

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

Unaudited results for the six months ended 31 December 2007

CONDENSED GROUP INCOME STATEMENT

	Unaudited 6 months ended 31 December 2007 R'000	Unaudited 6 months ended 31 December 2006 R'000	Audited 12 months ended 30 June 2007 R'000
Revenue	285 334	272 704	494 802
Gross profit	91 605	83 267	163 410
Operating profit	19 736	16 237	29 324
Gain on disposal of business	-	-	205
Share of undistributed profits of associates	2 743	1 512	3 548
Profit before finance charges and taxation	22 479	17 749	33 077
Net finance costs	(1 614)	(2 015)	(2 483)
Profit before taxation	20 865	15 734	30 594
Taxation	(5 296)	(4 486)	(13 934)
Profit after taxation	15 569	11 248	16 660
Attributable to:			
Equity holders of the parent	15 511	11 114	16 582
Minority interest	58	134	78
	15 569	11 248	16 660
Shares in issue (000's)	219 045	176 465	218 895
Weighted average number of shares in issue (000's)	218 930	174 412	192 598
Fully diluted weighted average number of shares in issue (000's)	223 659	224 925	226 053
Earnings per share (cents)	7,1	6,4	8,6
Headline earnings per share (cents)	7,1	6,4	8,6
Fully diluted basic earnings per share (cents)	6,9	5,0	7,5
Fully diluted headline earnings per share (cents)	6.9	5.1	7.4
Reconciliation between income attributable to the equity holders of the parent and the headline earnings attributable to the equity holders of the parent:			
Income attributable to equity holders of the parent adjusted for:	15 511	11 114	16 582

- (Profit)/loss on disposal of property, plant and equipment and investment in business	(39)	12	(76)
- Tax thereon	11	(3)	(37)
Headline earnings	15 483	11 123	16 469

CONDENSED GROUP BALANCE SHEET

	Unaudited 31 December 2007 R'000	Unaudited 31 December 2006 R'000	Audited 30 June 2007 R'000
ASSETS			
Non-current assets	104 159	102 593	101 370
Property, plant and equipment	29 616	25 123	27 440
Investments in associates	469	1 304	462
Intangible assets	55 358	54 956	55 198
Other financial assets	579	548	799
Deferred taxation assets	18 137	20 662	17 471
Current assets	227 830	219 580	212 245
Bank balances and cash	15 113	3 759	22 992
Other current assets	212 717	215 821	189 253
Total assets	331 989	322 173	313 615
EQUITY AND LIABILITIES			
Equity and reserves	171 472	155 438	155 617
Equity attributable to equity holders of the parent	170 568	154 536	154 771
Minority shareholders' interest	904	902	846
Non-current liabilities	11 877	10 939	11 410
Long-term loans	10 584	9 539	10 575
Deferred taxation liabilities	1 293	1 400	835
Current liabilities	148 640	155 796	146 588
Other current liabilities	132 364	133 196	146 588
Bank overdrafts	16 276	21 166	-
Compulsory convertible debenture liability	-	1 434	-
Total equity and liabilities	331 989	322 173	313 615
Net asset value per share (cents)	77,9	87,6	70,7
Net tangible asset value per share (cents)	52,6	56,4	45,5

CONDENSED GROUP CASH FLOW STATEMENT

	Unaudited 6 months ended 31 December 2007 R'000	Unaudited 6 months ended 31 December 2006 R'000	Audited 12 months ended 30 June 2007 R'000
Cash flows from operating activities	(19 394)	(16 161)	27 680
Cash (utilised)/generated by operations	(13 827)	(9 958)	42 503
Net finance costs	(1 614)	(3 202)	(5 104)
Taxation paid	(3 953)	(3 001)	(9 719)
Cash flows from investing activities	(9 253)	(3 804)	(8 538)
Cash flows from financing activities	4 492	7 777	9 068
Net (decrease)/increase in cash and cash equivalents	(24 155)	(12 188)	28 210
Cash and cash equivalents at beginning of period	22 992	(5 219)	(5 218)
Cash and cash equivalents at end of period	(1 163)	(17 407)	22 992

CONDENSED SEGMENTAL REPORT

	Unaudited 6 months ended 31 December 2007 R'000	Unaudited 6 months ended 31 December 2006 R'000	Audited 12 months ended 30 June 2007 R'000
Revenue	285 334	272 704	494 802
Trading - Distribution	217 110	207 594	364 010
Services	68 224	65 110	130 792
Operating profit	19 736	16 237	29 324
Trading - Distribution	17 946	16 031	24 387
Services	8 996	10 159	21 332
Corporate	(7 206)	(9 953)	(16 395)
Profit before interest and taxation	22 479	17 749	33 077
Trading - Distribution	17 946	16 043	24 592
Services	11 739	11 659	24 880
Corporate	(7 206)	(9 953)	(16 395)

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital R'000	Share premium R'000	Compulsory convertible debentures R'000	Non- distributable reserve R'000
Balance at 30 June 2006	1 741	50 224	18 641	18 952
Share based payment transactions				(356)
Sale of treasury shares	24	1 120		
Profit for the period				
Balance at 31 December 2006	1 765	51 344	18 641	18 596
Balance at 30 June 2007	2 189	65 889	-	18 612
Share based payment transactions				95
Sale of treasury shares	1	190		
Profit for the period				
Balance at 31 December 2007	2 190	66 079	-	18 707
		Attributable to equity holders of parent	Minority interest	Total
	Retained earnings R'000	R'000	R'000	R'000
Balance at 30 June 2006	53 076	142 634	768	143 402
Share based payment transactions		(356)		(356)
Sale of treasury shares		1 144		1 144
Profit for the period	11 114	11 114	134	11 248
Balance at 31 December 2006	64 190	154 536	902	155 438
Balance at 30 June 2007	68 081	154 771	846	155 617
Share based payment transactions		95		95
Sale of treasury shares		191		191
Profit for the period	15 511	15 511	58	15 569
Balance at 31 December 2007	83 592	170 568	904	171 472

COMMENTARY

FINANCIAL OVERVIEW

The Board is pleased to report to shareholders much improved results for the six month period from July to December 2007, both in comparison with the previous six months and the comparative period for the prior year. This is notwithstanding the prevailing slower retail trading conditions during this time.

Revenue for the six months rose by R12,6 million or 4,6%, to R285,3 million. Revenue at Sunkist decreased by R10,9 million for the period as further marginal trading lines were eliminated. Improving margins together with sound cost management resulted in net profit attributable to shareholders showing a pleasing increase to R15,5 million, 39,6% above the comparative period. Consequently, headline earnings rose by 39,2% over the comparative period to R15,5 million.

Fully diluted earnings per share increased by 38% to 6,9 cents per share, whilst fully diluted headline earnings per share increased by 35,3% to 6,9 cents per share.

Cash flows generated by operations amounted to R23,4 million (R19,3 million for the comparative period) before taking into account working capital expansion of R37,2 million (R29,3 million comparative period). Whilst significant working capital expansion is expected in the group's peak trading cycle, slower trading conditions resulted in higher-than-anticipated stock levels at the end of December. This position is expected to be significantly improved within the next six months.

Cash flows utilised in investing activities amounted to R9,3 million, most of which was used for the acquisition of property, plant and equipment. The overall effect of these items, along with R4,5 million generated by financing activities and tax and interest payments of R4,0 million and R1,6 million respectively, was a decrease in cash and cash equivalents amounting to R24,2 million since 30 June 2007. It is expected that cash generation will be stronger in the second half of the financial year.

OPERATIONAL OVERVIEW

Trading-Distribution

Revenue in the Trading-Distribution segment of the business increased by R9,5 million to R217,1 million despite the decrease in sales in Sunkist. Profit before tax increased by 7,2% to R14,9 million, before the elimination of inter-company administration fees and interest.

Foodserv and Goldenmarc achieved moderate sales growth in less buoyant trading conditions. However, both units expect improved revenues in the second half. Foodserv incurred some facility expansion costs which affected profitability for the period under review. The expanded capacity is expected to yield revenue growth and cost efficiencies going forward.

Sunkist achieved modest trading profits although some costs were incurred in the further elimination of unprofitable lines. The further reduction of risk in Sunkist is a continual focus for management.

Services

Revenue in the Services segment of the business increased by R3,1 million to R68,2 million, although profit before tax improved by 25% to R12,4 million. This result is calculated prior to the elimination of inter-company administration fees and interest and before the effect of taxation on income from associates. This was due mainly to strong cost management at both Interpark and Sterikleen. Levingers incurred significant costs in centralising its dry cleaning factory operation which should result in longer-term cost savings due to lower rentals and elimination of duplicated overheads.

ACQUISITIONS

During the period under review, the Excellerate Group acquired the retail operations of VIP, Pro Clean and BC dry cleaners, and a 50% interest in a light infrastructure solutions company, Chattels, at a cost of R6 million and R9,9 million respectively.

The VIP acquisition has more than doubled the retail outlets operated by Levingers (from 30 to 63), and the addition of these stores is expected not only to generate additional revenue, but also to result in economies of scale.

Based in Cape Town, Chattels is a significant infrastructure solutions company in Africa, specialising in flexible infrastructure projects. The company recently designed and constructed the facilities for the ANC Polokwane conference and the A1 Grand Prix in Durban, amongst other notable events. Significant business development and growth is envisaged as the company is integrated within the Excellerate Group.

The VIP transaction has an effective date of 1 February 2008, whilst the Chattels transaction has an effective date of 1 November 2007, but is subject to obtaining Competition Commission approval as a resolute condition. Consequently the financial effects and benefits associated with these acquisitions will only be accounted for in the results for the year ended June 2008.

BLACK ECONOMIC EMPOWERMENT

Excellerate continues to benefit from its association with its empowerment partners Akenton, the Katanga Group of companies and Ikamva Labantu.

PROSPECTS

Notwithstanding the slower trading environment experienced during the period under review, our existing business units are well positioned for organic growth going forward. In addition, it is

expected that the current economic environment will present excellent opportunities for well-priced acquisitions, and the group intends to aggressively continue its drive growth that fits the group's strategic profile.

CONTINGENT LIABILITY

As stated in the annual report at 30 June 2007, a contingent liability has been noted for several years in respect of amounts claimed by SARS as owing by Excellerate in respect of SARS disallowing certain trademark allowances against taxable income. It was further stated that Excellerate had made a proposal to SARS for reaching a financial settlement. The Board is pleased to advise that a final settlement in this matter is imminent. The Company has fully provided for an amount which it believes appropriate in the circumstances. The remainder of the disputed amount will continue to be disclosed as a contingency until the matter is finalised.

ACCOUNTING POLICIES

The condensed interim financial statements for the six months ended 31 December 2007 have been prepared in accordance with International Financial Reporting Standards ("IFRS") applying IAS34: Interim Financial Reporting. The accounting policies used to prepare the interim results are consistent with those applied in the previous period.

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

G Hulley
Chief Executive Officer

Sandton
28 February 2008

DIRECTORS

Gordon Hulley	Chief executive officer
Harold Bloch	Executive director
Peter Kramer	Executive director
Alan Lipchin	Executive director
Athol Stewart	Executive director
Rob Owens	Executive director
Rudi Stumpf	Non-executive director
Clive Howell (alternate to Graham Davel)	Non-executive director
Graham Davel	Non-executive director
Michael Mohohlo	Non-executive director

SHARE TRANSFER SECRETARY

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