

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

Reviewed Results for the year ended 30 June 2008

EXCELLENT YEAR FOR EXCELLERATE

- Strong operating and financial performances, underpinned by good cash generation
- Diluted earnings and headline earnings per share up 79%
- Cash generated by operations of R56 million
- Substantial organic and acquisitive growth, with four significant acquisitions announced during the year
- Continued development of entrepreneurial culture and partnership approach
- Maiden dividend declared

PROVISIONAL CONDENSED CONSOLIDATED INCOME STATEMENT
for the year ended 30 June

	Reviewed 2008 R'000	Reviewed (restated) 2007 R'000
Revenue	587 406	515 400
Cost of sales	(385 714)	(336 581)
Gross profit	201 692	178 819
Operating expenditure	(157 610)	(144 947)
Selling and distribution expenses	(30 745)	(39 496)
Administrative expenses	(81 454)	(85 716)
Other expenses	(45 411)	(19 735)
Operating profit	44 082	33 872
Gain on disposal of business/subsidiary	62	205
Amortisation of trademarks	(127)	-
Profit before net finance costs and taxation	44 017	34 077
Finance income	6 149	5 051
Finance costs	(7 803)	(7 444)
Profit before taxation	42 363	31 684
Taxation - current	(8 330)	(17 259)
Taxation - deferred	(4 623)	1 996
Tax on dividends - Secondary Tax on Companies	(50)	-
Profit for the year	29 360	16 421
Attributable to:		
Equity holders of the parent	28 925	16 343
Minority interest	435	78
	29 360	16 421
Basic earnings per share (cents)	13,2	8,5
Diluted earnings per share (cents)	12,9	7,2

PROVISIONAL CONDENSED CONSOLIDATED BALANCE SHEET
at 30 June

	Reviewed 2008 R'000	Reviewed (restated) 2007 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	35 981	28 186
Intangible assets	74 017	52 550
Long-term receivable	307	799
Finance lease debtors	880	991
Deferred tax assets	12 307	16 477
	123 492	99 003
Current assets		
Inventories	103 354	89 426
Trade and other receivables	118 419	106 365
Current portion of finance lease debtors	584	794
Amounts owing by joint venture partners	7 592	1 514
Taxation receivable	4 583	5 664
Other financial instruments	51	-
Cash and cash equivalents	49 989	23 489
	284 572	227 252
Total assets	408 064	326 255
EQUITY AND LIABILITIES		
Issued capital	2 190	2 189
Share premium	66 078	65 889
Non-distributable reserves	-	18 612
Share-based payment reserve	1 830	-
Retained earnings	112 022	66 220
Equity attributable to equity holders of the parent	182 120	152 910
Minority interests	783	846
Total equity	182 903	153 756
Non-current liabilities		
Deferred tax liabilities	1 747	835
Interest-bearing debt	20 039	10 575
	21 786	11 410
Current liabilities		
Trade and other payables	172 379	137 446
Amounts owing to joint venture partners	9 494	5 317
Vendors for acquisitions	6 754	-
Taxation payable	9 790	14 128
Current portion of interest- bearing debt	4 873	3 998
Other financial instruments	85	200
	203 375	161 089
Total equity and liabilities	408 064	326 255
Net asset value per share (cents)	83,1	69,9
Net tangible asset value per share	49,4	45,8

(cents)

Calculation of earnings per share		
Number of shares in issue ('000)	219 045	218 895
Weighted average shares in issue for the year ('000)	219 004	192 598
Diluted weighted average shares in issue ('000)	224 174	226 054
Earnings per share (cents)	13,2	8,5
Diluted earnings per share (cents)	12,9	7,2
Headline earnings per share (cents)	13,2	8,5
Diluted headline earnings per share (cents)	12,9	7,2
The following adjustments to income attributable to equity holders of the parent were taken into account in the calculation of headline earnings:		
Attributable to equity holders of the parent	28 925	16 343
- impairment of assets	5	-
- gain on disposal of business	(62)	(205)
- net (profit)/loss on sale of property, plant and equipment	(38)	129
- taxation effects of adjustments	27	22
Headline earnings	28 857	16 289

RESTATEMENT OF PRIOR YEAR RESULTS

	Year ended 30 June 2007 R'000
Reconciliation of net profit for the year	
As previously reported	16 660*
Attributable to minority shareholders	78
Attributable to equity holders of the parent	16 582
Adjusted for:	
Proportionately consolidating joint ventures, previously equity accounted as associates	200
Prior year errors	(439)
	16 421
Reconciliation of total equity	
As previously reported	155 617*
Attributable to minority shareholders	846
Attributable to equity holders of the parent	154 771
Adjusted for:	
Proportionately consolidating joint ventures, previously equity accounted as associates	166
Prior year errors	(2 027)
Amortisation of the trademark	(1 707) ¹
Other prior year errors	(320)

* As published in the 2007 annual report

¹ Trademark erroneously assessed as having an indefinite useful life, reassessed as having a finite life

CASH FLOW STATEMENT

for the year ended 30 June

	Reviewed 2008 R'000	Reviewed (restated) 2007 R'000
Cash flows from operating activities	39 294	31 485
Cash generated by operations	56 199	47 659
Finance income	6 149	5 051
Finance costs	(10 725)	(10 313)
Dividends paid	(498)	-
Taxation paid	(11 831)	(10 912)
Cash flow from investing activities	(13 957)	(8 655)
Additions to property, plant and equipment		
- to expand	(5 576)	(1 412)
- to maintain	(8 122)	(8 960)
Additions to intangible assets	(820)	(300)
Proceeds on disposal of property, plant and equipment	1 114	487
Acquisition of businesses	(3 426)	-
Proceeds on disposal of business	2 873	1 530
Cash flow from financing activities	1 163	4 567

Increase in interest-bearing debt	2 059	6 162
Decrease/(increase) of long-term receivable	492	(118)
(Increase)/decrease in loans to joint venture partners	(6 077)	640
Increase in loans from joint venture partners	4 178	774
Shares repurchased	-	(3 781)
Net increase/(decrease) in finance lease debtors	321	(363)
Employee share options exercised	190	1 253
Net increase in cash equivalents	26 500	27 397
Cash and cash equivalents at beginning of year	23 489	(3 908)
Cash and cash equivalents at end of year	49 989	23 489

SUMMARISED GROUP SEGMENTAL REPORT
for the year ended 30 June

	Services R'000	Trading and distribution R'000	Corporate R'000
2008			
Revenue (external)	196 488	390 918	-
Revenue (internal)	477	8 681	7 999
	196 965	399 599	7 999
Depreciation expense	(5 539)	(3 820)	(266)
Amortisation expense	(127)	-	-
Finance income	4 052	6 170	2 015
Finance costs	(1 530)	(5 244)	(7 117)
	2 522	926	(5 102)
Profit before tax	28 619	24 666	(10 922)
Taxation	(8 064)	(6 906)	1 967
Additions to non-current assets	9 842	3 794	62
Segment assets	187 764	224 285	(3 985)
Segment liabilities	(118 501)	(99 034)	(7 626)
Segment equity	(69 263)	(125 251)	11 611
Cash flow from operating activities	25 540	22 890	(9 136)
Cash flow from investing activities	(13 334)	(583)	(40)
Cash flow from financing activities	(8 943)	10 543	(437)
2007			
Revenue (external)	152 822	362 578	-
Revenue (internal)	1 939	6 414	7 413
	154 761	368 992	7 413
Depreciation expense	(3 779)	(3 017)	(248)
Finance income	1 327	1 985	6 296
Finance costs	(231)	(1 465)	(10 305)

	1 096	520	(4 009)
Profit before tax	24 003	20 671	(12 990)
Taxation	(6 961)	(5 995)	(2 307)
Additions to non-current assets	6 080	3 999	293
Segment assets	113 805	205 365	7 085
Segment liabilities	(84 933)	(96 897)	9 331
Segment equity	(28 872)	(108 468)	(16 416)
Cash flow from operating activities	26 238	14 927	(9 680)
Cash flow from investing activities	(5 994)	(2 369)	(292)
Cash flow from financing activities	1 495	(9 700)	12 772

	Total R'000	Notes
2008		
Revenue (external)	587 406	(1)
Revenue (internal)	17 157	
	604 563	
Depreciation expense	(9 625)	
Amortisation expense	(127)	
Finance income	12 237	(2)
Finance costs	(13 891)	(3)
	(1 654)	
Profit before tax	42 363	
Taxation	(13 003)	
Additions to non-current assets	13 698	
Segment assets	408 064	
Segment liabilities	(225 161)	
Segment equity	(182 903)	(4)
Cash flow from operating activities	39 294	
Cash flow from investing activities	(13 957)	
Cash flow from financing activities	1 163	
2007		
Revenue (external)	515 400	(1)
Revenue (internal)	15 766	
	531 166	
Depreciation expense	(7 044)	
Finance income	9 608	(2)
Finance costs	(12 001)	(3)
	(2 393)	
Profit before tax	31 684	
Taxation	(15 263)	
Additions to non-current assets	10 372	

Segment assets	326 255	
Segment liabilities	(172 499)	
Segment equity	(153 756)	(4)
Cash flow from operating activities	31 485	
Cash flow from investing activities	(8 655)	
Cash flow from financing activities	4 567	

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2008 R'000	2007 R'000
1 Revenues		
Total revenue for reportable segments	604 563	531 166
Elimination of inter-segment revenue	(17 157)	(15 766)
Consolidated revenue	587 406	515 400
2 Finance income		
Total finance income for reportable segments	12 237	9 608
Elimination of inter-segment finance income	(6 088)	(4 557)
Consolidated finance income	6 149	5 051
3 Finance costs		
Total finance costs for reportable segments	(13 891)	(12 001)
Elimination of inter-segment finance costs	6 088	4 557
Consolidated finance costs	(7 803)	(7 444)

4 For the purpose of internal performance management, certain inter-company loans and cash have been treated as segment equity.

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June

	Issued capital R'000	Share premium R'000	Compulsory convertible debentures R'000
Balance at 30 June 2006 as restated	1 741	50 224	18 641
Balance at 30 June 2006 as previously reported	1 741	50 224	18 641
Prior year adjustments			
Profit for the year as restated			
Profit for the year as previously stated			
Prior year adjustments			
Share-based payment transactions			
Sale of treasury shares	26	1 227	
Repurchase of shares	(51)	(3 730)	
Conversion of compulsory convertible debentures into ordinary shares	473	18 168	(18 641)
Balance at 30 June 2007 as restated	2 189	65 889	-
Balance at 30 June 2007 as previously reported	2 189	65 889	-
Prior year adjustments			
Profit for the year			
Transfer to share-based payment reserve			
Transfer to retained income			
Dividend to minority shareholders of subsidiaries			
Share-based payment transactions			
Sale of treasury shares	1	189	
Balance at 30 June 2008	2 190	66 078	-

	Non- distributable reserves R'000	Share- based payment reserve R'000	Retained earnings R'000
Balance at 30 June 2006 as restated	18 952		49 877
Balance at 30 June 2006 as previously reported	18 952		51 499

Prior year adjustments			(1 622)
Profit for the year as restated			16 343
Profit for the year as previously stated			16 582
Prior year adjustments			(239)
Share-based payment transactions	(340)		
Sale of treasury shares			
Repurchase of shares			
Conversion of compulsory convertible debentures into ordinary shares			
Balance at 30 June 2007 as restated	18 612		66 220
Balance at 30 June 2007 as previously reported	18 612		68 081
Prior year adjustments			(1 861)
Profit for the year			28 925
Transfer to share-based payment reserve	(1 735)	1 735	
Transfer to retained income	(16 877)		16 877
Dividend to minority shareholders of subsidiaries			
Share-based payment transactions		95	
Sale of treasury shares			
Balance at 30 June 2008	-	1 830	112 022

	Attributable to equity holders of parent R'000	Minority interest R'000	Total R'000
Balance at 30 June 2006 as restated	139 435	768	140 203
Balance at 30 June 2006 as previously reported	141 057	768	141 825
Prior year adjustments	(1 622)		(1 622)
Profit for the year as restated	16 343	78	16 421
Profit for the year as previously stated	16 582	78	16 660
Prior year adjustments	(239)		(239)
Share-based payment transactions	(340)		(340)
Sale of treasury shares	1 253		1 253
Repurchase of shares	(3 781)		(3 781)
Conversion of compulsory	-		-

convertible debentures into
ordinary shares

Balance at 30 June 2007 as restated	152 910	846	153 756
Balance at 30 June 2007 as previously reported	154 771	846	155 617
Prior year adjustments	(1 861)		(1 861)
Profit for the year	28 925	435	29 360
Transfer to share-based payment reserve	-		-
Transfer to retained income	-		-
Dividend to minority shareholders of subsidiaries	-	(498)	(498)
Share-based payment transactions	95		95
Sale of treasury shares	190		190
Balance at 30 June 2008	182 120	783	182 903

REVIEW OF THE YEAR

The Board is pleased once again to announce a significant improvement in the results for the year in terms of financial performance, as well as organic and acquisitive growth that has placed the group in a sound position at year end. Of particular importance has been the further embedding of an entrepreneurial culture that empowers management to optimise their businesses, placing an emphasis on cash generation and profitability, and that seeks value-adding opportunities for growth.

Four key acquisitions were announced during the year, in line with the group's philosophy of acquiring businesses in those areas that are complementary to its core businesses and where it has strong management in place, or where it seeks to partner and invest in companies that are well run and have the potential for high growth and profitability.

These key acquisitions were:

- With effect from 1 November 2007, Excellerate acquired a 50% interest in Chattels, a highly successful event management and infrastructure development company. Excellerate has identified key areas of growth for this business in a wide range of applications and, particularly, in developing semi-permanent structures for sale or lease at a time when the construction sector is under significant cost and capacity pressures.
- With effect from 1 February 2008, Levingers acquired 100% of the retail trading businesses of VIP Dry Cleaners, Proclean Dry Cleaners, and BC Dry Cleaners, significantly increasing its retail footprint, and allowing synergies to be exploited.
- With effect from 1 March 2008, Excellerate acquired 100% of the parking management businesses of Omnipark, thereby increasing the group's footprint in this core business area, particularly in the Western Cape, and providing further impetus to its gate management services at national parks. Other than Interpark and Katanga, Omnipark is the only parking management business that has identified this area as a value-adding business.
- Post year-end, on 3 September 2008, shareholders approved the acquisition of 37,4% of Vital Distribution Solutions and 50% interests in Staffing Logistics and Vital Fleet. On 22 September 2008, these transactions were approved by the Competition Commission, thereby fulfilling the last outstanding condition precedent to the transactions.

Vital's businesses revolve around warehousing and secondary distribution on the one hand and labour broking, specialising in warehousing and distribution staff on the other. This acquisition ties into our strategy of further developing our Trading and Distribution division, but will also in the longer term create further synergies between the business segments and underpin the group's strategy to exploit the value between them. We see continued and even greater need in the future, both in South Africa and into Africa, for importing and distribution of goods,

and Vital is well positioned to increase its market share in this growth area.

FINANCIAL OVERVIEW

Results for the year ended 30 June 2008 were once again much improved on the previous 12 months, reflecting the strong underlying performance of the business. Importantly, the cash generation and earnings flow from acquisitions during the year have only been included in these results from the respective effective dates of acquisition.

Group revenue for the year increased by 14,0% to R587 million. Profit after tax for the year showed an improvement to R29,4 million for the 12 months, an increase of 78,8% over the comparative period.

Diluted earnings per share and diluted headline earnings per share both increased by 79,2% to 12,9 cents per share.

Once again, a highlight of the group's results has been strong cash generation - cash generated by operations within the business units amounted to R56,2 million (2007: R47,7 million).

Cash flows from operating activities after net finance costs, dividends and taxation paid rose to R39,3 million (2007: R31,5 million).

After cash flows from investing and financing activities, cash and cash equivalents increased to R50,0 million from R23,5 million at the prior year end.

Excellerate's balance sheet remains strong, with minimal gearing. Total assets have increased by 25,1% to R408.0 million, whilst interest-bearing debt rose by R10,3 million to R24,9 million. Consequently the group is well-placed to access any funding required to fulfil further growth ambitions.

As indicated in the annual report for the period ended 30 June 2007, Excellerate had made a proposal to SARS for a financial settlement in respect of disallowed claims of certain trademark allowances. During the year under review, a settlement was reached, and the group has settled all the amounts due.

REVIEW OF OPERATIONS

Excellerate's businesses are focussed in three business divisions, namely trading and distribution, services and light manufacturing. Whilst its operations are managed on a decentralised basis, the group's strategy seeks to grow these business divisions organically and acquisitively, and in the long term, exploit the synergies that exist between these divisions that underpin much of the fabric of the economy.

The Trading and Distribution Division currently comprises Foodserv, Goldenmarc, and Sunkist with Vital to join this division. The Services Division comprises Interpark, Sterikleen, Levingers and Chattels. The Light Manufacturing Division, including Ferrengi and Fruti Flow as well as small manufacturing operations at Foodserv and Chattels, are currently managed within the other two divisions. Therefore, from a financial perspective, only two segments are reported.

Overall, it has been a good year for Excellerate from an operational point of view, with both of the operational segments experiencing growth.

Trading and Distribution

The contribution to revenue from this segment increased by 8,3% year-on-year to R400 million. Foodserv enjoyed particularly strong revenue growth of 23,5%, whilst Goldenmarc's moderate revenue growth of 8,9% reflected the tougher retail trading conditions during the period. Sunkist's decrease in turnover of R16 million was largely owing to a strategy of rationalisation of product lines and a focus on profitability. Hence, the nut trading business was disposed of during the year.

Profit before tax for the segment increased by 19,3% to R24,7 million. Again Foodserv made a significant contribution to this growth, recording an increase in profit before tax of 18,1%.

Cash generated from operating activities within the trading and distribution segment amounted to R22,9 million, a pleasing increase over the prior year (2007: R14,9 million).

Services

The segmental revenue for the year increased by 27,3% to R197 million. Interpark and Levingers enjoyed particularly strong revenue growth of 17,2% and 23,7% respectively. This was partly as a result of organic growth and partly due to the acquisition of new businesses. Sterikleen shed a number of unprofitable contracts and, as a result, only recorded revenue growth of 5,9%. The acquisition of Chattels contributed revenue of R20,6 million for the eight months from 1 November 2007.

Profit before tax for this division increased by 19,2% to R28,6 million for the year. Interpark made a substantial contribution to this growth, recording an increase in profit before tax of 23,4%. Chattels contributed profit before tax of R2,7 million.

Levingers' profit before tax declined by R1,6 million notwithstanding the healthy increase in turnover as a consequence of significant once-off costs relating to the consolidation of the bulk of its dry cleaning facilities into one centralised factory to accommodate its acquisitions. With all of the once-off consolidation and efficiency costs having been absorbed, a

significant improvement in profitability is expected for the 2009 financial year.

Cash generated from operating activities within the services segment amounted to R25,6 million, a slight decrease over the prior year (2007: R26,2 million).

Light Manufacturing

The financial impact of the manufacturing units remains small within the group results, and therefore these units have not been reported as a separate segment. However these units are seen as strategic components of the group's growth strategy, and exciting opportunities for expansion will continue to be sought.

PROSPECTS

While it is anticipated that higher interest rates, tighter liquidity and inflationary pressures may have a negative impact on some of the group's trading business units, businesses within the services segment of the group are still robust in the current environment. Further, the group will continue to drive a culture of cash generation from existing businesses, seeking opportunities to exploit synergies and value-enhancing growth. The acquisitions undertaken in the past year will be bedded down within the group, and the growth opportunities that were identified at the time of acquisition will be further pursued and exploited.

Excellerate is thus very well placed to deliver further value for shareholders in the year ahead in terms of sustained earnings growth and cash generation.

DIVIDEND

The Board is pleased to declare a maiden final dividend of 3 cents per share, indicating a clear delivery on the implementation of the group's fundamental ethos that cash return must be delivered for shareholders in addition to capital growth. The Board believes that payment of dividends will not hinder the group's ability to grow through acquisitions.

The salient dates for holders of ordinary shares are:

Last day for trading and to qualify for and participate in the final dividend (cum dividend)	Friday, 24 October 2008
Trading ex dividend commences	Monday, 27 October 2008
Record date	Friday, 31 October 2008
Dividend payment date	Monday, 3 November 2008

Share certificates may not be dematerialised or rematerialised between Monday, 27 October 2008 and Friday, 31 October 2008, both days inclusive.

On behalf of the Board

Gordon Hulley

CEO

Sandton

26 September 2008

BASIS OF PREPARATION OF RESULTS

The provisional condensed consolidated financial results for the year ended 30 June 2008 have been prepared in accordance with the recognition and measurement criteria of IFRS, its interpretations adopted by the International Accounting Standards Board (IASB), the presentation as well as the disclosure requirements of IAS 34 - Interim Financial Reporting, the Listing Requirements of the JSE Limited (the JSE) and in the manner required by the South African Companies Act.

The accounting policies applied in the presentation of the provisional financial results are consistent with those applied for the year ended 30 June 2007, except as follows:

- Excellerate Holdings Limited has early adopted IFRS 8 - Operating segments. The segmental report was prepared using the measurement and recognition criteria of IFRS. The classification of the business units into the segments have remained the same as the previous year.
- After the acquisition of Chattels, the group adopted the policy to proportionately consolidate joint ventures. This policy was also applied to those joint ventures, classified erroneously in the past as associates. Refer to the section on the restatement of prior year results.

RELATED PARTY TRANSACTIONS

The group, in the ordinary course of business, entered into various sale and purchase transactions on an arm's length basis at market rates with related parties.

INDEPENDENT REVIEW

The provisional condensed consolidated balance sheet at 30 June 2008 and the related provisional condensed consolidated income statement, statements of changes in equity and cash flows for the year then ended have been reviewed by KPMG Inc. Their unmodified review report is available for inspection at the registered office of the company.

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Registration number 1997/009884/06

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Sector
Cyclical Services Sector
Under sub-sector: Business Support Services

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