

EXCELLERATE HOLDINGS LIMITED
 Registration number 1997/009884/06
 JSE code: EXL ISIN: ZAE000026092
 (Incorporated in the Republic of South Africa)
 ("Excellerate" or "the Group")

Unaudited consolidated results
 for the six months ended 31 December 2010

HIGHLIGHTS

- Revenue growth of 33,9% over the comparative period
- Attributable profit up 32,3% over the comparative period
- Cash generated from operations up by 334,0% over the comparative period

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 for the period

	Unaudited six months ended 31 December 2010 R'000	Unaudited six months ended 31 December 2009 R'000	Audited 12 months ended 30 June 2010 R'000
Continuing operations			
Revenue	484 940	362 189	685 273
Gross profit	136 287	106 679	221 571
Profit before net finance costs and taxation	46 942	31 602	57 842
Net finance costs	(8 109)	(1 946)	(6 630)
Profit before taxation	38 833	29 656	51 212
Taxation	(11 172)	(9 224)	(17 654)
Profit and total comprehensive income for the period from continuing operations	27 661	20 432	33 558
Discontinued operations			
Loss for the period from discontinued operations	(1 918)	(4 580)	(10 390)
Profit and total comprehensive income for the period	25 743	15 852	23 168
Profit attributable to:			
Equity holders of the parent	21 268	16 130	22 964
Non-controlling interest	4 475	(278)	204
	25 743	15 852	23 168
Shares in issue (000s)	218 350	217 864	217 864
Weighted average number of shares in issue (000's)	217 915	217 436	217 701
Fully diluted weighted average number of shares in issue (000's)	221 553	220 744	221 016
Total operations			
Earnings per share (cents)	9,8	7,4	10,5
Headline earnings per share (cents)	10,3	7,4	10,8
Diluted earnings per share (cents)	9,6	7,3	10,4
Diluted headline earnings per	10,1	7,3	10,6

share (cents)			
Continuing operations			
Earnings per share (cents)	10,6	9,5	15,3
Headline earnings per share (cents)	10,6	9,5	15,3
Diluted earnings per share (cents)	10,5	9,4	15,1
Diluted headline earnings per share (cents)	10,5	9,4	15,1
Discontinued operations			
Earnings per share (cents)	(0,8)	(2,1)	(4,8)
Headline earnings per share (cents)	(0,3)	(2,1)	(4,5)
Diluted earnings per share (cents)	(0,9)	(2,1)	(4,7)
Diluted headline earnings per share (cents)	(0,4)	(2,2)	(4,4)
Reconciliation between income attributable to equity holders of the parent and the headline earnings attributable to the equity holders of the parent:			
Attributable to ordinary shareholders	21 268	16 130	22 964
- impairment of intangibles	-	-	152
- loss on disposal of business/subsidiary	1 500	-	621
- net loss/(gain) on sale of property, plant and equipment	8	(28)	(331)
- taxation effect of the adjustments	(422)	8	93
Headline earnings	22 354	16 110	23 499

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at

	Unaudited 31 December 2010 R' 000	Unaudited 31 December 2009 R' 000	Audited 30 June 2010 R' 000
ASSETS			
Non-current assets	315 133	180 801	194 602
Property, plant and equipment	78 125	68 912	74 672
Intangible assets	227 165	103 938	110 639
Investment in associate	631	1 773	631
Interest bearing receivables	1 906	103	2 222
Deferred tax asset	7 306	6 075	6 438
Current assets	354 020	317 204	280 926
Inventories	100 462	81 719	86 345
Trade and other receivables	188 988	173 738	136 739
Interest bearing receivables	5 044	4 297	2 604
Investment in associate	5 435	3 872	4 462
Amounts owing by joint venture partners	10 247	18 670	11 478
Taxation receivable	7 539	8 697	8 031
Other financial assets	56	642	79
Cash and cash equivalents	36 249	25 569	31 188

Total assets	669 153	498 005	475 528
EQUITY AND LIABILITIES			
Equity and reserves	266 215	212 094	219 350
Share capital	2 184	2 179	2 179
Share premium	65 169	64 937	64 939
Share-based payment reserve	1 454	1 595	1 602
Retained earnings	171 267	142 676	149 851
Equity attributable to equity holders of the parent	240 074	211 387	218 571
Non-controlling interest	26 141	707	779
Non-current liabilities	132 694	32 240	27 827
Interest bearing debt	125 120	25 130	20 897
Deferred tax liability	7 574	7 110	6 930
Current liabilities	270 244	253 671	228 351
Trade and other payables	217 089	177 393	182 096
Amounts owing to joint venture partners	13 681	15 114	8 868
Taxation payable	8 757	13 506	16 887
Current portion of interest bearing debt	22 668	7 419	12 401
Other financial liabilities	-	50	132
Shareholders for dividend	147	6	147
Bank overdrafts	-	27 205	-
Vendors for acquisitions	7 902	12 978	7 820
Total equity and liabilities	669 153	498 005	475 528
Net asset value per share (cents)	109,9	97,0	100,3
Net tangible asset value per share (cents)	8,0	50,7	51,9

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the period

	Unaudited six months ended 31 December 2010 R'000	Unaudited six months ended 31 December 2009 R'000	Audited 12 months ended 30 June 2010 R'000
Cash flows from operating activities	(3 984)	(10 779)	44 880
Cash generated from operations	23 028	5 308	68 368
Net finance costs	(8 078)	(1 972)	(6 634)
Dividends paid	-	(7 594)	(6 315)
Taxation paid	(18 934)	(6 521)	(10 539)
Cash flows from investing activities	(100 926)	(6 769)	(35 661)
Net additions to property, plant and equipment	(9 322)	(6 583)	(19 293)
Additions to intangible assets	(140)	(186)	(2 718)
Cash flows on acquisition of businesses	(91 086)	-	(14 475)
Cash flow on disposal of business	(378)	-	825
Cash flows from financing activities	109 971	(5 933)	124
Net interest bearing debt raised	109 348	419	4 168
Net increase/(decrease) in amounts owing by joint venture	715	(4 007)	(1 274)

partners and associates			
Shares repurchased	-	(10)	(10)
Sale of treasury shares	235	267	268
Decrease in interest bearing receivables	(327)	(2 602)	(3 028)
Net increase/(decrease) in cash and cash equivalents	5 061	(23 481)	9 343
Cash and cash equivalents at beginning of period	31 188	21 845	21 845
Cash and cash equivalents at end of period	36 249	(1 636)	31 188

CONDENSED SEGMENTAL REPORT

	Services R' 000	Trading distribution R' 000	Corporate R' 000	Total R' 000
2010				
Revenue (external)	258 522	237 303	567	496 392
Less: Revenue from discontinued operation	(11 452)			(11 452)
	247 070	237 303	567	484 940
Revenue (internal)	22 463	512	3 984	26 959
	269 533	237 815	4 551	511 899
Profit/(loss) before tax	32 554	14 472	(8 193)	38 833
Discontinued operation (profit before taxation)	(2 664)	-	-	(2 664)
2009				
Revenue (external)	170 953	198 226	1 392	370 571
Less: Revenue from discontinued operation	(7 876)	(506)		(8 382)
	163 077	197 720	1 392	362 189
Revenue (internal)	20 468	5 283	6 189	31 940
	183 545	203 003	7 581	394 129
Profit/(loss) before tax	18 739	15 171	(4 255)	29 655
Discontinued operation (profit before taxation)	(1 197)	(5 164)	-	(6 361)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R' 000	Share premium R' 000	Share- based payment reserve R' 000	Retained earnings R' 000
Balance at 30 June 2009	2 173	64 687	1 733	133 929
Total comprehensive income for the period				
Profit for the period				16 130
Transactions with owners, recorded directly into equity				
Dividends declared				(7 521)
Movement in share-based payment reserve			(138)	138
Repurchase of shares		(10)		
Sale of treasury shares	6	260		
Balance at 31 December 2009	2 179	64 937	1 595	142 676

Total comprehensive income for the period				
Profit for the period				7 182
Transactions with owners, recorded directly into equity				
Sale of treasury shares		2		
Movement in share-based payment reserve			7	(7)
Balance at 30 June 2010	2 179	64 939	1 602	149 851
Total comprehensive income for the period				
Profit for the period				21 268
Transactions with owners, recorded directly into equity				
Arising on acquisition of business				
Movement in share-based payment reserve			(148)	148
Sale of treasury shares	5	230		
Balance at 31 December 2010	2 184	65 169	1 454	171 267

	Attributable to equity holders of parent	Non-controlling interest	Total
	R'000	R'000	R'000
Balance at 30 June 2009	202 522	985	203 507
Total comprehensive income for the period			
Profit for the period	16 130	(278)	15 852
Transactions with owners, recorded directly into equity			
Dividends declared	(7 521)		(7 521)
Movement in share-based payment reserve	-		-
Repurchase of shares	(10)		(10)
Sale of treasury shares	266		266
Balance at 31 December 2009	211 387	707	212 094
Total comprehensive income for the period			
Profit for the period	7 182	72	7 254
Transactions with owners, recorded directly into equity			
Sale of treasury shares	2		2
Movement in share-based payment reserve	-	-	-
Balance at 30 June 2010	218 571	779	219 350
Total comprehensive income for the period			
Profit for the period	21 268	4 475	25 743
Transactions with owners, recorded directly into equity			
Arising on acquisition of business		20 887	20 887
Movement in share-based payment reserve	-	-	-

Sale of treasury shares	235		235
Balance at 31 December 2010	240 074	26 141	266 215

GENERAL OVERVIEW

The Excellerate board of directors ("the Board") is pleased to announce a much improved performance by the Group during the six months ended December 2010, with significant increases in revenue and profitability and strong cash flow management. The improvement in profitability is derived principally from beneficial acquisitions, improved profitability within our service division, and a reduced impact of losses from discontinued operations. The underlying performance within our trading and distribution division also improved, but was unfortunately affected by provisions against long-outstanding debtors.

The acquisition of 60% of JHI was finalised on 14 September 2010, and their results have been consolidated from 1 October 2010. It is particularly pleasing that JHI's results at this stage have comfortably exceeded our pre-acquisition expectations.

During the period under review, Excellerate acquired a controlling interest in a new venture called Excellerate Commodities (Pty) Limited ("Excellerate Commodities"), a procurement and logistics business servicing the need for the flow of commodities into and out of other African countries. This investment was facilitated by way of advancing working capital loans. Excellerate Commodities was established in September 2010, and has returned a small profit for its first trading period.

With effect from 24 November 2010, Excellerate disposed of its 50% share in Delawood Designs (Pty) Limited ("Delawood") which had incurred losses in the prior financial year. Given the industry outlook, Delawood was expected to continue to contribute losses for the foreseeable future. The associated loss from both the operations for the period under review, and on disposal amounted to R1,9 million (2009: R0,9 million).

As stated in the 2010 Annual Report, management has continued to drive growth plans around outsourced services with a key focus on property related services, and procurement and logistics services.

Excellerate remains both operationally and financially sound and, provided that trading conditions remain favourable, is well placed to continue to improve performance in the second half of the financial year.

FINANCIAL OVERVIEW

Key features of the Group financial performance for the six month period ended December 2010 include:

- Group revenue for the period increased by 33,9% to R484,9 million (2009: R362,2 million).
- Profit from continuing operations before interest and tax rose by 48,4% to R46,9 million (2009: R31,6 million).
- Despite increased finance costs associated primarily with acquisition and expansion activities, interest cover remains comfortable at 5,8 times.
- Profit attributable to ordinary shareholders was up 32,3% to R21,3 million (2009: R16,1 million).

- Losses from discontinued operations declined by 58,7% to R1,9 million (2009: R4,6 million).
- Cash generated from operations increased by 334,0% to R23,0 million (2009: R5,3 million), once again highlighting the cash generative ability of the Group.
- Cash and cash equivalents at the end of the period was R36,2 million (2009: (R1,6 million)).
- Headline earnings per share and diluted headline earnings per share increased by 39,2% to 10,3 cents (2009: 7,4 cents) and by 38,4% to 10,1 cents (2009: 7,3 cents) respectively.
- Earnings per share and diluted earnings per share increased by 32,4% to 9,8 cents (2009: 7,4 cents) and by 31,5% to 9,6 cents (2009: 7,3 cents) respectively.

During the period under review, cash flows generated by operating activities improved to R23,0 million (2009: R5,3 million), notwithstanding the impact of R10,3 million invested by Excellerate Commodities into working capital as a start-up operation. Net cash finance costs increased to R8,1 million (2009: R2,0 million), largely as a result of acquisition and expansion activities. Cash tax paid increased to R18,9 million (2009: R7,6 million). No dividends were paid during the period resulting in total cash flow consumption from operating activities for the period decreasing to R4,0 million from R10,8 million.

Cash flows from investing activities amounted to R100,9 million (2009: R6,7 million), reflecting a net cash outflow of R91,1 million (2009: R0 million) resulting from the acquisition of JHI, net additions to property, plant and equipment of R9,3 million (2009: R6,6 million), and other items of R0,5 million (2009: R0,2 million).

Net cash generated from financing activities for the period under review was R110,0 million (2009: R5,9 million), reflecting primarily term debt raised to fund the acquisition of JHI and the initial investment into Excellerate Commodities.

As stated in the announcement to shareholders regarding the JHI transaction, the Group's balance sheet has been significantly impacted by the acquisition and consolidation thereof. Intangibles associated with the transaction have been carried in the consolidated balance sheets at R117,8 million. Term debt raised by Excellerate to fund this acquisition is carried in the consolidated balance sheet at R28,7 million, whilst term debt ring-fenced within JHI raised for the purposes of the acquisition amounted to R74,3 million.

REVIEW OF OPERATIONS

Trading and Distribution segment

Revenue in the trading and distribution segment grew by 20,0% to R237,3 million (2009: R197,7 million). This growth was largely due to the establishment of Excellerate Commodities, together with good revenue performances from Foodserv and Nu Africa Comm Trading.

Pleasingly, margins have been maintained at business unit level. However overall margins have decreased in this division owing to the growth in lower margin revenue generated by Nu Africa Comm Trading and Excellerate Commodities, in line with their respective business models.

Although overhead costs within the segment have been well managed, additional once-off increases in provisions against long-outstanding debtors of R3,1 million has resulted in profit before tax for this division decreasing by 4,6% to R14,5 million (2009: R15,2 million). Excluding the additional doubtful debt provision, ongoing segmental profit before tax increased by 15,8% to R17,6 million.

Services segment

Revenue in the services segment grew by 51,4% to R247,0 million (2009: R163,1 million), largely as a result of the inclusion of JHI in this segment from 1 October 2010. Vital Fleet and Vital Distribution Services also experienced good revenue growth as these companies continued to expand their distribution footprint.

Margins in this segment have, for the most part, been maintained in spite of increased market pressures. In addition, overheads have been tightly controlled.

One notable exception has been at Staffing Logistics where market pressures and lower demand resulted in reduced margins and profitability. Management has implemented changes which are expected to improve revenue, reduce overheads, and restore previous levels of profitability going forward. Management will continue to monitor the proposed changes to relevant legislation closely and will adapt the business model accordingly should any significant changes occur.

Segmental profit before tax increased by 74,3% to R32,6 million (2009: R18,7 million). It is however important to note that the segment benefitted from the inclusion of JHI's results during their most profitable quarter in the calendar year.

The investment in Delawood was disposed of during the period under review and is consequently being disclosed as a discontinued operation.

ACQUISITIONS AND DISPOSALS

As previously noted, the acquisition of 60% of JHI was implemented and consolidated into the financial results from 1 October 2010. The balance of the 40% shareholding was acquired by JHI management. In order to fund its investment, Excellerate raised term funding of R30,0 million on commercial terms normally associated with such a transaction. The balance of the purchase price was funded by way of a R20,0 million subscription for shares by management, and a R76,6 million senior term loan raised directly by JHI. Once again, at this stage it is pleasing to note that for the period under review, JHI's results have comfortably exceeded pre-acquisition expectations.

Pre-tax transaction costs incurred to implement the JHI transaction amounted to R1,0 million. This has been expensed in the current period.

Also during the period under review, and as noted earlier in this report, Excellerate acquired a controlling interest in a new venture called Excellerate Commodities (Pty) Limited, a procurement and logistics business servicing the need for the flow of commodities into and out of other African countries. Excellerate's beneficial shareholding in Excellerate Commodities amounts to 46%, and was facilitated by way of advancing working capital loans to the extent of R14,7 million. These working capital loans were partly funded through term funding of R10,0

million raised on commercial terms normally associated with such a transaction, with the balance being funded by cash reserves. At reporting date, Excellerate still had a commitment to advance a further R3,1 million in working capital loans to Excellerate Commodities, which commitment will be similarly funded by cash reserves.

Excellerate Commodities was established in September 2010, and has returned a small profit for its first trading period.

As stated in the 2010 Annual Report, in October 2010, Excellerate and management of Delawood reached the decision that as a result of differing strategic and operating strategies, management would re-acquire their 50% share from Excellerate for R3,0 million. On 24 November 2010, the Board approved the sale and the transaction was implemented. The associated loss from both the operations for the period under review, and on disposal amounted to R1,9 million (2009: R0,9 million).

PROSPECTS

Notwithstanding the considerable investment in JHI, the Group will continue to look for opportunities to expand its presence in the outsourced services sector, particularly in the areas of procurement and logistics services and property related services, either by acquisition, or by organic growth. Conversely the Group is assessing investments that are not at present delivering the required returns to shareholders, with a view to either re-engineering the business models or disposing of on favourable terms.

Management will continue to drive the core disciplines of revenue growth, cash management and cost containment.

REPORTING ENTITY

Excellerate Holdings Limited is a company domiciled in South Africa. The condensed consolidated interim financial statements as at and for the period ended 31 December 2010 comprise the company, its subsidiaries, joint ventures and interest in associates.

BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 31 December 2010 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the AC 500 standards as issued by the Accounting Practices Board or its successor, Schedule 4 of the Companies Act, No 61 of 1973 (as amended) and comply with the disclosure requirements of IAS 34: Interim Financial Reporting. The condensed consolidated financial statements have been prepared under the historical cost convention.

The accounting policies used in the preparation of these results are in accordance with IFRS and consistent in all material respects with those used in the audited annual financial statements for the year ended 30 June 2010.

The condensed consolidated interim financial statements are presented in Rand rounded to the nearest thousand ('000).

The condensed consolidated statement of financial position at 31 December 2010 and the related condensed statement of comprehensive income,

statement of changes in equity and cash flow for the six months then ended have not been reviewed or reported on by the Group's auditors.

SUBSEQUENT EVENTS

There have been no significant subsequent events that have had a material impact on the interim financial statements.

RECLASSIFICATION OF COMPARATIVE INFORMATION

As at 31 December 2009, the Investment in associate, including loans to the Associate, amounting to R5,6 million, was classified as a Non-current asset. Subsequently, a loan to the Associate was re-assessed, and correctly classified as Current. This classification was audited at 30 June 2010. The R5,6 million previously disclosed under non-current assets, has now been reclassified as follows:

Non-current assets:	R'm 1,8
Current assets:	3,8

DIVIDEND

As reported at June 2010, the Board considered it prudent not to declare a full year dividend, and committed to review this decision at the interim reporting stage. The Board is still of the view that in light of outstanding financial commitments relating to the acquisition of Vital Distribution, Vital Fleet and Staffing Logistics, it would not be appropriate at this time to declare an interim dividend.

For and on behalf of the Board

GG Hulley
Chief Executive Officer

Sandton
23 March 2010

DIRECTORS

Gordon Hulley	Chief Executive Officer
Athol Stewart	Executive Director
James Wellsted	Executive Director
Rudi Stumpf	Non-Executive Director
Clive Howell	Non-Executive Director □(alternate to Graham Davel)
Graham Davel	Non-Executive Director
Michael Mohohlo	Non-Executive Director
Arnold Meyer	Non-Executive Director

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