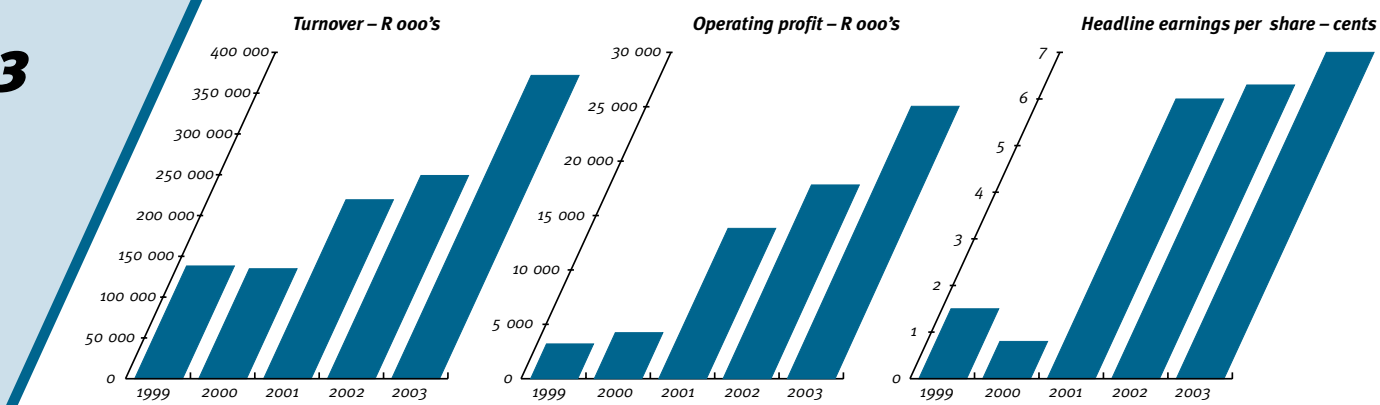




Reviewed results for the year ended 30 June 2003

▲ Turnover	↑ 49%	▲ Headline earnings per share	↑ 13%
▲ Operating profit	↑ 41%	▲ Headline earnings per share	↑ 32%
▲ Operating profit	↑ 60%	excluding forex differences	
▲ Cash generated by trading operations	↑ 49%		



Financial overview

The South African business environment is providing new challenges, following international developments and an unexpected and sustained rise in the value of the Rand and declining inflation rates.

Despite relatively tough market conditions, Excellerate delivered good results under its current executive team for the third year running.

Turnover increased by 49% to R372 million (2002: R249 million) and operating profit by 41% to R25 million (2002: R18 million).

Headline earnings per share increased by 13% to 7,04 cents (2002: 6,25 cents). Headline earnings per share has been impacted by:

- foreign exchange currency losses experienced as a result of the translation effect attributable to the volatility of the Rand. Excluding the effects of these differences, headline earnings per share would have increased by 32% to 7,7 cents (2002: 5,9 cents) and operating profit would have increased by 60% to R27 million (2002: R16,8 million).
- a significantly higher interest charge as a result of the effects of four interest rate increases and the increased working capital requirements during the year. The group also undertook a capital raising of R26 million by way of the issue of compulsorily convertible debentures, which are interest bearing instruments until conversion. The purpose of the capital raising was primarily to assist in the funding of acquisitions.

Cash generated from trading operations has increased by 49% to R20,2 million (2002: R13,6 million). This increase, however, has been impacted by interest charges of R6,4 million (2002: R1,3 million). Surplus cash was reinvested into fixed assets of existing businesses. The trend in declining interest rates is expected to improve cash flows in the year ahead.

Operational review

Excellerate invests in businesses that focus on services, trading and distribution, with the emphasis on customer-centricity and specialised markets. The group is focused into two groupings, Services and Trading – Distribution.

For the last three years the executive team has concentrated on acquisitive growth to build up critical mass and organic growth based on a recipe focusing on operational excellence, extracting maximum value from the group's business operations and improving service levels. The results of these endeavours can be clearly seen in the impressive growth in both turnover and operating profit of the group.

The **ExcellTrade Division**, which houses the Trading – Distribution grouping, performed well with management showing its ability to react quickly and intelligently to volatility in the retail market.

Major swings between the first and last quarter of the past financial year in Producer Price Inflation brought about trading conditions that were unprecedented and provided retailers and their suppliers with huge challenges. Management of margins, inventories and expenses assumed unprecedented levels of complexity.

Despite tough trading conditions turnover for this division increased by 54% to R245 million (2002: R160 million) and operating profit by 78% to R13,1 million (2002: R7,4 million).

In the first half of the year sales growth was enhanced by rising inflation, higher volumes due to improving consumer confidence and direct and indirect export opportunities following a weak Rand. However, as the four interest rate increases took effect around December 2002, volume growth slowed. The currency curtailed exports and rendered certain opportunities within this division uncompetitive.

The merged business of Hypertrade-Louis Smiedt contributed positively to the earnings of this division, whilst Goldenmarc performed well above expectation. Ferrengi Household Products ("Ferrengi"), was acquired during the financial year. Ferrengi is a manufacturer and distributor of kitchen sponges, textiles,

brass and steel scourers and wools to mass merchant retailers and independents. The Ferrengi business is synergistic with and complementary to Goldenmarc. The business has been bedded down and the synergies with Goldenmarc are starting to flow through. The vendors' profit warranty year has expired with Ferrengi performing according to expectation. The potential of Ferrengi based on its manufacturing capability (previously non-existent within the group) is expected to add significant value.

The Alpine food importing and distribution business and the Fruti Flow frozen confectionary business, were restructured after the group acquired certain of the assets relating to those businesses from the liquidators of the Afribrand Group ("Afribrand"). The aim of the restructuring is to expand the trading offering of this division to include the manufacture and distribution of fast moving consumable food products to complement the distribution of branded international and local non-food products to mass merchant retailers and other customers of the group.

Fruti Flow performed well. The Alpine business has taken longer than originally expected to re-establish itself as a premier supplier to mass merchant retailers. This was mainly due to the length of time it has taken to re-list products previously stocked by the mass merchant retailers due to the loss of shelf space to competitors at the time of the liquidation of Afribrand. Alpine's catering division operates in a challenging and competitive industry, which has negatively impacted on margins.

The **ExcellServ Division** continued to perform well, with turnover growing by 42% to R127 million (2002: R89 million) and operating profit by 14,3% to R11,9 million (2002: R10,4 million).

The Parking Environment Management (PEM) Division, which houses the various businesses providing outsourced services within the car park environment, continued to improve on the management of parking facilities in South Africa through its new innovative service offerings. The start-up operations driving these new developments impacted negatively on the overall margin of the division. However, these operations are growing and are expected to contribute positively in the year ahead.

The business of First Park, a small niche market parking management operation was acquired during the year and has been integrated into PEM's Interpark business.

The cleaning, hygiene and pest divisions, housed within the Sterikleen business, continued to grow steadily by concentrating on gaining market share and on improving operational efficiencies. Management changes took place early in the second half of the financial year. New management members have added value to the business in the form of management skills and this, together with the adherence to strict financial disciplines, contributed positively to the performance of this business.

The business of Levingers Dry Clean and Shoe Clinic ("Levingers") that operates 22 stores in the Gauteng area focused on dry cleaning, shoe repair and tailoring services was streamlined and restructured with new management coming on board. The acquisition was aimed at expanding the service offering of the ExcellServ Division beyond commercial and industrial markets to include individual consumers. Levingers contributed positively to the group results for this financial year.

The acquisition of Autoclenz, which renders vehicle valeting and ancillary services to motor manufacturers, motor dealers, car hire companies and other sectors of the transport industry introduced the group to this new specialised market segment. The group plans to integrate this business into the Sterikleen business.

With effect from 1 September 2003, (a post balance sheet event) the business of Greenmachine (Proprietary) Limited ("Greenmachine") was acquired. Greenmachine is a small niche market plant rental and landscaping business. The group plans to also integrate the Greenmachine business into the Sterikleen business.

The acquisitions in the period under review have positioned the group strongly for organic growth and the diversification into new markets and new products.

Empowerment and ownership

During the year, Dr David Molapo resigned as a director of Excellerate and renounced his directorships within the empowerment partner of the group, Katanga X Holdings. At the end of the financial year, his wife Mamikie Molapo and their foundation, the ICAN Foundation followed suit as part of a planned exit. Dr Molapo has advised Excellerate that he has entered the ministry on a full-time basis and has renounced all his business interests of a public nature.

The group is committed to ensuring that there is an appropriate level of economic empowerment participation in its operations and is currently engaged in discussions with various potential empowerment partners to acquire a direct shareholding in Excellerate.

On an operational level, the group is currently involved in joint ventures and partnerships with various black empowerment entities throughout South Africa in contracts relating to cleaning, parking and other services in casinos, shopping centres and other venues around the country.

In addition, Katanga X Holdings has recently engaged the services of skilled black management who are employed full time in its service operations and will in due course participate on an equity basis within Katanga X Holdings.

The group proposes to establish an employee share trust, which will hold equity interests in Katanga X Holdings, its underlying operations and those of the group. It is aimed at benefiting employees other than management in line with the group's commitment to transformation.

Strategic reorganisation and management changes

The market in which the **ExcellTrade Division** operates is expected to grow in the year ahead as consumers are expected to have more disposable income as a result of reduced interest rates.

The market in which the **ExcellServ Division** operates remains one of the most challenging, with increasing transfer of risk from clients to the service providers and downward pressure on contract prices and margins. However, the division is growing off a small to medium base and is expected to perform adequately in this environment.

The effect and contribution of the new acquisitions have to some extent been felt in the second half of the year and their contribution to the group in the year ahead is expected to be positive.

Going forward, the board of directors of Excellerate have determined that the group will grow organically as opposed to growing by acquisition and will undergo a period of consolidation and stabilisation. The group's acquisitive growth plan relates only to inexpensive, opportunistic and niche market acquisitions, which can be merged with and integrated into the various businesses in the group.

To achieve organic growth, the group will continue to operate on a decentralised basis with a relentless focus on execution and on solid performance by the various management teams.

The various divisions within the group will be streamlined and restructured, including Excellerate's head office, to create more focused business units that concentrate on different segments of their respective markets.

The group will therefore be streamlined into five business divisions within ExcellTrade and ExcellServ:

- the Housewares Division consisting of Goldenmarc, Louis Smiedt, Hypertrade and Ferrengi to be managed by the Goldenmarc management team;
- the Food Division, which will consist of the merged businesses of Alpine Importers and Fruti Flow to be managed by the management team of Alpine Importers;

- the Parking Environment Management (PEM) Division to be managed by the executive chairman of the ExcellTrade Division;
- the Cleaning and Services Rental Division, incorporating all the businesses currently within the Sterikleen business, to be managed by the chairman of the ExcellServ Division;
- the Consumer Services Division, currently consisting of the Levingers business, to be managed by the current managing director;

In view of the decision to focus on organic growth, consolidation and stabilisation going forward and the restructuring of its current head office structure, the divisional chairmen of ExcellServ and ExcellTrade have been deployed within the group.

Changes to the Board

The executive chairman, Lou Rottanburg, will terminate his employment by mutual consent with effect from 17 September 2003, subject to certain terms and conditions, including a restraint undertaking and a gratuity granted to him by the board in recognition inter alia of past services for fulfilling his said mandate to accomplish certain set strategic operational objectives set in April 2000, combined amounts, which on an after tax basis amounts to R1 million. In the last three years, he has effectively taken the necessary remedial action to turn around non-performance and to embark on a programme of strategic acquisitions to create new divisions and a critical mass for the group. A dynamic executive team was appointed to assist the chairman in fulfilling his mandate, which has been achieved in a successful manner and ahead of the anticipated schedule.

Bruce Bernstein, the current financial director, resigned with effect from 12 September 2003 to pursue a private investment and Christopher Michael Hall ("Chris Hall") has been appointed as financial director in his place and stead. Chris Hall has extensive experience both locally and internationally and the board and major shareholders have expressed confidence in his appointment. The board will in due course consider the appointment of a chief executive officer. In the interim, Excellerate will be run by a management committee consisting of senior executive directors.

With effect from 12 September 2003 two representatives of Nedbank Limited, Excellerate's institutional investor, Graham Davel and Clive Howell, have been appointed as non executive directors. Clive Howell will act as alternate director to Graham Davel.

The board of directors and major shareholders are grateful to the executive chairman and his executive team for the successful and exemplary manner in which they have completed their strategic mandate ahead of time and wish them well in their respective future endeavours.

Dividend

Congruent with the group's current policy, no dividend has been declared in light of the group's desire to utilise its resources to achieve the operational objectives of organic growth, to finance small selective acquisitions and to further growth within the existing divisions as well as to service the current gearing of the group.

Accounting policies

The financial information contained in this announcement has been prepared in accordance with policies, which are consistent with Statements of South African Generally Accepted Accounting Practice and those of the previous year.

The group's auditors, KPMG Inc, have reviewed the financial information for the period ended 30th June 2003. Their report is available for inspection at the registered office of the company.

For and on behalf of the Board

L Rottanburg
Executive Chairman
Sandton

B Bernstein
Financial Director
12 September 2003

Consolidated Income Statement

	Reviewed year ended 30 June 2003 R'000	Audited year ended 30 June 2002 R'000
Turnover	371 778	249 097
Operating profit before foreign exchange (loss)/profit	26 766	16 754
Foreign exchange (loss)/profit	(1 724)	1 058
Operating profit	25 042	17 812
Capital items – disposal of fixed assets	92	140
Amortisation of trademarks	(106)	(106)
Impairment of goodwill/investments	(305)	(177)
Amortisation of goodwill	(4 105)	(3 131)
Net income before interest and taxation	20 618	14 538
Net interest paid	(6 402)	(1 332)
Net income before taxation	14 216	13 206
Taxation	(5 774)	(4 872)
Net income after taxation	8 442	8 334
Attributable to minority shareholders	(162)	(168)
Attributable to ordinary shareholders	8 280	8 166
Shares in issue (000's)	178 642	181 068
Weighted average number of shares in issue (000's)	179 300	181 942
Fully diluted weighted average number of shares in issue (000's)	204 677	200 730
Earnings per share (cents)	4,6	4,5
Headline earnings per share (cents)	7,0	6,3
Fully diluted headline earnings per share (cents)	6,6	6,0
Reconciliation of headline earnings:		
Attributable to ordinary shareholders	8 280	8 166
adjust for:		
– Amortisation of goodwill	4 105	3 131
– Impairment of goodwill/investments	305	177
– Net profit on sale of fixed assets	(92)	(140)
– Taxation thereon	28	42
Headline earnings	12 626	11 376

Consolidated Balance Sheet

	Reviewed 30 June 2003 R'000	Audited 30 June 2002 R'000
Assets		
Non current assets	103 080	90 342
Fixed assets	16 719	12 264
Investments	762	1 526
Intangibles	75 056	64 935
Deferred taxation	10 543	11 617
Current assets	115 984	101 426
Liquid funds	5 804	3 014
Other current assets	110 180	98 412
Total assets	219 064	191 768
Equity and liabilities		
Equity and reserves	127 096	105 107
Ordinary shareholders' interest	126 607	104 780
Outside shareholders' interest	489	327
Non current liabilities	11 477	2 160
Long term liabilities	2 511	1 455
Deferred taxation	–	705
Compulsory convertible debenture liability	8 966	–
Current liabilities	80 491	84 501
Other current liabilities	73 356	70 577
Compulsory convertible debenture liability	2 017	–
Amounts due to vendors	5 118	13 924
Total equity and liabilities	219 064	191 768
Shares in issue (000's)	178 642	181 068
Net asset value per share (cents)	71,1	58,0
Net tangible asset value per share (cents)	29,1	22,2

Segmental Report

	Reviewed year ended 30 June 2003 R'000	Audited year ended 30 June 2002 R'000	Period on period % Growth
Turnover	371 778	249 097	49,3%
Service	126 710	89 492	41,6%
Trading	245 068	159 605	53,5%
Operating Profit	25 042	17 812	40,6%
Service	11 934	10 444	14,3%
Trading	13 108	7 368	77,9%
Depreciation	5 403	3 519	53,5%
Service	3 061	2 316	32,2%
Trading	2 342	1 203	94,7%
Capital Expenditure	7 651	5 068	51,0%
Service	3 663	2 891	26,7%
Trading	3 988	2 177	83,2%

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

Consolidated Cash Flow Statement

	Reviewed year ended 30 June 2003 R'000	Audited year ended 30 June 2002 R'000
Cash generated by trading operations	20 244	13 604
Net interest paid	(6 402)	(1 332)
Taxation paid	(4 887)	(2 101)
Cash generated from operating activities	8 955	10 171
Cash utilised for investing activities	(33 142)	(28 909)
Cash generated/(utilised) by financing activities	26 977	(3 723)
Increase/(decrease) in net cash resources for the year	2 790	(22 461)
Foreign exchange gain	–	(290)
Net cash resources at beginning of the year	3 014	25 765
Net cash resources at end of the year	5 804	3 014

Statement of Changes in Ordinary Shareholders' Interest

	Ordinary share capital R000's	Share premium R000's	Non distributable reserve R000's	Retained earnings R000's	Compulsory convertible debentures R000's	Total R000's
Balance at 30 June 2001	1 848	57 206	17 167	22 876	–	99 097
Repurchase of shares	(37)	(2 156)	–	–	–	(2 193)
Foreign currency translation reversal for the year	–	–	(290)	–	–	(290)
Attributable profit for the year	–	–	–	8 166	–	8 166
Balance at 30 June 2002	1 811	55 050	16 877	31 042	–	104 780
Repurchase of shares	(25)	(735)	–	–	–	(760)
Attributable profit for the year	–	–	–	8 280	–	8 280
Compulsory convertible debentures issued (net)	–	–	–	–	15 017	15 017
Compulsory convertible debentures issue expenses	–	(710)	–	–	–	(710)
Balance at 30 June 2003	1 786	53 605	16 877	39 322	15 017	126 607

