



Revenue **+1,5%**
 Net tangible assets per share **+33,3%**
 Cash generated by operations **+178,5%**



EXCELLERATE HOLDINGS LIMITED

Registration number 1997/009884/06 JSE code: EXL ISIN: ZAE000026092
EXLD ISIN: ZAE000044145 (Incorporated in the Republic of South Africa)

Unaudited results for the six months ended 31 December 2005

FINANCIAL OVERVIEW

During the six-month period to 31 December 2005, the group performed well, particularly in the Foodserv and Interpark businesses, apart from losses incurred in the Food Trading division in which issues arising in the prior year continued to affect the business.

Revenue for the six months ended 31 December 2005 increased to R301,3 million. Net profit increased to R9,3 million after taking into account the profit on disposal of non-core property and a gain on the disposal of the group's interest in Securipark in the current financial period. Headline earnings per share decreased to 4,2 cents per share due to the operating losses incurred in the Food Trading division. Results for the six months ended 31 December 2004 have been restated to include adjustments as part of the group's adoption of the new International Financial Reporting Standards.

Cash flows generated by operations amounted to R14,0 million before taking into account R11,2 million utilised to expand the working capital requirement. Cash flows utilised in investing activities amounted to R7,0 million and were mainly used for the acquisition of property, plant and equipment to the extent of R7,3 million. The net amount utilised in investing activities was reduced by the proceeds of R0,3 million from the sale of the Securipark subsidiary and other assets. The overall effect of these items along with R1,0 million generated by financing activities and tax and interest payments of R4,2 million and R1,5 million respectively, was a decrease in cash and cash equivalents amounting to R8,9 million since 30 June 2005.

The matters relating to the business of HS Nuts, where inappropriate expenditure had been identified in July 2005 and which saw the departure of the former management of that business, are still in the process of being resolved. The group is making every attempt to recover amounts identified by external forensic auditors. The group has obtained provisional judgement in its favour on an acknowledgement of debt in this regard. In order to further mitigate losses in this matter and to focus its time and attention on ongoing business, the group is seeking to settle the matter.

During August 2005, the group disposed of 500 000 treasury shares held in its subsidiary company for the purpose of meeting share option obligations. The shares were sold at an average price of 78 cents each and the group received 50 cents per share in terms of the share options that were issued.

OPERATIONAL OVERVIEW

Trading-Distribution

The Trading-Distribution segment of the business increased its revenue marginally to R242,5 million and its operating profit declined by 43,9% to R6,5 million as a result of losses in the Food Trading division.

Foodserv, the catering equipment trading and manufacturing business, has performed exceptionally well in this reporting period, seeing record sales in November 2005 and continuing to enjoy strong demand for its products, which now also includes Outdoor Cooling's product range. The Housewares division comprising the businesses of Goldenmarc, Hypertrade, Louis Smiedt and Ferrengi also saw record sales in the month of November 2005 and continued to achieve growth and good results. The business of Travelscene which was acquired in the prior financial year has been successfully integrated into the division and is yielding exciting results.

The Food Trading division, comprising the business formerly known as Ibiza Trading which acquired the HS Nuts business, incurred an accounting loss of R11,1 million before taxation for the six months to 31 December 2005 after providing for all identified losses as a result of poor trading practices under the former management. Changes have been put into place to down-scale and streamline the business following its relocation to a single warehouse and the new management team has implemented daily operational performance reporting in order to improve trading results and working capital management. The outcome of these efforts is expected to be positive during the second half of the financial year, although any upside in the second half is likely to be partially offset by the right-sizing exercise currently underway. The company has been renamed Sunkist Distributors in recognition of the strength of its main brand.

Services

While revenue in the Services segment of the business decreased marginally to R58,8 million, operating profits increased by 58,9% to R6,0 million. This is due mainly to the effective cost controls in the Interpark business and improved results in the Soft Services business of Sterikleen.

The Parking division comprising Interpark and First Park had steady revenue before taking into account the revenue from Securipark which was sold effective 1 July 2005. Operating results have continued to improve significantly with effective cost controls.

The Soft Services division, comprising Sterikleen and Autoclenz, has improved its results and has successfully rolled out a new contract for a large client in the latter part of the six-month period, as well as diversifying its product and service offering in more specialised cleaning applications.

The Consumer Services division, comprising the Levingers Dry Clean and Shoe Clinic business, has achieved more than 20% revenue growth for the period with similarly improved results.

EMPOWERMENT

The group's 49% investment in the Katanga group of companies continues to yield increasing results with the doubling of profits for the six-month period. Several new contracts have been secured in the Services segment. The group continues to enjoy strong relations with its empowerment partner, Ikamva Labantu.

On 7 September 2005, Excellerate issued a cautionary announcement to the effect that it had entered into negotiations relating to a black economic empowerment transaction. These discussions have advanced to a mature stage and further announcements are expected to be made before the end of the current financial year. The outcome of these negotiations is expected to have a beneficial impact on the group as a whole.

PROSPECTS

Given the seasonality of the Trading-Distribution segment with its peak trading period in the first half of the financial year, but taking into account the losses incurred in the Food Trading division in the first half to 31 December 2005 and the prospects of eliminating those losses during the second half, this segment's results are expected to improve during the second half of the financial year. The Services segment is expected to provide a steady performance over the second half of the financial year. The group will continue to focus on growth both organically and by acquisition. The appointments of a Chief Financial Officer in November 2005 and a Chief Operating Officer in February 2006 are both expected to provide additional capacity for acquisitive growth and improved operational performance.

CONTINGENT LIABILITY

As disclosed in the 2005 annual financial statements, during the 2004 financial year the South African Revenue Service ("SARS") issued revised assessments to two subsidiaries disallowing the deduction of certain trademarks against taxable income in the two subsidiaries. Deductions in the amount of R27 794 000 have been made over the periods 1999 to 31 December 2005, of which SARS has disputed the deduction in respect of the periods 1999 to 2001 amounting to R12 160 770, representing taxation of R3 648 231. While the subsidiaries have paid the revised assessments, they have objected to SARS and still await a formal response to their objection. Based on the opinion of Senior Counsel the directors believe that the deductions will ultimately be allowed. A deferred tax asset of R1 843 000 is carried in respect of these allowances.

ACCOUNTING POLICIES

The financial information contained in this announcement for the half year ended 31 December 2005 has been prepared in accordance with International Financial Reporting Standards ("IFRS") applying IAS34: Interim Financial Reporting. This is the first time the group has fully adopted IFRS. Results have been restated to give effect to the changeover from South African Generally Accepted Accounting Practice to IFRS. Property, Plant and Equipment was the only primary area impacted by this changeover in the current reporting period and is now accounted for under IAS16: Property, Plant and Equipment. The main changes required was the "deemed cost" revaluation of property, plant and equipment at the date of transition (1 July 2004) and the adjustment of the depreciation methodology used. In terms of the optional exemption given in IFRS1: First-time Adoption of IFRS, the fair value of certain property, plant and equipment on the transition date can be used as the deemed cost, with the depreciation methodology being adjusted prospectively from that date. All other accounting policies have remained consistent with those applied in the audited financial statements for the year ended 30 June 2005. The effect of applying the measurement criteria of IAS16 has resulted in an increase in property, plant and equipment to the extent of R3,9 million at 31 December 2005 and R2,9 million at 31 December 2004. This has resulted in corresponding decreases in the deferred taxation asset of R1,1 million and R0,8 million for the respective dates. Operating profits have increased by R0,4 million and R0,4 million for the six-month periods ended 31 December 2005 and 31 December 2004 respectively. Opening retained income at transition date to IFRS was restated by R1,7 million. The adoption of IFRS represented an accounting change only and had no effect on cash flows. Other changes to the results to 31 December 2005 compared to that previously reported included the discontinuance of the amortisation of intangible assets and the straight-line recognition of operating lease rental costs. These two items had been adjusted in the audited results published in the June 2005 annual report but had not yet been reported on at 31 December. The comparative information for 31 December 2004 has been restated accordingly.

DIVIDEND

As the group pursues opportunities to grow by acquisition and reduce interest-bearing borrowings, the directors have decided not to declare a dividend at this time.

For and on behalf of the Board

C Hall

Chief Executive Officer

Sandton

27 March 2006

Condensed group income statement

R'000	Unaudited	Unaudited	Unaudited	Audited	Audited
	6 months ended 31 December 2005	restated 6 months ended 31 December 2004	as previously stated 6 months ended 31 December 2004	restated 12 months ended 30 June 2005	as previously stated 12 months ended 30 June 2005
Revenue	301 263	296 706	296 706	535 923	535 923
Operating profit	12 480	15 129	15 458	29 148	28 309
Income from associates*	2 042	1 044		1 323	1 323
Impairment of goodwill	-	(258)	(258)	(445)	(445)
Amortisation of intangible assets**	-	-	(1 786)	-	-
Fair value adjustment on loan accounts	(173)	-	-	(3 271)	(3 271)
Revaluation of compulsory convertible debentures liability*	116	(360)	-	123	123
Profit before interest and taxation	14 465	15 555	13 414	26 878	26 039
Net interest expense	(1 972)	(1 812)	(1 812)	(4 120)	(4 120)
Profit before taxation	12 493	13 743	11 602	22 758	21 919
Taxation	(3 168)	(3 977)	(3 873)	(7 435)	(7 191)
Profit after taxation	9 325	9 766	7 729	15 323	14 728
Income attributable to minority shareholders	55	43	43	61	61
Income attributable to ordinary shareholders	9 270	9 723	7 686	15 262	14 667
	9 325	9 766	7 729	15 323	14 728
Shares in issue (000's)	173 595	173 095	173 095	173 095	173 095
Weighted average number of shares in issue (000's)	173 485	178 642	178 642	175 869	175 869
Fully diluted weighted average number of shares in issue (000's)	225 795	229 431	229 431	227 395	227 395
Earnings per share (cents)	5,3	5,4	4,3	8,7	8,3
Fully diluted basic earnings per share (cents)	4,2	4,6	3,7	7,0	6,7

Reconciliation between income attributable to ordinary shareholders and headline earnings attributable to ordinary shareholders:

R'000	Unaudited	Unaudited	Unaudited	Audited	Audited
	6 months ended 31 December 2005	restated 6 months ended 31 December 2004	as previously stated 6 months ended 31 December 2004	restated 12 months ended 30 June 2005	as previously stated 12 months ended 30 June 2005
Income attributable to ordinary shareholders adjusted for:	9 270	9 723	7 686	15 262	14 667
- Amortisation of goodwill	-	-	1 733	-	-
- Impairment of goodwill	-	258	258	445	445
- (Profit)/loss on disposal of property, plant and equipment and investment in subsidiaries	(2 358)	164	29	(639)	(727)
- Tax thereon	335	(49)	(9)	141	166
Headline earnings attributable to ordinary shareholders	7 247	10 096	9 697	15 209	14 551
Headline earnings per share (cents)	4,2	5,7	5,4	8,6	8,3
Fully diluted headline earnings per share (cents)	3,3	4,7	4,6	6,9	6,6

* Reclassified - previously included in operating profit
** Intangible assets no longer amortised in terms of IFRS

Condensed segmental report

R'000	Unaudited	Unaudited	Unaudited	Audited	Audited
	6 months ended 31 December 2005	restated 6 months ended 31 December 2004	as previously stated 6 months ended 31 December 2004	restated 12 months ended 30 June 2005	as previously stated 12 months ended 30 June 2005
Turnover	301 263	296 706	296 706	535 923	535 923
Trading - Distribution	242 466	236 389	236 389	418 380	418 380
Services	58 797	60 317	60 317	117 543	117 543
Operating Profit	12 480	15 129	15 458	29 148	28 309
Trading - Distribution	6 462	11 402	11 231	14 804	14 230
Services	6 018	3 727	4 227	14 344	14 079
Profit before interest and taxation	14 465	15 555	13 414	26 878	26 039
Trading - Distribution	6 669	10 964	10 493	11 150	10 576
Services	7 796	4 591	2 921	15 728	15 463

Condensed group balance sheet

R'000	Unaudited	Unaudited	Unaudited	Audited	Audited
	31 December 2005	restated 31 December 2004	as previously stated 31 December 2004	restated 30 June 2005	as previously stated 30 June 2005
ASSETS					
Non current assets	95 401	100 089	96 180	92 640	90 344
Property, plant and equipment	28 917	21 809	18 888	25 763	22 529
Long term loan	760	-	-	173	173
Investments	942	5 083	5 083	3 234	3 234
Intangible assets	52 952	59 975	58 189	53 358	53 358
Deferred taxation	11 830	13 222	14 020	10 112	11 050
Current assets	193 644	206 094	206 094	179 781	179 781
Bank balances and cash	12 075	1 415	1 415	1 515	1 515
Other current assets	181 569	204 679	204 679	178 266	178 266
Total assets	289 045	306 183	302 274	272 421	270 125
EQUITY AND LIABILITIES					
Equity and reserves	143 630	127 929	124 829	133 869	131 573
Ordinary shareholders' interest	142 910	127 282	124 182	133 204	130 908
Minority shareholders' interest	720	647	647	665	665
Non current liabilities	7 303	17 191	17 191	9 267	9 267
Long term loans	5 980	13 131	13 131	6 704	6 704
Compulsory convertible debenture liability	1 323	4 060	4 060	2 563	2 563
Current liabilities	138 112	161 063	160 254	129 285	129 285
Other current liabilities	106 006	134 118	133 309	116 744	116 744
Bank overdrafts	29 705	24 675	24 675	10 292	10 292
Compulsory convertible debenture liability	2 401	2 270	2 270	2 249	2 249
Total equity and liabilities	289 045	306 183	302 274	272 421	270 125

Statistics

000's	Unaudited	Unaudited	Unaudited	Audited	Audited
	6 months ended 31 December 2005	restated 6 months ended 31 December 2004	as previously stated 6 months ended 31 December 2004	restated 12 months ended 30 June 2005	as previously stated 12 months ended 30 June 2005
Ordinary shares in issue	173 595	173 095	173 095	173 095	173 095
Weighted average number of ordinary shares	173 485	178 642	178 642	175 869	175 869
Share options	5 037	3 516	3 516	4 253	4 253
Compulsory convertible debentures	47 273	47 273	47 273	47 273	47 273
Fully diluted weighted average number of shares in issue	225 795	229 431	229 431	227 395	227 395
Earnings per share (cents)	5,3	5,4	4,3	8,7	8,3
Fully diluted basic earnings per share (cents)	4,2	4,6	3,7	7,0	6,7
Headline earnings per share (cents)	4,2	5,7	5,4	8,6	8,3
Fully diluted headline earnings per share (cents)	3,3	4,7	4,6	6,9	6,6
Net asset value per share (cents)	82,3	73,5	72,1	77,0	74,4
Net tangible asset value per share (cents)	51,8	38,9	38,5	46,1	44,5

Condensed statement of changes in equity

R000's	Ordinary share capital	Share premium	Compulsory convertible debentures	Non-distributable reserve	Retained earnings	Total
	31 December 2005	31 December 2004	31 December 2004	31 December 2004	31 December 2004	31 December 2005
Balance at 30 June 2004	1 786	53 605	16 435	18 015	27 330	117 171
Prior year adjustment *					1 702	1 702
Restated balance at 30 June 2004	1 786	53 605	16 435	18 015	29 032	118 873
Repurchase of shares	(55)	(3 853)				(3 908)
Derivative portion of compulsory convertible debenture no longer required			2 206			2 206
Share based payment transactions				388		388
Net profit for the period					9 723	9 723
Balance at 31 December 2004	1 731	49 752	18 641	18 403	38 755	127 282
Balance at 30 June 2005	1 731	49 752	18 641	18 787	41 997	130 908
Prior year adjustment *					2 296	2 296
Restated balance at 30 June 2005	1 731	49 752	18 641	18 787	44 293	133 204
Disposal of shares	5	236				241
Share based payment transactions					195	195
Net profit for the period					9 270	9 270
Balance at 31 December 2005	1 736	49 988	18 641	18 982	53 563	142 910

* This represents the effect of the restatement of the carrying values of property, plant and equipment to take into account revised estimations of their residual values and remaining useful lives in terms of IAS 16.

Condensed group cash flow statement

R'000	Unaudited	Unaudited	Audited
	6 months ended 31 December 2005	6 months ended 31 December 2004	12 months ended 30 June 2005
Cash flows from operating activities	(2 856)	(5 577)	10 994
Cash generated/(utilised) by operations	2 787	(3 551)	21 420
Net interest paid	(1 484)	(1 812)	(6 183)
Taxation paid	(4 159)	(214)	(4 243)
Cash flows from investing activities	(6 9		