

Reviewed consolidated results

for the year ended 30 June 2011

Independently reviewed in terms of the requirements of the Companies Act.



EXCELLERATE HOLDINGS LIMITED Registration number 1997/009884/06 JSE code: EXL ISIN: ZAE00026092 (Incorporated in the Republic of South Africa) ("Excellerate" and "the Group")

HIGHLIGHTS

- Revenue increases by 46,1% to R792,1 million
- Profit for the year up by 75,0% to R40,6 million
- Earnings per share rise by 48,1% while headline earnings per share up by 60,2%

- Operating cash flows before dividends of R39,4 million – 97,0% of profits after taxation
- Acquisition of JHI concluded – pleasing performance in line with expectations
- Further implementation of strategy – Goldenmarc disposal
- Resumption of dividend

PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June

	Reviewed 2011 R'000	Restated 2010 R'000
Continuing operations		
Revenue	792 052	542 129
Cost of sales	(541 536)	(369 836)
Gross profit	250 516	172 293
Operating expenditure	(176 883)	(117 927)
Profit before interest and taxation	73 633	54 366
Finance income	7 366	976
Finance costs	(22 319)	(7 125)
Profit before taxation	58 680	48 217
Taxation	(16 540)	(16 803)
Profit for the year from continuing operations	42 140	31 414
Discontinued operations		
Operating profits/(losses) for the year net of taxation	1 969	(7 625)
Loss on sale of businesses net of taxation	(3 529)	(6 211)
Profit for the year	40 580	23 168
Other comprehensive income:		
Foreign currency translation difference	(23)	-
Total comprehensive income for the year	40 557	23 168
Profit for the year attributable to:		
Equity holders of the parent	34 340	22 964
Non-controlling interest	6 240	204
	40 580	23 168
Total comprehensive income for the year attributable to:		
Equity holders of the parent	34 217	22 964
Non-controlling interest	6 340	204
	40 557	23 168

	Reviewed 2011 R'000	Restated 2010 R'000
Shares in issue		
Shares in issue ('000)	218 706	217 864
Weighted average ('000)	218 203	217 701
Fully diluted weighted average ('000)	221 997	221 016
Total operations		
Earnings per share (cents)	18,7	10,6
Headline earnings per share (cents)	12,4	10,8
Diluted earnings per share (cents)	15,4	10,4
Diluted headline earnings per share (cents)	17,0	10,6
Continuing operations		
Earnings per share (cents)	16,4	14,3
Headline earnings per share (cents)	11,5	14,4
Diluted earnings per share (cents)	16,1	14,1
Diluted headline earnings per share (cents)	16,2	14,2
Discontinued operations		
Earnings per share (cents)	(0,7)	(3,7)
Headline earnings per share (cents)	(0,7)	(3,6)
Diluted earnings per share (cents)	(0,7)	(3,7)
Diluted headline earnings per share (cents)	0,8	(3,6)

PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June

	Reviewed 2011 R'000	Restated 2010 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	82 103	74 672
Goodwill	202 499	103 816
Intangible assets	22 789	6 823
Investment in associate	4 650	500
Interest bearing receivables	3 761	2 222
Vendor loans for sale of businesses	29 041	131
Deferred taxation	5 859	6 438
	346 284	194 602
Current assets		
Inventories	50 667	86 345
Trade and other receivables	143 428	136 739
Interest bearing receivables	4 650	2 604
Available for sale assets	15 536	-
Vendor loans for sale of businesses	37 163	4 462
Amount owing by joint venture partners	7 436	11 478
Taxation receivable	6 560	8 031
Other financial assets	-	79
Cash and cash equivalents	24 958	31 188
	290 408	280 926
Total assets	636 692	475 528
EQUITY AND LIABILITIES		
Share capital	2 188	2 179
Share premium	64 950	64 939
Foreign currency translation reserve	(23)	-
Share-based payment reserve	1 298	1 602
Retained earnings	184 395	149 851
Equity attributable to equity holders of the parent	252 808	218 571
Non-controlling interest	5 807	779
Total equity	258 615	219 350
Non-current liabilities		
Deferred taxation	8 287	6 930
Interest bearing debt	115 182	20 897
	123 469	27 827
Current liabilities		
Trade and other payables	194 534	182 096
Amounts owing to joint venture partners	10 098	8 868
Vendors for acquisitions	5 586	7 820
Taxation payable	3 900	16 887
Interest bearing debt	40 273	12 401
Other financial liabilities	70	132
Shareholders for dividend	147	147
	254 608	228 351
Total equity and liabilities	636 692	475 528
Net asset value per share (cents)	115,6	100,3
Net tangible asset value per share (cents)	12,6	51,9

PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June

	Reviewed 2011 R'000	Restated 2010 R'000
Cash inflows from operating activities	38 745	44 880
Cash generated by operations	81 076	68 368
Finance income	7 460	2 626
Finance costs	(22 255)	(9 260)
Dividends paid	(652)	(6 315)
Taxation paid	(26 884)	(10 539)
	(140 092)	(36 935)
Cash outflows from investing activities		
Additions to property, plant and equipment	(15 976)	(16 946)
- to expand	(9 511)	(4 629)
- to maintain	(4 520)	(2 718)
Proceeds on disposal of property, plant and equipment	2 097	2 282
Acquisition of businesses, net of cash acquired	(97 300)	(14 475)
Proceeds on disposal of business, net of cash disposed of	3 374	16 825
Increase in amounts owing by joint venture partners	(1 071)	(3 936)
Increase/(decrease) in amounts owing to joint venture partners	(218)	6 238
Increase in amounts owing to joint venture partners	1 420	99
Decrease in amounts owing to joint venture partners	(1 900)	(3 729)
Loan (provided to)/repaid by associate company	(15 197)	54
	95 117	1 398
Cash inflows from financing activities		
Interest bearing debt raised	131 292	15 031
Interest bearing debt repaid	(32 027)	(10 863)
Shares repurchased	-	(10)
Increase in interest bearing receivables	(4 168)	(3 028)
Sale of treasury shares	20	268
	(6 230)	9 343
Net (decrease)/increase in cash and cash equivalents	21 188	21 845
Cash and cash equivalents at beginning of year	24 958	31 188
Cash and cash equivalents at end of year	46 146	53 033

PROVISIONAL CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Share-based payment reserve R'000	Foreign currency translation reserve	Retained earnings R'000	Attributable to equity holders of parent R'000	Non-controlling interest R'000	Total R'000
Balance at 30 June 2009	2 173	64 687	1 733	-	133 929	202 522	985	203 507
Total comprehensive income for the year					22 964	22 964	204	23 168
Profit for the year					131	-	-	-
Transaction with owners, recorded directly into equity			(131)			268		268
Movement in share-based payment reserve						(10)		(10)
Sale of treasury shares	6	262				(828)	(372)	(268)
Repurchase of shares	-	(10)				(6 345)	(38)	(6 383)
Repurchase of non-controlling interest of subsidiary					(828)		(372)	(1 200)
Dividends paid					(6 345)		(38)	(6 383)
Balance at 30 June 2010	2 179	64 939	1 602	(23)	149 851	218 571	779	219 350
Total comprehensive income for the year					34 240	34 217	6 340	40 557
Profit for the year					34 240	34 240	6 340	40 580
Foreign currency translation reserve				(23)		(23)		(23)
Transaction with owners, recorded directly into equity								
Non-controlling interest acquired							912	912
Non-controlling interest repurchased							(1 572)	(1 572)
Movement in share-based payment reserve			(304)		304			
Sale of treasury shares	9	11				20		20
Dividends paid							(652)	(652)
Balance at 30 June 2011	2 188	64 950	1 298	(23)	184 395	252 808	5 807	258 615

* Less than R500

PROVISIONAL CONDENSED GROUP SEGMENTAL REPORTS

for the year ended 30 June

	Property services R'000	Procurement and Logistics R'000	Corporate R'000	Total R'000
2011				
Total revenue per reportable segment	435 369	550 662	9 707	995 738
Elimination of inter-segmental revenue	(4 911)	(42 712)	(9 707)	(57 330)
Revenue from external customers	430 458	507 950	-	938 408
Joint venture management fees not included for financial reporting purposes			1 738	1 738
Discontinued operations	430 458	507 950	1 738	940 146
Consolidated revenue - continuing operations	424 732	365 582	1 738	792 052
Profit/(loss) before interest and taxation from continuing operations	51 247	34 061	(11 675)	73 633
Discontinued operations	(2 638)	(242)		(2 880)
Profit/(loss) before interest and taxation for total operations	48 609	33 819	(11 675)	70 753
Depreciation expense	8 076	7 876	164	16 116
Amortisation expense	713	1 029	552	2 294
Finance income	6 367	2 508	3 466	12 341
Finance costs	(12 266)	(4 995)	(9 654)	(26 915)
Net finance income/(costs)	(5 899)	(2 487)	(6 188)	(14 574)
Profit/(loss) before tax from continuing operations	45 374	31 170	(17 864)	58 680
Discontinued operations	(2 664)	163		(2 501)
Profit/(loss) before tax from total operations	42 710	31 333	(17 864)	56 179
Segment assets	401 919	277 412	(42 639)	636 692
Segment liabilities	(235 297)	(57 668)	(85 112)	(378 077)
Segment equity	(166 622)	(219 744)	127 751	(258 615)
Cash flow from operating activities	45 047	7 435	(13 737)	38 745
Cash flow from investing activities	(165 535)	(18 340)	(16 217)	(140 092)
Cash flow from financing activities	61 105	15 169	18 843	95 117

	2010 R'000	2011 R'000
2010		
Total revenue per reportable segment	234 114	505 672
Elimination of inter-segmental revenue	(480)	(39 510)
Revenue from external customers	233 634	466 162
Joint venture management fees not included for financial reporting purposes		1 036
Discontinued operations	233 634	466 162
Consolidated revenue - continuing operations	218 991	322 102
Profit/(loss) before interest and taxation from continuing operations	23 028	36 776
Discontinued operations	-	(8 615)
Profit/(loss) before interest and taxation for total operations	23 028	28 161
Depreciation expense	7 530	7 152
Amortisation expense	100	102
Finance income	2 225	2 593
Finance costs	(4 271)	(4 677)
Net finance income/(costs)	(2 046)	(2 084)
Profit/(loss) before tax from continuing operations	26 996	30 257
Discontinued operations	(5 528)	(3 579)
Profit/(loss) before tax from total operations	20 868	26 678
Segment assets	279 701	318 588
Segment liabilities	(142 583)	(120 855)
Segment equity	(137 118)	(197 733)
Cash flow from operating activities	24 841	39 826
Cash flow from investing activities	(8 277)	(18 622)
Cash flow from financing activities	(9 084)	(11 643)

	2011 R'000	2010 R'000
1 Finance income		
Total finance income per reportable segment	12 341	10 170
Elimination of inter-segment finance income	(4 507)	(7 571)
Consolidated finance income	7 834	2 599
Less: discontinuing operations	(468)	(1 623)
Consolidated finance income from continuing operations	7 366	976
2 Finance costs		
Total finance cost per reportable segment	(26 915)	(17 298)
Elimination of inter-segment finance income	(4 507)	(7 571)
Consolidated finance cost	(22 408)	(9 727)
Less: discontinuing operations	89	2 602
Consolidated finance costs from continuing operations	(22 319)	(7 125)

SIGNIFICANT EARNINGS GROWTH BACKED BY STRONG OPERATING CASH PERFORMANCE

Excellerate resumes dividends

The Excellerate Board is pleased to report a strong performance by the Group for the year ended 30 June 2011, reflecting substantial growth and sustained profitability supported by strong operating cash flow performance. In light of this performance and the Group's ongoing robust cash flows, the Board has resumed the payment of dividends, and has declared a dividend of 4 cents per share.

Whilst the continued slow recovery in the South African economy affected the performance of some of the underlying operations within the Group, management has continued to focus on the addition of quality revenue, the streamlining and rationalisation of existing operations, and aggressive working capital management to achieve healthy operating profits and strong cash flow generation.

In line with the implementation of its stated strategy, the Group formally restructured operations into a Property Services Segment and a Procurement and Logistics Segment. The acquisition of a majority shareholding in leading property services group JHI (with effect from 1 October 2010) was a critical step in this process, along with the disposal of general merchandise trading operation, Goldenmarc (with effect from 30 June 2011). The Group will continue to assess the compatibility of existing assets with its strategic objectives, and will continue to seek further value enhancing acquisitions within the Property Services Segment and the Procurement and Logistics Segment.

The Group remains both operationally and financially sound and is well placed to improve performance in the year ahead.

Financial overview
Group revenue for the year from continuing operations increased by 46,1% to R792,1 million (2010: R542,1 million). The increase was attributable to the inclusion of revenue from JHI, as well as organic growth in other business units. Profit before interest, and taxation for continuing operations increased by 35,3% to R73,6 million (2010: R54,4 million). Net finance costs increased by R8,8 million to R15,0 million primarily due to finance costs related to the acquisition of JHI. The combination of the above resulted in an increase in operating profit before taxation attributable to continuing operations of 21,8% to R58,7 million (2010: R48,2 million). Net cash finance costs also increased by R8,2 million to R14,8 million (2010: R6,6 million). Notwithstanding the increased finance costs, the Group maintains an interest cover of 4.9 times (2010: 8.8 times), and a cash interest cover of 5.5 times (2010: 10.4 times) thereby indicating that the Group has capacity to take on further debt to fund acquisitions.