIGER WHEELS LIMITED**

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All companies are 100% owned unless otherwise indicated.

\* Throughout this report reference to ATS includes all the companies and businesses in which Tiger Wheels GmbH directly or indirectly has a shareholding and which are managed by the ATS management team.

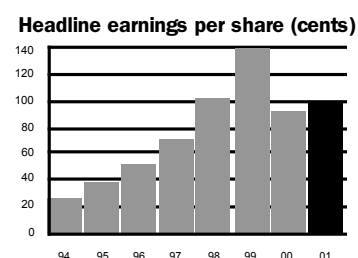
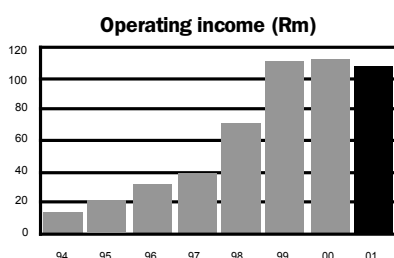
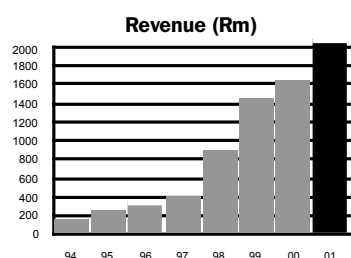
\*\* Equity accounted



# Financial Highlights

Year ended 30 June	2001 Rm	2000 Rm	1999 Rm	1998 Rm	1997 Rm	1996 Rm	1995 Rm	1994 Rm
<b>OPERATIONS</b>								
Revenue	2 065,8	1 631,3	1 431,7	868,8	428,2	360,6	238,6	156,0
Operating income	106,9	111,6	111,1	71,6	38,3	30,5	21,0	13,3
Attributable earnings	53,5	33,7	65,7	51,0	32,5	21,7	14,5	9,4
Headline earnings	56,8	50,9	76,2	51,0	32,5	21,7	14,5	9,4
<b>FINANCIAL POSITION</b>								
Non-current assets	619	543	464	240	94	50	43	33
Current assets	783	664	508	545	195	180	89	48
<b>Total assets</b>	<b>1 402</b>	<b>1 207</b>	<b>972</b>	<b>785</b>	<b>289</b>	<b>230</b>	<b>132</b>	<b>81</b>
Capital and reserves	494	412	369	279	160	130	55	37
Minority interest	63	57	47	39	-	-	-	-
Interest-bearing debt	320	244	195	161	23	24	20	8
Interest-free liabilities	525	494	361	306	106	76	57	36
<b>Total equity and liabilities</b>	<b>1 402</b>	<b>1 207</b>	<b>972</b>	<b>785</b>	<b>289</b>	<b>230</b>	<b>132</b>	<b>81</b>
<b>RATIOS - Profitability and asset management</b>								
Return on equity (%)	11	12	21	18	20	17	26	25
Return on assets (%)	5	4	8	7	11	9	11	12
Operating income to turnover (%)	5	7	8	8	9	8	9	9
<b>RATIOS - Solvency and liquidity</b>								
Gearing ratio (%)	57	52	47	51	14	18	37	21
Interest cover (times)	3,8	4,1	16,8	26,4	-	9,7	7,8	11,6
Current ratio (times)	1,1	1,2	1,2	1,7	2,0	2,5	1,8	1,4
<b>PRODUCTIVITY</b>								
Number of employees	2 635	2 473	2 474	2 215	1 674	1 563	1 465	987
Revenue per employee (Rm)	0,78	0,66	0,58	0,39	0,26	0,23	0,16	0,16
Operating income per employee (Rm)	0,04	0,05	0,04	0,03	0,02	0,02	0,01	0,01
<b>FOREIGN EXCHANGE RATES AT YEAR-END</b>								
USD	7,97	6,73	5,93	5,70	4,50	4,33	3,64	3,65
GBP	11,13	10,18	9,35	9,46	7,50	6,71	5,79	5,63
DEM	3,41	3,43	3,11	3,09	2,60	2,84	2,63	2,30
EURO	6,67	6,71	6,08					
ZLOTY (Polish)	2,01	1,55	1,54	1,70	1,39	1,59	1,53	1,64

The company is listed on The JSE Securities Exchange South Africa.



## Definitions

- Return on equity - headline earnings as a percentage of capital and reserves at year-end.
- Return on assets - profit after tax before associates and minorities as a percentage of total assets.
- Gearing ratio - interest-bearing debt as a percentage of total shareholders' funds.
- Interest cover - number of times interest is covered by operating income.
- Current ratio - number of times current liabilities are covered by current assets.

# Share Data

Year ended 30 June	2001	2000	1999	1998	1997	1996	1995	1994
Number of ordinary shares issued (m)	<b>58,6</b>	56,8	55,9	53,9	46,6	45,5	40,7	37,8
Shares issued - weighted average (m)	<b>58,2</b>	56,5	54,8	50,2	45,9	41,7	40,3	36,0
Attributable earnings per share (cents)	<b>92,1</b>	59,6	119,7	101,6	70,7	52,0	36,0	26,0
Headline earnings per share (cents)	<b>97,6</b>	90,1	139,0	101,6	70,7	52,0	36,0	26,0
Headline earnings yield at year-end (%)	<b>8,1</b>	6,4	4,3	2,9	3,4	3,7	5,3	10,0
Dividend per share (cents)	<b>36,0</b>	24,0	56,0	40,0	28,0	21,0	14,0	10,0
Dividend yield at year-end (%)	<b>3,0</b>	1,7	1,7	1,1	1,3	1,5	2,1	3,8
Dividend cover (times)	<b>2,7</b>	3,8	2,5	2,5	2,5	2,5	2,6	2,6
Net asset value per share (cents)	<b>843</b>	727	660	519	342	285	135	98
Market price per ordinary share (R)								
- at year-end	<b>12,10</b>	14,20	32,50	35,00	21,00	14,20	6,75	2,60
- highest	<b>14,50</b>	33,05	40,00	36,00	21,00	14,20	6,85	2,70
- lowest	<b>7,65</b>	11,05	20,00	20,00	13,60	6,50	2,50	1,00
Shares traded								
- Number of ordinary shares traded (m)	<b>24,0</b>	21,8	6,2	7,1	3,3	5,2	0,6	1,6
- Number of transactions ('000)	<b>4,0</b>	6,2	1,5	2,7	1,5	1,2	0,5	0,3
- Value of ordinary shares traded (Rm)	<b>263</b>	472	173	359	156	64	29	3
- % of issued ordinary shares traded	<b>41,0</b>	38,4	11,1	13,2	7,1	11,4	1,5	4,2
Market capitalisation at year-end (Rm)	<b>709</b>	806	1 817	1 886	979	646	275	98
Price/earnings ratio at year-end (times)	<b>12,4</b>	15,8	23,4	34,4	29,7	27,3	18,8	10,0
Tiger Wheels Limited share price index (base: 1993 = 100)	<b>1 210</b>	1 420	3 250	3 500	2 100	1 420	675	260
JSE Actuaries Index								
- All share (base: 1993 = 100)	<b>226</b>	189	173	166	182	169	133	133
- Industrial (base: 1993 = 100)	<b>155</b>	183	161	171	187	174	144	133
- Transport (base: 1993 = 100)	<b>113</b>	96	100	149	113	144	100	106

## Definitions

Attributable earnings per share	-	attributable earnings divided by the weighted average number of shares in issue for the year.
Headline earnings per share	-	headline earnings divided by the weighted average number of shares in issue for the year.
Headline earnings yield	-	headline earnings per share as a percentage of the year-end share price.
Dividend yield at year-end	-	dividend per share as a percentage of the year-end share price.
Dividend cover	-	number of times dividend per share is covered by headline earnings per share.
Net asset value per share	-	capital and reserves divided by the total number of shares in issue at year-end.
Market capitalisation	-	share price at year-end multiplied by the number of ordinary shares issued.
Price/earnings ratio	-	share price at year-end as a percentage of headline earnings per share.
Dividend policy	-	No interim dividends declared. Year-end dividends comprise 40% of attributable earnings per share.

# Analysis of Shareholders

## at 30 June 2001

Range of shareholdings			Number of shareholders	%	Holdings	%
1	-	1 000 shares	506	65,71	109 004	0,19
1 001	-	5 000 shares	142	18,44	277 414	0,47
5 001	-	10 000 shares	26	3,38	185 086	0,32
10 001	-	50 000 shares	48	6,23	1 052 729	1,80
50 001	-	100 000 shares	20	2,60	1 405 190	2,40
100 001	-	500 000 shares	15	1,95	3 122 849	5,33
500 001	-	and more shares	13	1,69	52 436 023	89,49
			770	100,00	58 588 295	100,00

### Type of shareholders

Individuals	643	83,51	3 630 563	6,20
Companies	53	6,88	8 588 360	14,66
Investment and trust companies	12	1,56	7 886 646	13,46
Nominee companies	60	7,79	37 884 207	64,66
Pension and retirement funds	2	0,26	598 519	1,02
	770	100,00	58 588 295	100,00

### Public and non-public shareholders

Public shareholders	35 868 146	61,22
Directors' interest	20 441 167	34,89
Group employees share trust	1 309 117	2,23
Employees	969 865	1,66
	58 588 295	100,00

### Shareholders above 5%

First National Nominees (Pty) Ltd	13 297 719	22,70
Old Mutual Nominees (Pty) Ltd	9 386 008	16,02
CSD Dematerialised Control account (Standard Bank Nominees (Tvl) (Pty) Ltd)	7 859 870	13,42
Eddie Keizan Family Holdings (Pty) Ltd	7 786 643	13,29
Standard Bank Nominees Tvl (Pty) Ltd	4 549 418	7,76
	42 879 658	73,19

### Nominee disclosures

Pursuant to the provisions of section 140A of the Companies Act, 1973, it is noted that Old Mutual Life Assurance Company SA (Pty) Ltd and Tigmar Holdings (Pty) Ltd were the only beneficial shareholders holding 5% or more in aggregate of Tiger Wheels Limited's total issued share capital at 30 June 2001 through a nominee company.

# Chairmen's Review

## NATURE OF BUSINESS

Tiger Wheels Limited ("Tiwheel") is a group of companies focused on the automotive aluminium wheel and passenger car tyre industries. The group operates internationally, with wheel manufacturing plants in Germany, Poland and South Africa, wholesale wheel distribution throughout Europe, North America and South Africa and tyre distribution in the United Kingdom and South Africa.

The group's 32 Tiger Wheel & Tyre retail stores in southern Africa (25 owned and 7 franchised) cover all major centres and hold a significant share of the replacement passenger tyre and wheel business in the region.

## RESULTS

ATS, a 74% held German subsidiary, accounted for 67% of group turnover and 81% of operating income. In the second half of the year, results from the ATS manufacturing businesses in Germany and Poland improved to expected levels. However, the ATS group's results would have been better were it not for a poor European summer aftermarket season as well as losses incurred on disposal of our Swedish aftermarket wholesale business. During this past year, the group's wheel manufacturing management was restructured so that management co-ordination of the group's wheel plants in Germany, South Africa and Poland is now vested in the Global Manufacturing Team – a specially created co-ordination unit based in Germany and led by the ATS CEO, Mr Siegfried Teichert.

In spite of the fact that most of its initial process and production problems have been sorted out, the results of the South African Babelegi wheel manufacturing plant continued to be unstable, particularly in the last three months of the year under review, when a large short-term order for an international original equipment manufacturing ("OEM") customer was deferred. Consequently, short run aftermarket business was reintroduced, which played havoc with the factory's efficiency. This led to a significant loss, which was contrary to the profit expectations for the second half of the year.

The South African wholesale distribution business performed reasonably, whilst results of the South African Tiger Wheel & Tyre retail group were below expectations for the first time in many years. Understandably, this was in line with the harsh domestic retail environment.

The foreign associated companies involved in wholesale distribution continued to be unimpressive due, in part, to inconsistent deliveries from Babelegi and a very competitive market place.

Group revenue increased from R1,6 billion to R2,1 billion. Operating income of R107 million reflects an increase in the operating income from the R94 million of the previous year, after the adjustment for discontinued operations. Headline earnings per share of 98 cents (an increase of 8% on the previous year), and earnings per share of 92 cents, are in line with the forecast for the year as outlined in the interim profit announcement released in February 2001. Considering the poor results for the first half of the year (15 cents per share), and certain disappointments in the second half, the results are regarded as reasonable under the circumstances. Shareholders who elected not to take the capitalisation shares have received a dividend of 36 cents per share (2000 – 24 cents per share).

For a more detailed review of the group's financial performance, please refer to page 20 of this report, which contains a comprehensive segmental analysis, supported by notes on page 36.

The group results reflect a particularly low tax rate due to the once-off benefit of tax refunds resulting from dividends declared within the ATS structure.

Whilst our financial gearing ratios are within acceptable limits, group cash flow for this year was worse than expected, mainly caused by the growth of working capital assets in the manufacturing divisions of the company. These issues are being addressed.

During the year an additional 1 835 268 ordinary shares were issued taking the total at year-end to 58 588 295. Of these, 1 018 775 shares were issued as a result of the capitalisation share award taken by shareholders in preference to a cash dividend in October 2000. Mrs Johanna Stahlschmidt, wife of the original major founder of ATS Beteiligungsgesellschaft mbH ("ATS") group, put the remainder of her ATS shareholding of 3,3% to Tiwheel for DM3 500 000, which was converted to 816 493 Tiwheel shares.

The balance of the ATS shares, which are owned by Annette Stahlschmidt, a director, are subject to a put option, which in our opinion, is unlikely to be exercised.

## THE MARKETS IN WHICH WE OPERATE

### Wheels

The world aluminium wheel market can be divided into two segments: supplies to new car manufacturers (OEMs), and supplies to existing car owners (the aftermarket). The trend which we referred to in last year's Chairmen's Review, continues in that the percentage OEM aluminium wheel fitment in the USA is approximately 60%, and is still growing. Whilst in Western Europe the percentage fitment was only 25% a few years ago, this has increased to approximately 40% and is growing strongly. The total annual world OEM aluminium wheels demand is estimated at ± 90 million units, of which our share was approximately 4,0 million wheels last year. It is estimated that the world aluminium aftermarket demand has shown little growth from previous levels due, in part, to increased OEM fitment. This market is estimated



# Chairmen's Review

(continued)

at 25 million wheels, of which our group is only a small supplier ( $\pm 700\,000$  units). It is fortunate that our main target market segment – top line OEM manufacturers whose head offices are located in Western Europe and who have geographically expanded their manufacturing facilities – are not only increasing their world sales but, as referred to above, are also increasing their percentage aluminium wheel fitment. In view of that demand, more of our manufacturing capacity is being allocated to OEMs. Accordingly, whereas our original intention at the Babelegi factory was to produce 50% of the output for OEMs, this is being increased to 75% – 80%, closer to the group's average of 87,5% OEM and 12,5% aftermarket.

## Tyres

The world tyre industry is linked to the number of new vehicles sold and economic activity in general – the higher the movement of goods and people, the greater the level of tyre consumption. We are not a manufacturer, but merely a wholesaler operating in the upper-end niche markets of high performance and specialty tyres internationally, and as a quality high service retailer in South Africa. In relation to the size of the global market, our position is small.

## PROSPECTS

The ATS group's manufacturing division, particularly the Polish factory, is budgeting for a capacity increase, which will result in improved sales and profit. ATS has a full order book, reflecting the growth in demand for its products. Production of lower engine-crankcase castings (bedplates) is growing. The process uses the group's low-pressure casting expertise and will lead to a valuable contribution to future earnings. The ATS aftermarket division is expected to be more stable. In the interest of servicing our aftermarket customers better, we are focusing efforts on the changing market conditions and maximising efficiencies within the business.

Planning is in progress for the new ATS wheel factory in the USA, with first deliveries expected in July 2003. Capital expenditure to commissioning stage (600 000 annualised capacity) is expected to be R120 million (Euro 15 million), which is being provided for in the current and next year's budgets.

At Babelegi the Global Manufacturing Team has emphasized a fundamental shift to long run OEM business, for which the plant is far more suitable. The transition has required certain harsh measures to be taken, including the laying off of approximately 250 employees. This, and the recent strikes in the South African motor industry, have impacted on the first few months' performance of the current financial year. The long awaited commissioning of the second heat treatment plant will facilitate long run OEM business, which should enable Babelegi to end the full year in a profit situation.

The Tiger Wheel & Tyre retail group is budgeting for improved results with a net addition of 2 stores. The South African wholesale distribution business is also budgeting a small improvement.

The changes in the South African manufacturing business mix, new modus operandis in the aftermarket, and the focus on reduction of working capital will result in improved cashflow from operating activities, as well as working capital ratios. Achievements in this area will be balanced against the pace of capital expenditure, which will be funded from internal resources, as well as term funding.

The group's operating income as a percentage of sales is currently 5%. Our medium-term goal is to achieve returns in excess of 7%.

Over 75% of our revenue structure is in Euro-related currencies, hedging us well against any future devaluation of the Rand.

In future, the group will benefit from a reduction in the German corporate tax rate to 38% (51,4% previously). Profits from Poland and Babelegi continue to be sheltered due to long-term tax holidays. The group tax rate for the next few years is estimated to be less than 20%.

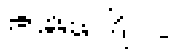
In the absence of unforeseen circumstances, the group, which has a full order book, is budgeting to show a meaningful increase in earnings per share for the current year. However, at the time of drafting this statement, shortly after those heinous terrorist attacks in the USA, followed by that country's justifiable declaration of war against the perpetrators of those acts, the macro picture is uncertain. Our plans and strategies will be reviewed accordingly.

## APPRECIATION

Credit must go to our German colleagues for their excellent results and for the turnaround in the fortunes of the group. In South Africa, it has been another difficult year but, there is growing evidence that our technical problems have been surmounted, for which we would like to express our appreciation to the Babelegi team for their sustained efforts and the Global Manufacturing Team for the support they have given them.

To our colleagues in the distribution and retail businesses, your hard work has yielded lean results in tough markets, however, we are sure that your endeavors will soon be rewarded.

In conclusion, thanks to our customers, bankers, suppliers and professional advisors for the confidence and support you have given us.



**EDDIE KEIZAN**

Joint chairman

Midrand, 30 September 2001



**MARTIN GLATT**

Joint chairman

# Directorate

## EXECUTIVE DIRECTORS

### EDWARD IVOR KEIZAN (57)

*Joint chairman and chief executive officer*

Appointed to the board on 29 December 1972

29 years of service

### KEITH WILLIAM RIVERS (54)

*Chief executive officer - retail and SA wholesale*

Appointed to the board on 1 April 1982

25 years of service

### SIEGFRIED FRANZ TEICHERT (58) #

*Chief executive officer - ATS*

Appointed to the board on 12 May 1998

12 years of service

### JOZUA JOHANNES GEORG LOOTS (38) ○

BCom, BCompt Hons, CA(SA), SEP

*Financial director*

Appointed to the board on 15 May 2001

5 years of service

# German

+ Member of audit committee

◆ Member of remuneration committee

○ Member of risk committee

## NON-EXECUTIVE DIRECTORS

### MARTIN BARRY GLATT (55) + ◆ ○

BCom, MBL

*Joint chairman*

Appointed to the board on 3 July 1987

14 years of service

### JACQUES MARC PAUL DESMIDT (72) + ◆ ○

Appointed to the board on 6 December 1995

6 years of service

### RAINER HAGEMANN (63) # + ◆ ○

MBA

Appointed to the board on 1 October 2000

1 year of service

### ANNETTE STAHLSCHMIDT (41) #

Appointed to the board on 12 May 1998

17 years of service

# Distribution of Wealth

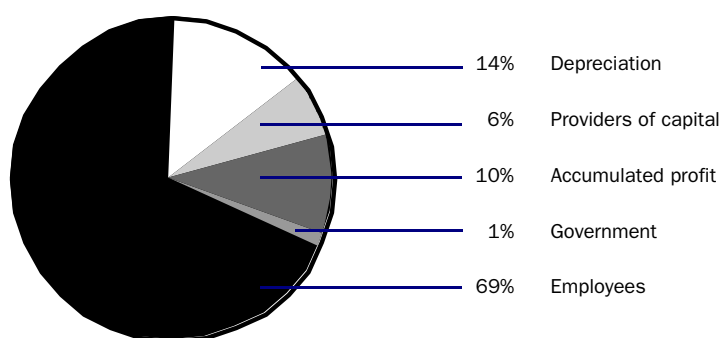
A measure of the wealth created by the group is the amount of value added by its diverse businesses to the cost of raw materials, products and services purchased.

This statement shows the total wealth created and how it was distributed, taking into account the amount retained and reinvested in the group for the replacement of assets and development of operations and staff.

	2001 R'000	2000 R'000
Revenue	2 065 817	1 631 261
Paid to suppliers for materials and services	(1 517 607)	(1 130 004)
<b>Wealth created by trading operations</b>	<b>548 210</b>	501 257
Loss from associates	(1 187)	(4 103)
Finance income	1 778	2 057
<b>Total wealth created</b>	<b>548 801</b>	499 211

## Wealth utilised as follows:

Employees	377 873	328 078
Providers of capital	30 341	43 762
Interest on borrowings	29 794	29 016
Capitalisation award and dividends	547	14 746
Government	4 184	28 191
Reinvested in the group to maintain and develop operations	136 403	99 180
Depreciation	82 855	65 517
Accumulated profit	53 548	33 663
<b>Total wealth distributed</b>	<b>548 801</b>	499 211



# Corporate Governance

The Tiwheel board subscribes to the values of good corporate governance espoused in the King Report on Corporate Governance. In so doing, the directors recognise the need to conduct the enterprise with integrity and in accordance with generally acceptable corporate practices. This is entrenched in the group's established systems of internal control and procedures and policies governing corporate conduct.

## RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

Shareholders are referred to the statement of approval of the annual financial statements as set out on page 12.

## CHAIRMEN AND BOARD OF DIRECTORS

The board comprises four non-executive directors, one of whom is joint chairman, and four executive directors. The non-executive directors are of sufficient calibre and seniority for their views to carry significant weight in the board's decisions. The board meets regularly and retains full and effective control over the group and monitors the executive management. All directors have access to the advice and services of the group company secretary, who is responsible to the board for ensuring that procedures and applicable statutes and regulations are complied with. The board has established committees in which the non-executives play an active role and which operate within the defined terms of reference laid down by the board.

## AUDIT COMMITTEE

The external and internal auditors have free access to this committee. It meets periodically with the external auditors and Tiwheel's executive management to review accounting, auditing and financial reporting matters to ensure that an effective control environment is maintained in the group.

## REMUNERATION COMMITTEE

This committee, in consultation where necessary with management, ensures that the group's directors and senior executives are fairly rewarded for their individual contributions to the group's overall performance. This remuneration committee also reviews the remuneration of executive directors and senior management of the operating subsidiaries.

## INTERNAL CONTROLS AND INTERNAL AUDIT

Internal controls comprise methods and procedures adopted by management to assist in achieving the objectives of safeguarding assets, preventing and detecting error and fraud, ensuring the accuracy and completeness of accounting records and preparing reliable financial statements. The internal audit department serves management and the board of directors by performing independent evaluations of the adequacy and effectiveness of group companies' controls, financial reporting mechanisms and records, information systems and operations.

## CORPORATE CODE OF CONDUCT

All employees are required to maintain the highest ethical standards in ensuring that the group's business practices are conducted in a manner which in all reasonable circumstances is above reproach. It is company policy that employees who have access to price sensitive information may not deal in shares for a period of six weeks prior to and twenty four hours after publication of the half-year and year-end results.

## RISK MANAGEMENT

The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. Management is involved in a continuous process of developing and enhancing its comprehensive risk and control procedures to improve the mechanisms for identifying and monitoring risks. These risks encompass such areas as client markets, skills and people risks, technology, competitors, corporate reputation, compliance with regulation and legislation, professional liability and the general operating, financial and treasury risks.

Operational and financial risks are managed through detailed systems of operating and financial controls which are reviewed and monitored continuously. Exposure to currency and interest rate risk is managed on a decentralised basis. Regular meetings are held between senior executives of the various operations and the executive directors to identify and manage risk areas.

In consultation with external insurance experts, risks are assessed and insurance cover purchased for all risks above predetermined self-insured limits. Levels of cover are assessed annually and adjusted according to the circumstances.

# Corporate Governance

(continued)

## EMPLOYMENT EQUITY

The group is committed to providing equal opportunities for its employees regardless of their ethnic origin or gender. Affirmative action strategies are in place to ensure that employee profiles will be more representative of the demographics of the regions in which the group conducts its business activities. Progress in this key area is monitored at board level.

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## Social Report

Our members, the employees and officers of the group, are expected to act in furtherance of the Tiger Wheels human rights mission statement, which is set out below:

- We believe that the success and vitality of our group lies with the contentment of our members.
- We believe in the fundamental principles of human rights.
- We believe in equality and freedom from discrimination in the workplace.
- We believe in open communication and freedom of expression in the workplace.
- We believe in equal opportunity for all members and we are committed to the training and development of all members.
- We encourage participation in planning at all levels of the group.

We believe that the recognition of these basic principles will create a work environment where all members can together break down mistrust and misunderstandings and improve relationships between people at all levels of the group.



# Approval of the Annual Financial Statements

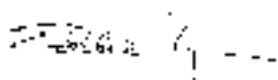
The annual financial statements set out in this report have been prepared in accordance with Statements of Generally Accepted Accounting Practice and are based on appropriate accounting policies, which are supported by reasonable and prudent judgements and estimates.

The directors of the company are responsible for the preparation of the annual financial statements and related financial information to fairly present the state of affairs and the results of the company and the group.

Management fulfils its responsibilities by maintaining adequate accounting records to ensure the integrity of the financial statements. This is accomplished by systems of internal controls designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements. Such controls provide assurance that the group's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable.

The financial statements have been prepared on the going-concern basis, since the directors have every reason to believe that the company and the group have resources in place to continue in operation for the foreseeable future.

The annual financial statements for the year ended 30 June 2001 which appear on pages 16 to 36 were approved by the board and are signed on its behalf by:



**E I KEIZAN**  
Joint chairman



**J J G LOOTS**  
Financial director

Midrand  
30 September 2001

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## Company Secretary's Certificate

In terms of Section 268G(d) of the Companies Act, I certify that, to the best of my knowledge, the company has lodged with the Registrar of Companies all such returns as are required of a public company, in terms of the Companies Act, and that all such returns are true, correct and up to date.



**D COUSINS**  
Company secretary

Midrand  
30 September 2001

# Auditors' Report

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TIGER WHEELS LIMITED

We have audited the annual financial statements and group annual financial statements of Tiger Wheels Limited, set out on pages 14 to 36 for the year ended 30 June 2001. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

### SCOPE

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

### AUDIT OPINION

In our opinion, the financial statements fairly present, in all material aspects, the financial position of the company and the group, at 30 June 2001, and the results of their operations and cash flows for the year then ended in accordance with Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act.



### FISHER HOFFMAN PKF (JHB) INC.

Registration Number 1994/001166/21  
Chartered Accountants (SA)  
Registered Accountants and Auditors

Johannesburg  
30 September 2001

# Directors' Report

## THE MEMBERS

Your directors have pleasure in submitting their report for the year ended 30 June 2001.

## NATURE OF BUSINESS

The group's principal activities remain the manufacture of aluminium alloy wheels and the distribution of aluminium alloy road wheels and tyres.

## SHARE CAPITAL

In August 2000, Mrs J Stahlschmidt, wife of the original major founder of the ATS group, put the remainder of her ATS shareholding of 3,3% to Tiwheel for DM3,5 million, which was converted to 816 493 Tiwheel shares.

In October 2000, 1 018 775 shares were issued in the ratio 2,66 shares for every 100 held in terms of the capitalisation share issue in lieu of the payment of a cash dividend of 24 cents per share.

## REVIEW OF RESULTS

The results of the business operations of the company and its subsidiaries during the year and the state of its affairs are set out in the attached financial statements and do not, in our opinion, require any further comment or elucidation. Commentary on significant matters is contained in the report of the chairmen.

## SHARE SCHEMES

- **Group Employees Share Trust**

As at 30 June 2001, the Group Employees Share Trust held 1 309 117 (2000 – 1 763 344) Tiwheel shares. 260 000 of these shares are allocated to employees and the balance of the shares remain unallocated, under the control of the trustees. No director has any interest in the allocated shares.

- **The Tiger Wheels Limited Employees Share Trust (2000)**

A new Trust was approved by shareholders on 19 February 2001. The new Trust has been modernised to render it compatible with the new listings requirements of The JSE.

3 157 533 options were granted to employees and 300 000 to directors, at an option price of R7,80 expiring on 20 June 2011. Shares purchased may only be released as follows: 25% after the first anniversary from the option date, another 25% after the third anniversary, a further 25% after the fifth anniversary and the final 25% after the seventh anniversary.

## CAPITALISATION AWARD AND DIVIDENDS

For the year ended 30 June 2000 and in accordance with company policy, a capitalisation share offer was made to shareholders on 19 October 2000. Shareholders owning 67,5% of the issued share capital elected to take up capitalisation shares instead of a cash dividend.

Capitalisation shares will be awarded to ordinary shareholders registered in the company's books at the close of business on Friday, 14 September 2001 ("the record date"). The capitalisation shares will be determined by the ratio that 36 cents multiplied by 1,10 bears to the closing price of the company's shares on The JSE Securities Exchange South Africa on Thursday, 11 October 2001 averaged with the closing price on the three business days prior to that date. Shareholders are entitled and will be given the opportunity to decline the award of capitalisation shares in respect of all or part of their shareholding and instead to receive a cash dividend of 36 cents per share in respect of the year ended 30 June 2001 (2000 – 24 cents). The new ordinary shares of 1 cent each will be issued on 17 October 2001 as fully paid by way of capitalisation of part of the company's distributable reserves, and will rank *pari passu* in all respects with the ordinary shares then in issue.

No provision has been made for dividends payable, in accordance with the requirements of Statements of Generally Accepted Accounting Practice AC 107.

# Directors' Report

(continued)

## DIRECTORATE

The directors of the company who held office throughout the year were Messrs E I Keizan, M B Glatt, K W Rivers, J M P Desmidt, S F Teichert (German) and Mrs A Stahlschmidt (German).

Mr R Hagemann (German) was appointed as a non-executive director with effect from 1 October 2000 and Mr J J G Loots was appointed as the financial director with effect from 15 May 2001.

In March 2001, the board was restructured to represent an expanding global business and to comply with the King Report on Corporate Governance by balancing the number of executive and non-executive directors. Accordingly, Messrs E N Couzyn, D Sery and M R H Gardner resigned as directors. These gentlemen have dedicated many years of loyal service to the board and will continue with their operational responsibilities.

In terms of the articles of association, Messrs M B Glatt, E I Keizan and K W Rivers retire at the forthcoming annual general meeting, but being eligible, offer themselves for re-election.

## SECRETARY

Mr M R H Gardner resigned as secretary with effect from 2 April 2001 at which date Mrs D Cousins was appointed. Her business address is cnr. K101 and Old Pretoria Road, Midrand 1685 and the postal address is P O Box 6007, Halfway House 1685.

## DIRECTORS' INTEREST

	Beneficial		Non-beneficial		Total
	Direct	Indirect	Direct	Indirect	
30 June 2001	3 220 172	7 786 643	628 633	8 805 719	20 441 167
30 June 2000	3 483 392	7 449 571	–	8 643 985	19 576 948

A register of interests of directors in shares of the company is available on request to the public.

## SUBSIDIARY COMPANIES

Details of the interest in subsidiary companies are set out in note 2 to the annual financial statements.

# Balance Sheets

as at 30 June 2001

		GROUP		COMPANY	
	Note	2001 R'000	2000 R'000	2001 R'000	2000 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
		618 675	542 667	321 737	315 837
Property, plant and equipment	1	573 617	494 448	-	-
Investment in subsidiaries	2	-	-	291 213	285 313
Investment in associates	3	4 111	6 703	-	-
Other financial assets	4	40 947	41 516	30 524	30 524
<b>Current assets</b>					
		783 447	664 363	281	268
Inventories	5	348 262	271 720	-	-
Trade and other receivables		423 600	302 402	281	268
Loans receivable		-	8 482	-	-
Bank and cash balances		-	81 759	-	-
Taxation		11 585	-	-	-
<b>Total assets</b>					
		1 402 122	1 207 030	322 018	316 105
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
		493 956	412 455	322 018	313 705
Share capital and premium	6	269 254	248 239	269 254	248 239
Share election reserve		-	11 221	-	11 221
Non-distributable reserves	7	43 814	26 295	2	2
Accumulated profit		180 888	126 700	52 762	54 243
<b>Minority interest</b>					
		63 038	57 080	-	-
<b>Total shareholders' funds</b>					
		556 994	469 535	322 018	313 705
<b>Interest-bearing debt</b>					
		320 225	243 343	-	-
Long-term debt	8	145 139	181 858	-	-
Current portion of long-term debt	8	51 765	39 097	-	-
Short-term borrowings		123 321	22 388	-	-
<b>Interest-free liabilities</b>					
		524 903	494 152	-	2 400
Trade and other payables	9	516 189	468 274	-	-
Current taxation		-	18 408	-	-
Deferred taxation	10	8 714	5 070	-	-
Shareholders for dividend		-	2 400	-	2 400
<b>Total equity and liabilities</b>					
		1 402 122	1 207 030	322 018	316 105



# Income Statements

for the year ended 30 June 2001

	Note	GROUP		COMPANY	
		2001 R'000	2000 R'000	2001 R'000	2000 R'000
<b>Revenue</b>		<b>2 065 817</b>	1 631 261	-	-
Cost of sales		<b>1 706 021</b>	1 312 448	-	-
Gross profit		<b>359 796</b>	318 813	-	-
Other operating income		<b>12 782</b>	7 230	-	-
Selling and distribution costs		<b>(66 106)</b>	(60 689)	-	-
Administrative and other expenses		<b>(199 523)</b>	(153 749)	<b>(934)</b>	-
<b>Operating income</b>		<b>106 949</b>	111 605	<b>(934)</b>	-
Discontinued operations	11	-	(17 221)	-	-
Investment income		-	-	-	68 814
Net financing costs		<b>(28 016)</b>	(26 959)	-	-
Loss from associates	3	<b>(1 187)</b>	(4 103)	-	-
<b>Profit before taxation</b>	12	<b>77 746</b>	63 322	<b>(934)</b>	68 814
Taxation	13	<b>(7 837)</b>	(16 721)	-	-
<b>Profit after taxation</b>		<b>69 909</b>	46 601	<b>(934)</b>	68 814
Minority interest		<b>(16 361)</b>	(12 938)	-	-
<b>Earnings attributable to ordinary shareholders</b>		<b>53 548</b>	33 663	<b>(934)</b>	68 814

## Reconciliation of headline earnings

Earnings attributable to ordinary shareholders	<b>53 548</b>	33 663
Adjusted for :		
- Discontinued operations	-	17 221
- Goodwill amortised (net of outside shareholders)	<b>813</b>	-
- Write-down of investments/loans	<b>2 401</b>	-
<b>Headline earnings</b>	<b>56 762</b>	50 884

## Ordinary shares (million)

- In issue	<b>58 588</b>	56 753
- Used in calculating earnings per share	<b>58 159</b>	56 500

## Earnings per share (cents)

- Attributable	<b>92,1</b>	59,6
- Headline	<b>97,6</b>	90,1

## Dividend per share (cents)

	<b>36,0</b>	24,0
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# Statements of Changes in Equity

for the year ended 30 June 2001

	Note	GROUP		COMPANY	
		2001 R'000	2000 R'000	2001 R'000	2000 R'000
<b>Equity at beginning of year</b>		<b>412 455</b>	368 869	<b>313 705</b>	254 297
<b>Changes in share capital</b>		<b>18</b>	9	<b>18</b>	9
Capitalisation share award		<b>10</b>	9	<b>10</b>	9
Issue of shares to minorities		<b>8</b>	-	<b>8</b>	-
<b>Changes in share premium</b>		<b>20 997</b>	19 826	<b>20 997</b>	19 826
Capitalisation share award		<b>9 729</b>	19 826	<b>9 729</b>	19 826
Issue of shares to minorities		<b>11 268</b>	-	<b>11 268</b>	-
<b>Changes in share election reserve</b>		<b>(11 221)</b>	(14 495)	<b>(11 221)</b>	(14 495)
<b>Changes in non-distributable reserves</b>		<b>17 519</b>	15 226	-	-
Movement in foreign currency translation reserve		<b>18 706</b>	19 329	-	-
Loss from associates		<b>(1 187)</b>	(4 103)	-	-
<b>Changes in accumulated profit</b>		<b>54 188</b>	23 020	<b>(1 481)</b>	54 068
Earnings attributable to ordinary shareholders		<b>53 548</b>	33 663	<b>(934)</b>	68 814
Capitalisation award and dividend	14	<b>(547)</b>	(14 746)	<b>(547)</b>	(14 746)
Loss from associates transferred to non-distributable reserves		<b>1 187</b>	4 103	-	-
<b>Equity at end of year</b>		<b>493 956</b>	412 455	<b>322 018</b>	313 705

# Cash Flow Statements

for the year ended 30 June 2001

	Note	GROUP		COMPANY	
		2001 R'000	2000 R'000	2001 R'000	2000 R'000
<b>Cash flows from operating activities</b>		<b>542</b>	184 684	<b>(4 442)</b>	61 691
Cash receipts from customers		<b>1 953 102</b>	1 595 738	-	-
Cash paid to suppliers and employees		<b>(1 881 697)</b>	(1 345 136)	-	-
Cash generated from operations	15.1	<b>71 405</b>	250 602	<b>(13)</b>	74 297
Net financing costs		<b>(28 016)</b>	(26 959)	-	-
Taxation paid	15.2	<b>(34 177)</b>	(23 525)	-	-
Cash available from operating activities		<b>9 212</b>	200 118	<b>(13)</b>	74 297
Dividends paid	15.3	<b>(8 670)</b>	(15 434)	<b>(4 429)</b>	(12 606)
<b>Cash flows from investing activities</b>		<b>(170 459)</b>	(164 850)	<b>(6 834)</b>	(61 691)
Investment in subsidiaries		-	-	<b>(8 485)</b>	(62 678)
Acquisition of minority shares	15.4	<b>(6 572)</b>	-	-	-
Investment in unlisted company		<b>66</b>	(370)	-	-
Repaid by share incentive trust		-	987	-	987
Proceeds on disposal of business		-	251	<b>1 651</b>	-
Investment to maintain and expand operations		-	-	-	-
- Additions to property, plant and equipment		<b>(170 988)</b>	(167 795)	-	-
- Proceeds on disposal of property, plant and equipment		<b>7 035</b>	2 077	-	-
<b>Cash flows from financing activities</b>		<b>(12 775)</b>	57 712	<b>11 276</b>	-
Proceeds on issue of shares	15.4	<b>11 276</b>	-	<b>11 276</b>	-
Long-term interest-bearing debt		<b>(36 719)</b>	53 530	-	-
Current portion of long-term interest-bearing debt		<b>12 668</b>	4 182	-	-
<b>Movement in cash resources</b>		<b>(182 692)</b>	77 546	-	-
<b>Cash resources at beginning of year</b>		<b>59 371</b>	(18 175)	-	-
<b>Cash resources at end of year</b>	15.5	<b>(123 321)</b>	59 371	-	-

# Segment Reporting

	Note	ATS group 2001 R'm	Balance of group 2001 R'm	TOTAL 2001 R'm	ATS group 2000 R'm	Balance of group 2000 R'm	TOTAL 2000 R'm
<b>REVENUE</b>							
Manufacturing	23.1	1 331	341	1 672	967	240	1 207
Wholesale	23.2	124	145	269	64	213	277
Retail	23.3	-	285	285	-	289	289
Group services	23.4	(69)	(91)	(160)	(78)	(64)	(142)
		<u>1 386</u>	<u>680</u>	<u>2 066</u>	<u>953</u>	<u>678</u>	<u>1 631</u>
<b>OPERATING INCOME</b>							
Manufacturing		107	(11)	96	70	(28)	42
Wholesale		(9)	2	(7)	2	6	8
Retail		-	19	19	-	26	26
Group services		(11)	10	(1)	(6)	24	18
		<u>87</u>	<u>20</u>	<u>107</u>	<u>66</u>	<u>28</u>	<u>94</u>
Discontinued operations		-	-	-	-	17	17
		<u>87</u>	<u>20</u>	<u>107</u>	<u>66</u>	<u>45</u>	<u>111</u>
<b>CAPITAL EXPENDITURE</b>							
Manufacturing		90	30	120	95	41	136
Wholesale		9	-	9	3	-	3
Retail		-	4	4	-	3	3
Group services		-	-	-	-	-	-
		<u>99</u>	<u>34</u>	<u>133</u>	<u>98</u>	<u>44</u>	<u>142</u>
<b>DEPRECIATION</b>							
Manufacturing		39	37	76	26	36	62
Wholesale		3	2	5	2	-	2
Retail		-	2	2	-	2	2
Group services		-	-	-	-	-	-
		<u>42</u>	<u>41</u>	<u>83</u>	<u>28</u>	<u>38</u>	<u>66</u>
<b>SEGMENT ASSETS</b>							
Manufacturing		722	417	1 139	593	349	942
Wholesale		91	74	165	28	60	88
Retail		-	48	48	-	60	60
Group services		-	50	50	-	117	117
		<u>813</u>	<u>589</u>	<u>1 402</u>	<u>621</u>	<u>586</u>	<u>1 207</u>
<b>SEGMENT LIABILITIES</b>							
Manufacturing		391	178	569	364	181	545
Wholesale		95	69	164	21	70	91
Retail		-	39	39	-	44	44
Group services		-	73	73	-	57	57
		<u>486</u>	<u>359</u>	<u>845</u>	<u>385</u>	<u>352</u>	<u>737</u>
<b>INTEREST-BEARING DEBT</b>							
(included in segment liabilities)		<u>133</u>	<u>187</u>	<u>320</u>	<u>140</u>	<u>103</u>	<u>243</u>
<b>INTEREST</b>							
		<u>7</u>	<u>21</u>	<u>28</u>	<u>8</u>	<u>19</u>	<u>27</u>
<b>NUMBER OF EMPLOYEES</b>							
		<u>958</u>	<u>1 677</u>	<u>2 635</u>	<u>819</u>	<u>1 654</u>	<u>2 473</u>

- Transactions between segments are concluded on an arm's length market-related basis.

# Principal Accounting Policies

## for the year ended 30 June 2001

The principal accounting policies of the group and the disclosures made in the annual financial statements conform with Statements of Generally Accepted Accounting Practice in South Africa. The financial statements are prepared on the historical cost basis and the accounting policies are consistent with those applied in the previous year, except as indicated in note 16.

### **BASIS OF CONSOLIDATION**

The group annual financial statements consolidate the financial statements of the company and all significant subsidiaries. The results of any subsidiaries acquired or disposed of during the year are included from the effective dates of acquisition and up to the effective dates of disposal. Inter-group revenue, unrealised profits on inventories and all other significant transactions between the company and its subsidiary companies are eliminated on consolidation. Where necessary, accounting policies of subsidiaries are aligned to ensure consistency with the policies adopted by the group.

### **ASSOCIATED COMPANIES**

An associated company is one in which the group has the ability to exercise significant influence and which it intends to hold as a long-term investment. The results of associated companies are equity accounted from the effective dates of acquisition to the effective dates of disposal. During the year, the company adopted AC 403 whereby unrealised profits and losses on transactions with associates are eliminated.

### **GOODWILL**

The difference between the purchase consideration paid and the book value of the tangible assets at the date of acquisition of subsidiaries and associates is attributed to goodwill and is capitalised and amortised on a straight-line basis over the lesser of its effective economic life and twenty years. Prior to 1 July 2000, goodwill was written off against share premium. No adjustment has been made for goodwill previously written off.

### **PROPERTY, PLANT AND EQUIPMENT**

Land and buildings are regarded as investment property and are not depreciated. Property, plant and equipment are reflected at cost less accumulated depreciation. Direct costs and pre-production expenses relating to the erection, commissioning and installation of major capital projects are capitalised until the projects are in commercial operation. Pre-production financing costs directly associated with the acquisition of major assets are capitalised. Finance costs are determined at the actual interest charge for borrowings raised specifically to finance the assets or at the average borrowing rate where the general pool of borrowings is utilised.

Depreciation is charged on the straight-line basis over the estimated useful lives of the assets. The estimated maximum useful lives of items of property, plant and equipment are:

Furniture, fittings and equipment	7 years
Motor vehicles	5 years
Plant and machinery	10 years

### **IMPAIRMENT**

The carrying value of assets is reviewed at each balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

### **LEASED ASSETS**

Leases of property, plant and equipment, where the group assumes substantially all the benefits and risks of ownership are classified as finance leases. Assets leased in terms of finance lease agreements are capitalised at their fair values or, if lower, at the present value of the minimum lease payments and are depreciated at appropriate rates over the estimated useful lives of the assets. Finance lease payments are allocated using the effective interest rate method, between the lease finance cost, which is included in the financing cost, and the capital repayment, which reduces the liability to the lessor.

Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals are charged against trading profit on a systematic basis over the term of the lease.



# Principal Accounting Policies

(continued)

## INVENTORIES

Inventories are stated at the lower of cost and net realisable value. The basis of determining cost is the first-in, first-out or weighted average methods. Finished goods and work in progress include direct costs and a portion of overhead expenditure.

## PROVISIONS

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## DEFERRED TAXATION

Deferred taxation is provided on the comprehensive basis and is calculated at legislated future rates using the balance sheet liability method. The deferred taxation liability represents the amount of income tax payable in future periods in respect of items of income and expenditure which are recognised for income tax purposes in periods different from those during which they are brought into account in the financial statements, allowing for the effect of any tax losses carried forward. Deferred taxation assets are recognised when it is probable that the related tax benefit will be realised.

## FOREIGN CURRENCY TRANSLATIONS

Transactions denominated in foreign currencies are translated at the rates of exchange ruling on the transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains or losses arising on translations are credited to or charged against income.

Financial statements of foreign operations are incorporated by translating monetary balances at rates of exchange ruling at the balance sheet date, non-monetary balances and components of equity at historic rates and income statement items at a weighted average rate for the year. These translation differences are taken to income for the year. All other foreign entities are incorporated by translating the balance sheet at closing rates and the income statement at average rates for the year. Translation differences of these entities are taken to non-distributable reserves.

## REVENUE

Revenue, which excludes value-added tax and sales between group companies, represents the total net invoiced amount of goods supplied and services rendered to customers. Export revenue is recorded at the f.o.b. or c.i.f. price of products sold. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to customers.

## RESEARCH AND DEVELOPMENT COSTS

Research and development costs are charged against income.

## DISCONTINUED OPERATIONS

Discontinued operations are significant, distinguishable components of an enterprise that have been sold or abandoned. The profit or loss on the sale or abandonment of a discontinued operation is determined from the formalised discontinuance date and includes the operating results from this date, the difference between the proceeds on disposal and the net carrying value of the assets and liabilities to be disposed of, as well as all costs and expenses directly associated with the disposal. If a loss is expected, full provision is made from the discontinuance date. If a profit is expected, it is recognised only when realised.

## CAPITALISATION A WARDS AND CASH DIVIDENDS

The company proposes an annual capitalisation share issue to members in lieu of a dividend. Members may elect to decline the capitalisation issue and instead to receive a cash dividend. The adoption of Statements of Generally Accepted Accounting Practice AC 107 requires that dividends are now accounted for only on date of declaration. In prior years, the capitalisation issue was recorded at the cash equivalent amount out of reserves. The excess on the capitalisation issue above the par value of the shares was credited to share premium and pending determination of the exact number of capitalisation shares to be issued, the estimated cash equivalent was shown as a share election reserve.

# Principal Accounting Policies

(continued)

## EMPLOYEE BENEFITS

The group provides defined contribution funds for employees. Current contributions to these funds are charged against income when incurred. Medical aid costs are recognised as an expense in the period during which the employees render services to the group.

## FINANCIAL INSTRUMENTS

Financial instruments carried on the balance sheet include cash resources and borrowings, other financial assets, receivables and payables. These instruments are generally carried at their estimated fair values.

- Derivative financial instruments, principally interest rate swap contracts and foreign exchange contracts, are used by the group in its management of financial risks.
  - Payments and receipts under interest rate swap contracts are recognised in the income statement on a basis consistent with corresponding fluctuations in interest payments on floating rate financial liabilities.
  - Foreign exchange contracts entered into to hedge the exposure for recognised foreign denominated transactions are measured to fair value with the resultant gains or losses being charged against income.
- Trade and other receivables are stated at cost less a provision for doubtful debts.
- Cash resources and borrowings are measured at fair value.
- Financial liabilities are recognised at their original debt value less principal payments and amortisations.

## SEGMENT REPORTING

On a primary basis, the business segments comprise manufacturing, wholesaling, retailing and group services (comprising principally corporate functions and property).

On a secondary segment basis, geographic regions have been identified. The basis of segment reporting is representative of the internal structure used for management reporting.

## COMPARATIVES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

# Notes to the Annual Financial Statements

## 1. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fittings and equipment R'000	Land and buildings R'000	Motor vehicles R'000	Plant and machinery R'000	Goodwill R'000	<b>Total R'000</b>
<b>30 June 2001</b>						
<b>Cost</b>						
At beginning of year	43 368	67 552	2 857	533 204	-	<b>646 981</b>
Additions	20 863	36 518	822	69 437	5 363	<b>133 003</b>
Disposals	(6 314)	(845)	(2 077)	(42 829)	-	<b>(52 065)</b>
Translation difference	1 143	7 535	-	29 307	-	<b>37 985</b>
At end of year	59 060	110 760	1 602	589 119	5 363	<b>765 904</b>
<b>Accumulated depreciation</b>						
At beginning of year	22 679	-	2 071	127 783	-	<b>152 533</b>
Depreciation charges	11 767	-	569	69 322	1 197	<b>82 855</b>
Accumulated depreciation on disposals	(4 732)	-	(1 748)	(41 050)	-	<b>(47 530)</b>
Translation difference	347	-	-	4 094	(12)	<b>4 429</b>
At end of year	30 061	-	892	160 149	1 185	<b>192 287</b>
<b>Carrying amount at end of year</b>	28 999	110 760	710	428 970	4 178	<b>573 617</b>

## 30 June 2000

<b>Cost</b>						
At beginning of year	28 272	51 544	3 253	416 428	-	499 497
Additions	15 155	9 523	152	116 894	-	141 724
Disposals	(1 754)	-	(548)	(18 009)	-	(20 311)
Translation difference	1 695	6 485	-	17 891	-	26 071
At end of year	43 368	67 552	2 857	533 204	-	646 981
<b>Accumulated depreciation</b>						
At beginning of year	14 293	-	2 133	72 281	-	88 707
Depreciation charges	8 637	-	275	56 605	-	65 517
Accumulated depreciation on disposals	(1 061)	-	(337)	(4 939)	-	(6 337)
Translation difference	810	-	-	3 836	-	4 646
At end of year	22 679	-	2 071	127 783	-	152 533
<b>Carrying amount at end of year</b>	20 689	67 552	786	405 421	-	494 448

A register containing details of land and buildings is available for inspection at the registered office of the company.

The replacement value of property, plant and equipment for insurance purposes amounts to R1 258 million. (2000: R935 million)

## 2. INVESTMENT IN SUBSIDIARIES

	Issued share capital  R	Interest of holding company		Shares at cost less attributable goodwill	
		2001 %	Effective holding 2000 %	2001 R'000	2000 R'000
<b>Directly owned</b>					
Eitan Tyre Moulds (Pty) Ltd	100 000	100	100	-	-
Taunus Ltd * <sup>1</sup>	43	100	100	1 464	1 464
Tiger PPC Alloy Wheels (Pty) Ltd	4 000	100	100	4 680	4 680
Tiger Wheel & Tyre Nelspruit (Pty) Ltd	1 000	100	100	1	1
Tiger Wheel & Tyre (Pty) Ltd	6	100	100	-	-
Tiger Wheel & Tyre Ltd * <sup>2</sup>	184 715 162	100	100	64 414	53 138
Tiger Wheels Babelegi (Pty) Ltd	4 000	100	100	2 826	2 826
TSW Manufacturing (Pty) Ltd	102	100	100	200 000	200 000
Yokohama Southern Africa (Pty) Ltd	100	100	100	-	-
<b>Indirectly owned</b>					
ATS Beteiligungsgesellschaft mbH * <sup>3</sup>	43 240 415	74,0	70,7	-	-
NAE Aluminiumguß Entwicklungs- und Vertriebs GmbH * <sup>3</sup>	144 134	55,2	55,2	-	-
Tiger Wheels GmbH * <sup>3</sup>	144 134	100	100	-	-
				<b>273 385</b>	262 109
<b>Amount receivable</b>					
Tiger Wheel & Tyre (Pty) Ltd				<b>17 828</b>	23 204
<b>Investment in subsidiaries</b>				<b>291 213</b>	285 313
<b>Aggregate results of subsidiaries</b>				<b>54 735</b>	37 766

Detailed information in respect of all subsidiaries is obtainable from the company secretary. Only the material subsidiaries are listed above.

# Notes to the Annual Financial Statements

(continued)

	2001 R'000	GROUP 2000 R'000
<b>3. INVESTMENT IN ASSOCIATES</b>		
<b>Carrying amount</b>	<b>4 111</b>	6 703
Unlisted shares at cost	5 027	5 831
Share of retained profits	490	872
Elimination of unearned profit on transactions	(1 406)	-
<b>Comprising</b>	<b>4 111</b>	5 504
Yokohama HPT Limited - UK : 33% owned (2000 - 33%)	-	1 199
Just Wheels & Tires Co. Inc - USA (JWT) : 49% owned (2000 - 49%)	4 111	6 703
Directors' net asset valuation: R8,4m (2000 - R11,3m) being a pro rata share of the associates' net tangible asset value.		
The group's effective share of income statement, balance sheet and cash flow items of associates is as follows:		
<b>BALANCE SHEET</b>		
<b>ASSETS</b>		
Non-current assets	2 367	2 252
Current assets	48 328	41 454
<b>Total assets</b>	<b>50 695</b>	43 706
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>	<b>8 388</b>	11 311
<b>Non-current liabilities</b>		
Interest-bearing borrowings	360	29
<b>Current liabilities</b>		
Interest-bearing borrowings	6 698	5 631
Other	35 249	26 735
<b>Total equity and liabilities</b>	<b>50 695</b>	43 706
<b>INCOME STATEMENT</b>		
<b>Revenue</b>	<b>81 792</b>	97 097
Cost of sales	65 813	81 038
Gross profit	15 979	16 059
Selling and distribution costs	(8 346)	(9 135)
Administrative and other expenses	(8 972)	(10 552)
<b>Operating loss</b>	<b>(1 339)</b>	(3 628)
Net finance costs	(1 040)	(1 319)
<b>Loss before taxation</b>	<b>(2 379)</b>	(4 947)
Taxation	(438)	844
<b>Loss after taxation</b>	<b>(2 817)</b>	(4 103)
Losses of JWT in excess of investment value	1 630	-
<b>Loss accounted for</b>	<b>(1 187)</b>	(4 103)
<b>CASH FLOW STATEMENT</b>		
Cash flows from :		
Operating activities	2 519	5 778
Investing activities	(610)	(1 445)
Financing activities	(2 141)	(3 709)
<b>Movement in cash resources</b>	<b>(232)</b>	624



	GROUP		COMPANY	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
<b>4. OTHER FINANCIAL ASSETS</b>				
<b>Share Incentive Trust</b>	<b>23 069</b>	23 069	<b>23 069</b>	23 069
<b>Unlisted investments</b>	<b>17 685</b>	18 141	<b>7 455</b>	7 455
Endowment policy and unit trust sinking fund at cost	<b>17 628</b>	17 628	<b>7 455</b>	7 455
Surrender / market value : R21m (2000 : R19m)				
Encumbered to secure group's obligations in terms of operating property leases				
Other	<b>57</b>	513	-	-
<b>Unconsolidated subsidiaries</b>	<b>193</b>	306	-	-
Immaterial unconsolidated ATS subsidiaries at cost and at directors' valuation				
	<b>40 947</b>	41 516	<b>30 524</b>	30 524

#### 5. INVENTORIES

Raw materials	<b>37 569</b>	20 710
Work in progress	<b>47 821</b>	48 078
Manufactured products	<b>80 320</b>	66 681
Merchandise for resale	<b>142 844</b>	100 442
Consumable stores	<b>39 708</b>	35 809
	<b>348 262</b>	271 720

#### 6. SHARE CAPITAL AND PREMIUM

##### 6.1 Authorised

100,000,000 ordinary shares of 1 cent each

**1 000** 1 000

##### 6.2 Issued shares and premium

Ordinary shares of 1 cent each

**586** 568

Share premium

**268 668** 247 671

Balance at beginning of year

**247 671** 227 845

Arising from capitalisation issue

**9 729** 19 826

Arising from issue of shares to minorities

**11 268** -

**269 254** 248 239

##### 6.3 Number of issued shares

In issue at beginning of year

**56 753 027** 55 921 381

Capitalisation issue

**1 018 775** 831 646

Issued to minorities

**816 493** -

**58 588 295** 56 753 027

All shares are under the control of the directors. In terms of a shareholders' resolution on 30 November 2000, the directors have unconditional authority until the next annual general meeting to issue up to 10% of the issued shares, and furthermore, the directors are authorised to repurchase such shares as they deem fit.

# Notes to the Annual Financial Statements

(continued)

	GROUP		COMPANY	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
<b>7. NON-DISTRIBUTABLE RESERVES</b>				
<b>Foreign cur rency translation reserve</b>	<b>43 324</b>	24 618		
Balance at beginning of year	<b>24 618</b>	5 289		
Movement during year	<b>18 706</b>	19 329		
<b>Accumulated profit of associated companies</b>	<b>490</b>	1 677		
Balance at beginning of year	<b>1 677</b>	5 780		
Transfer from income statement	<b>(1 187)</b>	(4 103)		
<b>Other</b>	-	-	<b>2</b>	2
	<b>43 814</b>	26 295	<b>2</b>	2

## 8. LONG-TERM INTEREST-BEARING DEBT

### Secured

**196 904** 220 955

Secured over property, plant and equipment with a net book value of R379m (2000 – R318m) as well as inventories and accounts receivable in Stahlschmidt and Maiworm Sp. Z.o.o. of R35m (2000: R11m). The liabilities bear interest at rates between 4,8%p.a. and rates varying with, but not exceeding prime. Repayable in monthly instalments of R3,5m (2000 - R4.1m), inclusive of interest.

Current portion transferred to short-term interest-bearing debt.

**(51 765)** (39 097)

**145 139** 181 858

The major portion of the security relates to the international businesses in Germany and Poland.

### Repayment terms

Due within the next year

**51 765** 39 097

Due in 2 years' time

**42 039** 41 204

Due between 3 – 5 years' time

**74 105** 99 649

Thereafter

**28 995** 41 005

**196 904** 220 955

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2001</b>	2000	<b>2001</b>	2000
	<b>R'000</b>	R'000	<b>R'000</b>	R'000
<hr/>				
<b>9. TRADE AND OTHER PAYABLES</b>				
The following provisions are included in trade and other payables				
- Employee service related provisions	<u>28 589</u>	<u>26 422</u>		
<hr/>				
<b>10. DEFERRED TAXATION</b>				
Balance at beginning of year	5 070	16 132		
Income statement	3 653	(11 470)		
Translation difference	<u>(9)</u>	<u>408</u>		
	<u>8 714</u>	<u>5 070</u>		
Comprising timing differences from:				
Property, plant and equipment	9 336	6 108		
Other	<u>(622)</u>	<u>(1 038)</u>		
	<u>8 714</u>	<u>5 070</u>		
<hr/>				
<b>11. DISCONTINUED OPERATIONS</b>				
Losses incurred on closure of wheel factories	<u>-</u>	<u>17 221</u>		
<hr/>				

# Notes to the Annual Financial Statements

(continued)

	GROUP		COMPANY	
	2001	2000	2001	2000
	R'000	R'000	R'000	R'000
<b>12. PROFIT BEFORE TAXATION</b>				
Profit before taxation is stated after :				
<b>Income</b>				
Dividends received – subsidiary companies			-	68 814
Profit on foreign exchange transactions	8 929	3 539		
Profit on disposal of property, plant and equipment	2 501	(11 897)		
<b>Expenditure</b>				
<b>Auditors' remuneration</b>	2 805	2 819		
- Audit fees	1 905	1 906		
- Other services	810	863		
- Prior year under-provision	90	50		
<b>Depreciation</b>	82 855	65 517		
- Furniture, fittings and equipment	11 767	8 637		
- Motor vehicles	569	275		
- Plant and machinery	69 322	56 605		
- Goodwill	1 197	-		
<b>Directors' emoluments paid by subsidiaries</b>			7 933	5 366
<b>Foreign directors</b>				
- Executive directors				
- Remuneration and allowances			3 886	2 900
- Retirement, medical and other benefits			502	327
- Non-executive directors			768	-
<b>Local directors</b>				
- Executive directors				
- Remuneration and allowances			1 952	1 622
- Retirement, medical and other benefits			493	195
- Non-executive directors			332	322
<b>Net financing costs</b>	28 016	26 959		
- Interest paid	29 794	29 016		
- Interest received	(1 778)	(2 057)		
<b>Operating lease charges</b>	46 262	31 933		
- Property	24 127	19 582		
- Plant and equipment	22 135	12 351		
<b>Research and development costs</b>	3 681	1 879		
<b>Staff costs</b>	377 873	328 078		

	GROUP		COMPANY	
	2001	2000	2001	2000
	R'000	R'000	R'000	R'000

### 13. CURRENT TAXATION

#### 13.1 Charge to income

Normal tax	4 184	28 191
- current year	1 578	25 338
- prior year	2 606	2 853
Deferred tax	3 653	(11 470)
- current year	3 088	(11 470)
- rate adjustment	565	-
	<u>7 837</u>	<u>16 721</u>
Comprising		
South African normal taxation	3 517	1 779
Foreign taxes	4 320	14 942
	<u>7 837</u>	<u>16 721</u>

#### 13.2 Reconciliation of taxation rate

Standard rate – South Africa	30%	30%
Tax effect of :		
Tax rate change	0,7%	-
Prior year	3,3%	4,2%
Exempt income/disallowable expenditure	0,6%	(1,3%)
Tax losses utilised	-	(1,2%)
Foreign tax rate variances	(33,5%)	(12,2%)
Other	8,8%	5,3%
Effective tax rate	<u>9,9%</u>	<u>24,8%</u>

Tax losses available for offset against future taxable income are estimated to be R176m (2000: R93m).

### 14. CAPITALISATION A WARD AND DIVIDEND

Cash dividend provided	-	2 400	-	2 400
Provision for capitalisation award				
transferred to share election reserve	-	11 221	-	11 221
Ordinary dividend underprovided in				
previous year	547	1 125	547	1 125
	<u>547</u>	<u>14 746</u>	<u>547</u>	<u>14 746</u>

Refer to note 16 for details of changes in accounting policy.

# Notes to the Annual Financial Statements

(continued)

	GROUP		COMPANY	
	2001 R'000	2000 R'000	2001 R'000	2000 R'000
<b>15. NOTES TO THE CASH FLOW STATEMENTS</b>				
<b>15.1 Cash generated from operations</b>	<b>212 748</b>	191 967	-	68 814
Operating income before interest and taxation	<b>106 949</b>	111 605	<b>(934)</b>	68 814
Adjusted for:				
Discontinued operations	-	(17 221)	-	-
Depreciation of property, plant and equipment	<b>82 855</b>	65 517	-	-
Profit on disposal of property, plant and equipment	<b>(2 501)</b>	11 897	-	-
Loss on sale of subsidiary	-	(24)	<b>934</b>	-
Other non-cash items	<b>25 445</b>	20 193	-	-
Working capital changes	<b>(141 343)</b>	58 635	<b>(13)</b>	5 483
Inventories	<b>(76 542)</b>	(57 927)	-	-
Trade and other receivables	<b>(121 198)</b>	(36 588)	<b>(13)</b>	5 698
Loans receivable	<b>8 482</b>	6 110	-	-
Trade and other payables	<b>47 915</b>	147 040	-	(215)
	<b>71 405</b>	250 602	<b>(13)</b>	74 297
<b>15.2 Taxation paid</b>				
Owing at beginning of year	<b>(18 408)</b>	(17 705)		
Normal tax charge	<b>(4 184)</b>	(24 228)		
Owing at end of year	<b>(11 585)</b>	18 408		
	<b>(34 177)</b>	(23 525)		
<b>15.3 Dividends paid</b>				
Owing at beginning of year	<b>(2 400)</b>	(5 600)	<b>(2 400)</b>	(5 600)
Current year	<b>(2 029)</b>	(9 406)	<b>(2 029)</b>	(9 406)
Owing at end of year	-	2 400	-	2 400
Minority shareholders	<b>(4 241)</b>	(2 828)	-	-
	<b>(8 670)</b>	(15 434)	<b>(4 429)</b>	(12 606)
<b>15.4 Acquisition of minority shares</b>				
Purchase price	<b>11 276</b>	-		
Goodwill	<b>(4 704)</b>	-		
	<b>6 572</b>	-		
<b>15.5 Cash resources at end of year</b>				
Bank and cash balances	-	81 759		
Short term borrowings	<b>(123 321)</b>	(22 388)		
	<b>(123 321)</b>	59 371		

	<b>2001</b>	<b>GROUP</b>	2000
	<b>R'000</b>		R'000

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## 16. CHANGE IN ACCOUNTING POLICIES

In order to comply with revised Statements of Generally Accepted Accounting Practice, the group has made the following changes to its accounting policies for goodwill, dividends and elimination of unearned profit on transactions with associates:

### 16.1 Goodwill

Whereas goodwill was previously written off against share premium it is now capitalised and amortised over its useful life in terms of AC 131. The change is applied prospectively and no adjustments were made to prior period information. The effect of the change was as follows:

Decrease in net profit		
Gross	<b>1 197</b>	-
Taxation	-	-
Outside shareholders	<b>(384)</b>	-
Net	<b>813</b>	-

### 16.2 Dividends

Dividends are now accounted for only on the date of declaration in terms of AC 107. The change is applied prospectively and no adjustments were made to prior period information.

### 16.3 Unearned profit on transactions with associated companies

In terms of AC 403, the unearned profit on transactions with associated companies has been eliminated at year-end. Prior year figures were not restated to reflect the change in accounting policy as the amount was immaterial. However, the full effect of the change is reflected in the current year as follows:

Decrease in net profit		
Gross	<b>2 008</b>	-
Taxation	<b>(602)</b>	-
Net	<b>1 406</b>	-

## 17. DIRECTORS' SERVICE CONTRACTS

An executive director has a service contract with the group which is terminable with more than one year's notice. Notice periods of this nature are considered necessary to enable the group to attract and retain executives of an appropriate calibre. None of the non-executive directors have service contracts with the group.

# Notes to the Annual Financial Statements

(continued)

## 18. RELATED PARTY TRANSACTIONS

During the year the group's subsidiaries, in the ordinary course of business, entered into various sale and purchase transactions with associates. These transactions occurred under terms that are no more favourable than those arranged with third parties.

### Associates

Details of investments in associates are disclosed in note 3. The group sold goods to the value of R64,9 m (2000 – R48,8m) to associates. The outstanding balances at year-end in trade and other receivables is R53,2m (2000 – R17,4m).

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## 19. FINANCIAL INSTRUMENTS

The group's objective in using financial instruments is to reduce the uncertainty over future cash flows arising from movements in currency, interest rates and aluminium prices. Senior executives meet on a regular basis to analyse currency and interest rate exposures and re-evaluate treasury management strategies against revised economic forecasts. Derivative instruments which are used by the group for hedging purposes comprise forward exchange contracts (FECs) and interest rate swaps. The group does not allow speculation in derivative trading.

### Foreign currency risk

The group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The group manages exchange rate exposures using FECs, natural hedges and where appropriate open positions are maintained when the market trends are favourable.

Foreign currency borrowings are fully covered, except for a portion of a Deutsche Mark denominated bank loan granted to Stahlschmidt & Maiworm GmbH, and on lent to Stahlschmidt & Maiworm Poland Sp. Z.o.o., the unhedged portion of the loan amounting to R44m.

Imported capital equipment and trade-related imports are managed through the use of the natural hedges arising from export revenue as well as FECs.

Exports are uncovered due to the Rand's trend of devaluation against other major currencies. However, due consideration is given to establishing FECs, if the Rand shows signs of appreciating.

### Price hedging

Prices for future purchases of aluminium are generally established on normal commercial terms directly with suppliers. Price hedging is undertaken to secure operating margins and reduce cash flow volatility.

### Interest rate risk

The group is exposed to interest rate risk as it borrows and places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings. The group makes use of interest rate swaps to hedge specific exposures.

### Credit risk

Credit risk relates to potential exposure on cash and cash equivalents, investments, trade receivables and hedged positions. The group limits its counterparty exposure arising from money market and derivative instruments by only dealing with well-established financial institutions of high credit standing. Trade accounts receivable consist mainly of a large widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Where considered appropriate, use is made of credit guarantee insurance.

### Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

### Fair values

At 30 June 2001, the carrying amounts of financial instruments approximated their fair values.



	COMPANY	
	2001 R'000	2000 R'000
<b>20. CONTINGENT LIABILITIES</b>		
Guarantees in respect of banking and other facilities granted to subsidiaries	<b>280 800</b>	235 000
In respect of future operating lease obligations of subsidiaries	<b>120 270</b>	125 598
– Due within one year	<b>7 237</b>	5 328
– Due thereafter	<b>113 033</b>	120 270

## 21. EMPLOYEE BENEFITS

### 21.1 South African group

The group provides retirement benefits for staff, other than those required by legislation to be members of various industry funds, by way of a pension fund and a provident fund. The Tiger Wheels Pension Fund and Negotiated Provident Fund, which are governed by the Pension Funds Act, are defined contribution funds and accordingly are not subject to actuarial valuation. For the pension fund, members contribute 6% and the employer contributes 7%. For the provident fund, members contribute 5% and the employer contributes 6,5%, however from 1 July 2001, contributions are in line with the pension fund. The employer's contribution is charged against income.

Membership of, and employer contributions to each fund at 30 June 2001 were :

	MEMBERS		EMPLOYER CONTRIBUTIONS	
	2001	2000	2001 R'000	2000 R'000
Tiger Wheels Pension Fund	<b>858</b>	909	<b>4 961</b>	4 235
Tiger Wheels Provident Fund	<b>620</b>	560	<b>1 107</b>	742

The South African group has no post-retirement medical aid obligations for current or retired employees.

### 21.2 ATS group

All employees of the ATS group are compulsory members of the statutory pension insurance funds administered by the German and Polish governments.

	GERMANY		POLAND	
	2001	2000	2001	2000
Employee contributions	<b>9,65%</b>	9,65%	<b>18,71%</b>	18,71%
Employer contributions	<b>9,65%</b>	9,65%	<b>20,41%</b>	20,41%
Members	<b>547</b>	530	<b>411</b>	289

Pensioners draw an income from these pension funds administered by the state.

The ATS group has no post-retirement pension or medical aid obligations for current or retired employees.

# Notes to the Annual Financial Statements

(continued)

	2001 R'000	GROUP 2000 R'000
<b>22. CAPITAL COMMITMENTS</b>		
<b>22.1 Capital expenditure</b>		
Committed	70 462	18 700
Approved, not yet committed	64 538	73 340
	<b>135 000</b>	<b>92 040</b>
The capital expenditure will be financed in the financial year ending 30 June 2002 from retained earnings, tighter working capital asset management, cash resources resources and term borrowings.		
<b>22.2 Minorities' put option</b>		
Cash payout	54 924	55 261
Compulsory conversion to Tiwheel shares	46 526	58 813
	<b>101 450</b>	<b>114 074</b>
On 15 August 2000, Mrs J Stahlschmidt (Mrs A Stahlschmidt's mother) exercised 100% of her put option, resulting in 816,493 shares being issued.		
Mrs A Stahlschmidt is the remaining minority in ATS. Mrs A Stahlschmidt has until 31 December 2005 a put option for the balance of her shareholding at an amount of Euro 15,2 million.		
<b>22.3 Operating lease commitments</b>		
Property	225 562	241 822
- Due within one year	20 621	18 275
- Due thereafter	204 941	223 547
Plant and equipment	35 755	67 725
- Due within one year	14 405	31 810
- Due thereafter	21 350	35 915
	<b>261 317</b>	<b>309 547</b>

## 23. SEGMENT REPORTING

### 23.1 Manufacturing

The ATS group's manufacturing emanates from factories in Germany (Stahlschmidt & Maiworm GmbH) and Poland (Stahlschmidt & Maiworm Sp. Z.o.o.) as well as wheels manufactured under licence by WSK in Poland. Revenue comprises aluminium wheels and bedplates sold to OEMs and the ATS wholesale business.

"Balance of group's" manufacturing segment is the Babelegi factory in South Africa (TSW Manufacturing (Pty) Ltd). Revenue comprises aluminium wheels sold to local and foreign OEMs, and TSW branded wheels sold to the "Balance of group" wholesalers, associated companies and independent wholesalers.

### 23.2 Wholesale

The ATS group's wholesalers distribute ATS, Alustar and the WSL wheel brands in Germany, Poland, Scandinavia and the Benelux countries. The wholesale businesses acquire wheels from other manufacturers, produced under licence from Stahlschmidt & Maiworm Technics. The Swedish aftermarket business was acquired by ATS in July 2000 from "Balance of group" and was disposed of subsequent to year-end.

"Balance of group" distributes Yokohama and Velocity tyres and TSW wheels in Europe and South Africa.

### 23.3 Retail

Wheels and tyres are retailed through the Tiger Wheel & Tyre stores situated throughout South Africa.

### 23.4 Group services

Inter-group revenue and operating profits are eliminated.

# STRATE Information

Dear Investor

As you may already know, STRATE (Share Transactions Totally Electronic) is an electronic share settlement and custody system which has been designed to achieve the contractual, rolling and irrevocable settlement of share transactions through electronic means.

The move to the STRATE system will involve many changes from the current paper-based settlement system where the transfer of ownership is effected by means of submitting share certificates to the relevant transfer secretary. One of the first responsibilities for the investor in the STRATE environment will be the submission of share certificates to a Central Securities Depository Participant (CSDP) or JSE member for 'dematerialisation'. Dematerialisation refers to the conversion of a share certificate into an electronic record.

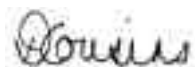
Tiger Wheels Limited has been selected by STRATE to commence dematerialisation on 10 December 2001 in terms of The JSE Securities Exchange SA's revised listing requirements. Our move to STRATE is obligatory and it will ensure that we participate in a sophisticated settlement process that is on par with international best practice.

Once we are on STRATE there is a legal requirement for our shareholders to dematerialise their shares prior to selling them in order to be able to settle the transaction in the new, electronic environment. Paper share certificates will not lose their value once we have moved to the STRATE system; they are simply no longer acceptable for settlement purposes. So, while we would encourage you to dematerialise your shares in the interests of efficiency and security, you are within your rights to retain these shares in certificated form until such time as you wish to sell them.

Subsequent rematerialisation of shares is also possible. However, as the rematerialisation process reintroduces risk into the market and requires additional administration, a handling fee will be levied for this service.

The dematerialisation period applicable to Tiger Wheels Limited commences on 10 December 2001 with trading for electronic settlement on 7 January 2002, for settlement on 14 January 2002. As of 7 January 2002, no paper scrip will be accepted for settlement, so we urge shareholders wishing to dematerialise their shares to set the process in motion as soon as possible.

Yours faithfully



**D COUSINS**

Group secretary

Midrand

30 September 2001

TIGER WHEELS LIMITED	STRATE	MERCANTILE REGISTRARS
Telephone: +27 (11) 256-4040	Info line: 0800 04727	Telephone: +27 (11) 370-5000
Web: <a href="http://www.tsw.co.za">www.tsw.co.za</a>	E-mail: <a href="mailto:Liaisondesk@STRATE.co.za">Liaisondesk@STRATE.co.za</a>	Web: <a href="http://www.registrars.co.za">www.registrars.co.za</a>
	URL: <a href="http://www.STRATE.co.za">www.STRATE.co.za</a>	

# Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of members will be held at the Tiwheel head office, cnr. Old Pretoria Road and K101, Midrand, Gauteng, on Friday, 23 November 2001 at 10h00 to transact the following business:

1. To receive and adopt the audited annual financial statements for the year ended 30 June 2001.
2. To re-elect the following directors, who retire in terms of the company's articles of association and, being eligible, offer themselves for re-election: Messrs M B Glatt, E I Keizan and K W Rivers.
3. To confirm the reappointment of the auditors.
4. To consider and, if deemed fit, to pass with or without modification the following ordinary resolutions:

#### 4.1 ORDINARY RESOLUTION NUMBER 1

"That the unissued authorised shares in the capital of the company be and are hereby placed under the control of the directors until the next annual general meeting of the company for allotment and issue to such persons and upon such terms subject to such conditions as the directors in their sole discretion may determine from time to time, but at all times subject to the provisions of the Companies Act and to the rules and regulations of The JSE Securities Exchange South Africa ("JSE")."

#### 4.2 ORDINARY RESOLUTION NUMBER 2

"That in terms of the listing requirements of The JSE, the directors be given the specific authority to issue ordinary shares of one cent each for cash to the public as and when suitable situations arise, subject to the following conditions:

- that this authority is in the form of a renewable mandate and is valid until the company's next annual general meeting, but it shall not extend beyond 15 (fifteen) months from that date of this general meeting;
- that a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one year, 5% or more of the number of shares of that class in issue prior to the issues;
- that issues in the aggregate in any one year may not exceed 10% of the number of shares of that class of the company's issued share capital, provided further that such issue shall not in aggregate in any three-year period exceed 15% of the company's issued share capital of that class; and
- that, in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the average ruling price of the shares in question, as determined over the 30 days prior to either the date of the paid press announcement or, where no announcement is required and none has been made, the date of issue of the shares."

As more than 35% of the company's issued shares are in the hands of the public as defined by The JSE, the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at this meeting is required for this ordinary resolution to become effective.

5. To consider and, if deemed fit, to pass with or without modification the following special resolution:

#### 5.1 SPECIAL RESOLUTION NUMBER 1

"That the company may, subject to the Companies Act and the requirements from time to time of The JSE, acquire shares issued by itself provided that this authority shall be valid only until the next general meeting of the company and may be varied by special resolution by any general meeting of the company at any time prior to the next annual general meeting."

The reason for passing this special resolution is to enable the company by way of general authority from shareholders, to acquire its own shares. The effect of the special resolution once registered, will be to permit the company to acquire such shares in terms of the Companies Act at any time prior to the next annual general meeting.

6. To transact such other business as may be transacted at an annual general meeting.

By order of the board



**D COUSINS**

Company secretary

Midrand

30 September 2001

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and, on a poll vote in his stead. A proxy need not be a member of the company. Proxy forms must reach the company transfer secretaries not less than twenty-four hours before the time for holding the meeting.

# Form of Proxy

## TIGER WHEELS LIMITED

(registration number 1970/011662/06)

I/We \_\_\_\_\_  
(Please print)

of \_\_\_\_\_

being a member/s of the above company and being the registered owner/s of  ordinary shares in the company

hereby appoint \_\_\_\_\_ or failing him,

\_\_\_\_\_ or failing him,

the chairman of the meeting, as my/our proxy to attend the annual general meeting of the company, to be held on 23 November 2001 or any adjournment thereof and to speak and act for me/us and, on a poll, to vote on my/our behalf.

My/our proxy shall vote as follows:

	In favour of	Against	Abstain
1. Re-election of directors in so far as it relates to: M B Glatt			
E I Keizan			
K W Rivers			
2. To confirm the reappointment of the auditors, Fisher Hoffman PKF (Jhb) Inc., for the forthcoming financial year			
3. Ordinary resolutions			
3.1 Place unissued shares under control of directors			
3.2 Authorise directors to issue shares for cash			
4. Special resolution			
4.1 Purchase by company of own shares			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2001

Signature \_\_\_\_\_

# Notes

1. Proxies must be lodged at the company's transfer secretaries, Mercantile Registrars Limited, 11 Diagonal Street, Johannesburg 2001 (Postal address: PO Box 1053, Johannesburg 2000), so as to be received not later than 24 hours before the time specified in the aforementioned annual general meeting.
2. A member may appoint one or more persons of his own choice as his proxy/ies by inserting the name/s of such proxy/ies in the space provided and any such proxy need not be a member of the company. Should this space be left blank, the proxy will be exercised by the chairman of the meeting.
3. Please insert the relevant number of shares/votes and indicate with an X in the appropriate space of the proxy form, how you wish your votes to be cast.
4. Unless the above section is completed for a lesser number of shares this proxy shall apply to all the ordinary shares registered in the name of the member/s at the date of the annual general meeting or any adjournment thereof.
5. If a member does not indicate on this instrument that his proxy is to vote in favour of or against any resolutions or abstain from voting, or gives contradictory instructions, or should any further resolutions/s or any amendment/s which may be properly put before the annual general meeting be postponed, the proxy shall be entitled to vote as he thinks fit.
6. The deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the signatory/ies.
7. The authority of the person signing the proxy form under a power of attorney must be attached hereto, unless that power of attorney has already been recorded by the company.

# Administration

## SECRETARY

Diane Cousins  
BCom, CA(SA)

## REGISTERED OFFICE

PO Box 6007, Halfway House 1685  
cnr. K101 & Old Pretoria Road,  
Midrand 1685  
Telephone: +27 (0) 11 256-4040  
Telefax:+27 (0) 11 256-4515

## AUDITORS

Fisher Hoffman PKF (Jhb) Inc. – South Africa  
Registration number 1994/001166/21  
Arthur Andersen – Germany

## SPONSORING BROKER

Sasfin Frankel Pollak Securities (Pty) Limited

## TRANSFER SECRETARIES

Mercantile Registrars Limited  
PO Box 1053, Johannesburg 2000  
11 Diagonal Street  
Johannesburg 2001  
Telephone: +27 (0) 11 370-5000

## ATTORNEYS

Fluxman Rabinowitz Raphaely Weiner  
Freshfields Bruckhaus Deringer – Germany

## BANKERS

First National Bank of Southern Africa Limited  
ABSA Bank Limited  
The Standard Bank of South Africa Limited  
Deutsche Bank AG – Germany  
Vereinigte Bank AG – Germany  
Westdeutsche Landesbank – Germany  
Commerzbank Aktiengesellschaft

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# Shareholders' Diary

Last day to register for capitalisation share issue and dividends	14 September 2001
Post circular to shareholders for capitalisation share issue	20 September 2001
Final date for replies for election of capitalisation shares/cash dividend	12 October 2001
Announcement of shares issued in terms of the capitalisation award	15 October 2001
Dividend paid capitalisation shares listed on The JSE	17 October 2001
Annual general meeting	23 November 2001
Dematerialisation commences	10 December 2001
Electronic trading commences	7 January 2002
Electronic settlement commences	14 January 2002
Interim profit statement	March 2002

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