

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

Reviewed consolidated results
 for the year ended 30 June 2009

HIGHLIGHTS

- Revenue growth of 15.4% over prior year
- Operating cash flow up 12.1% to R44.0 million
- Earnings per share stable for the year
- Major acquisitions implemented, with positive contribution to the Group

PROVISIONAL CONDENSED INCOME STATEMENT
 for the year ended 30 June

	Reviewed 2009 R'000	Audited 2008 R'000
Revenue	678 054	587 406
Cost of sales	(465 302)	(385 714)
Gross profit	212 752	201 692
Operating expenditure	(167 576)	(157 675)
Selling and distribution expenses	(33 068)	(30 745)
Administrative expenses	(86 446)	(81 454)
Other expenses	(48 062)	(45 476)
Profit before interest and taxation	45 176	44 017
Finance income	5 378	6 149
Finance costs	(10 404)	(7 803)
Profit before taxation	40 150	42 363
Taxation - current	(7 525)	(8 330)
- deferred	(3 120)	(4 623)
Taxation on dividend paid - STC	(696)	(50)
Profit for the year	28 809	29 360
Attributable to:		
Equity holders of the parent	28 607	28 925
Minority interest	202	435
	28 809	29 360
Earnings per share (cents)	13.0	13.2
Diluted earnings per share (cents)	12.8	12.9
Headline earnings per share (cents)	11.9	13.2
Diluted headline earnings per share (cents)	11.7	12.9

PROVISIONAL CONDENSED BALANCE SHEET
 at 30 June

	Reviewed 2009 R'000	Audited 2008 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	71 506	35 981
Intangible assets	106 147	74 017
Amount owing by joint venture partner	306	5 169
Long term receivable	-	307
Finance lease receivables	560	880
Deferred taxation	10 213	12 307
	188 732	128 661
Current assets		

Inventories	95 025	103 354
Trade and other receivables	139 022	118 097
Current portion of finance lease receivables	1 238	584
Amounts owing by joint venture partners	13 449	2 423
Taxation receivable	8 455	4 583
Other financial instruments	-	51
Cash and cash equivalents	21 845	49 989
	279 034	279 081
Total assets	467 766	407 742
EQUITY AND LIABILITIES		
Share capital	2 173	2 190
Share premium	64 687	66 078
Share-based payment reserve	1 733	1 830
Retained earnings	133 929	112 022
Equity attributable to equity holders of the parent	202 522	182 120
Minority interest	985	783
Total equity	203 507	182 903
Non-current liabilities		
Deferred taxation	6 977	1 747
Interest bearing debt	18 788	20 039
	25 765	21 786
Current liabilities		
Trade and other payables	184 286	172 057
Amounts owing to joint venture partners	12 473	9 494
Vendors for acquisitions	12 978	6 754
Taxation payable	14 427	9 790
Current portion of interest bearing debt	13 342	4 873
Other financial instruments	909	85
Shareholders for dividends	79	-
	238 494	203 053
Total equity and liabilities	467 766	407 742
Net asset value per share (cents)	93.2	83.1
Net tangible asset value per share (cents)	44.3	49.4
Calculation of earnings per share		
Shares in issue (number of shares)	217 329	219 045
Weighted average shares in issue (number of shares)	219 211	219 004
Diluted weighted average shares in issue (number of shares)	223 846	224 174
Earnings per share (cents)	13.0	13.2
Diluted earnings per share (cents)	12.8	12.9
Headline earnings per share (cents)	11.9	13.2
Diluted headline earnings per share (cents)	11.7	12.9
The following adjustments to profit attributable to shareholders were taken into account in the calculation of headline earnings:		
Attributable to equity holders of the parent	28 607	28 925
- negative goodwill realised	(2 498)	-
- impairment of assets	-	5
- gain on disposal of business	-	(62)
- loss/(profit) on sale of property, plant and equipment	113	(38)
- taxation effects of adjustments	(32)	27
Headline earnings	26 190	28 857

PROVISIONAL CONDENSED CASH FLOW STATEMENT
for the year ended 30 June

Reviewed	Audited
2009	2008
R'000	R'000

Cash flows from operating activities	44 039	39 296
Cash generated by operations	65 313	56 200
Finance income	3 919	2 606
Finance costs	(10 013)	(7 181)
Dividend paid	(6 718)	(498)
Taxation paid	(8 462)	(11 831)
Cash flows from investing activities	(66 874)	(13 957)
Additions to property, plant and equipment		
- to expand	(10 826)	(5 576)
- to maintain	(7 537)	(8 122)
Additions to intangible assets	(2 301)	(820)
Proceeds on disposal of property, plant and equipment	161	1 114
Acquisition of businesses	(46 371)	(3 426)
Proceeds on disposal of business	-	2 873
Cash flows from financing activities	(5 309)	1 161
Interest bearing debt raised	4 183	6 057
Interest bearing debt repaid	(4 873)	(3 998)
Receipt of long term receivable	307	492
(Increase)/decrease in amounts owing by joint venture partners	(6 163)	4 177
Increase/(decrease) in amounts owing to joint venture partners	2 979	(6 078)
Shares repurchased	(1 908)	-
(Decrease)/increase in finance lease receivables	(334)	321
Sale of treasury shares	500	-
Employee share options exercised	-	190
(Decrease)/increase in cash and cash equivalents	(28 144)	26 500
Cash and cash equivalents at beginning of year	49 989	23 489
Cash and cash equivalents at end of year	21 845	49 989

PROVISIONAL CONDENSED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June

	Share capital R'000	Share premium R'000	Non-distributable reserves R'000	Share-based payment reserve R'000
Balance at 30 June 2007	2 189	65 889	18 612	-
Profit for the year				
Transfer to share-based payment reserve			(1 735)	1 735
Transfer to retained earnings			(16 877)	
Dividend to minority shareholders				
Share-based payment transactions				95
Sale of treasury shares	1	189		
Balance at 30 June 2008	2 190	66 078	-	1 830
Profit for the year				
Share-based payment transactions				(97)
Sale of treasury shares	5	495		
Repurchase of shares	(22)	(1 886)		
Dividend paid				
Balance at 30 June 2009	2 173	64 687	-	1 733

	Retained earnings R'000	Attributable to equity holders of the parent R'000	Minority interest R'000	Total R'000
Balance at 30 June 2007	66 220	152 910	846	153 756
Profit for the year	28 925	28 925	435	29 360
Transfer to share-based payment reserve		-		-
Transfer to retained earnings	16 877	-		-
Dividend to minority shareholders		-	(498)	(498)
Share-based payment transactions		95		95
Sale of treasury shares		190		190
Balance at 30 June 2008	112 022	182 120	783	182 903
Profit for the year	28 607	28 607	202	28 809
Share-based payment transactions	97	-		-
Sale of treasury shares		500		500
Repurchase of shares		(1 908)		(1 908)
Dividend paid	(6 797)	(6 797)		(6 797)
Balance at 30 June 2009	133 929	202 522	985	203 507

PROVISIONAL CONDENSED SEGMENTAL REPORT
for the year ended 30 June

	Services R'000	Trading- distribution R'000
2009		
Revenue (external)	318 284	356 057
Revenue (internal)	30 424	638
	348 708	356 695
Profit/(loss) before interest and taxation	38 249	10 182
Depreciation expense	(11 256)	(3 482)
Amortisation of intangibles	-	-
Negative goodwill realised	-	-
Finance income	5 411	5 909
Finance costs	(3 016)	(3 716)
	2 395	2 193
Profit/(loss) before taxation	40 645	12 374
Taxation	(11 766)	(3 465)
Additions to property, plant and equipment	15 644	2 522
Segment assets	262 997	223 891
Segment liabilities	(178 721)	(79 051)
Segment equity	(84 276)	(144 840)
Cash flow from operating activities	42 096	15 973
Cash flow from investing activities	(62 903)	(2 507)
Cash flow from financing activities	3 084	1 230
2008		
Revenue (external)	196 488	390 918
Revenue (internal)	477	8 681
	196 965	399 599
Profit/(loss) before interest and taxation	26 102	23 735
Depreciation expense	(5 539)	(3 820)

Amortisation expense	(127)	-
Finance income	4 052	6 170
Finance costs	(1 530)	(5 244)
	2 522	926
Profit/(loss) before taxation	28 624	24 661
Taxation	(8 064)	(6 906)
Additions to property, plant and equipment	9 843	3 794
Segment assets	199 331	240 821
Segment liabilities	(118 501)	(99 034)
Segment equity	(80 830)	(141 787)
Cash flow from operating activities	25 540	22 893
Cash flow from investing activities	(13 334)	(583)
Cash flow from financing activities	(8 943)	10 543
1. Reconciliations of prior year assets and equity		
1.1 Segmental assets		
Per prior year segmental	187 764	224 285
Notional dividends	11 567	16 536
	199 331	240 821
1.2 Segmental equity		
Per prior year segmental	(69 263)	(125 251)
Notional dividends	(11 567)	(16 536)
	(80 830)	(141 787)
	Corporate	Total
	R'000	R'000
2009		674 341 (2)
Revenue (external)	-	
Revenue (internal)	8 938	40 000
	8 938	714 341
Profit/(loss) before interest and taxation	(3 255)	45 176
Depreciation expense	(225)	(14 963)
Amortisation of intangibles	(1 421)	(1 421)
Negative goodwill realised	2 498	2 498
Finance income	5 249	16 569 (3)
Finance costs	(14 863)	(21 595) (4)
	(9 614)	(5 026)
Profit/(loss) before taxation	(12 869)	40 150
Taxation	3 888	(11 341)
Additions to property, plant and equipment	197	18 363
Segment assets	(19 122)	467 766
Segment liabilities	(6 487)	(264 259)
Segment equity	25 609	(203 507)
Cash flow from operating activities	(14 030)	44 039
Cash flow from investing activities	(1 464)	(66 874)
Cash flow from financing activities	(9 623)	(5 309)
2008		
Revenue (external)	-	587 406 (2)
Revenue (internal)	7 999	17 157
	7 999	604 563
Profit/(loss) before interest and taxation	(5 820)	44 017
Depreciation expense	(266)	(9 625)
Amortisation expense	-	(127)
Finance income	2 015	12 237 (3)
Finance costs	(7 117)	(13 891) (4)
	(5 102)	(1 654)
Profit/(loss) before taxation	(10 922)	42 363
Taxation	1 967	(13 003)
Additions to property, plant and equipment	61	13 698
Segment assets	23 796	463 948 5
Segment liabilities	(7 304)	(224 839)

Segment equity	(16 492)	(239 109)
Cash flow from operating activities	(9 137)	39 296
Cash flow from investing activities	(40)	(13 957)
Cash flow from financing activities	(439)	1 161
1. Reconciliations of prior year assets and equity		
1.1 Segmental assets		
Per prior year segmental	(4 307)	407 742
Notional dividends	28 103	56 206
	23 796	463 948
1.2 Segmental equity		
Per prior year segmental	11 611	(182 903)
Notional dividends	(28 103)	(56 206)
	(16 492)	(239 109)

Notional dividends, appearing on the management accounts, are considered to be adjustments against the equity of group companies, and not against short term subsidiary loans, as they were previously classified.

	2009	2008
	R'000	R'000
Reconciliations		
2. Revenue		
Total revenue per reportable segments	714 341	604 563
Elimination of inter-segment revenue	(40 000)	(17 157)
Joint venture management fee not included for financial reporting purposes	3 713	-
Consolidated revenue	678 054	587 406
3. Finance income		
Total finance income per reportable segments	16 569	12 237
Elimination of inter-segment finance income	(11 191)	(6 088)
Consolidated finance income	5 378	6 149
4. Finance costs		
Total finance cost per reportable segments	(21 595)	(13 891)
Elimination of inter-segment finance cost	11 191	6 088
Consolidated finance cost	(10 404)	(7 803)

5. For the purpose of internal performance management, certain related party loans and cash have been treated as segmental equity.

COMMENTARY

REVIEW OF THE YEAR

In the context of a difficult prevailing economic environment, the Excellerate Board is pleased to report a sound performance by the Group, with stable profitability supported by a strong operating cash flow performance.

The 2009 financial year has been both challenging and rewarding for the Group. Whilst the current economic environment has had an impact on the Group's operations, management has focused on the integration of recent acquisitions into the Group and on the streamlining and rationalisation of existing operations. As in the past, the Group has continued to aggressively drive working capital management and target healthy operating cash flow generation.

In this environment, we have adopted an appropriately prudent approach to business valuations, and, consequently, acquisition activity has been limited.

Maintaining profit margins within our trading division has been a significant challenge due to its heavy reliance on the retail environment. This has been

most evident for Goldenmarc which primarily trades in the general merchandise category within the retail division which has experienced significant volume decreases within the year. The situation has however afforded opportunity for our trading businesses to critically analyse their operations, rationalise fixed costs, and improve procurement and sales processes. In this regard, significant progress has been made in ensuring that these business units are adequately equipped to deal with either a protracted slow down or rapid market rebound.

In terms of size, the most material acquisition that has been implemented during the year has been that of an interest in Vital Distribution Solutions and related businesses consisting of Vital Fleet and Staffing Logistics. These businesses have been consolidated into the Group results with effect from 1 October 2008. The integration process has gone well, and the underlying financial performance of these businesses has made a significant positive impact for the Group.

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

FINANCIAL OVERVIEW

Results for the year ended 30 June 2009 are stable, but have been significantly affected by the prevailing market conditions which have had particular impact on the trading division within the Group. However, notwithstanding pressure on operating margins and net profits, the Group achieved exceptional cash generation from operations.

Group revenue for the year increased by 15.4% to R678 million (2008: R587 million), despite the impact of lower volumes experienced within the trading division. Gross and operating profit margins have come under pressure, a consequence of the more challenging trading environment, resulting in a nominal increase in profit before interest and taxation of 2.6% to R45.2 million (2008: R44.0 million).

Net finance costs increased by R3.4 million to R5.0 million as a result of higher average interest rates, finance costs within businesses acquired and non-cash interest on acquisitions and working capital, calculated in accordance with IFRS. Net cash finance costs increased by only R1.5 million, this increase being primarily related to asset-based finance. Profit before taxation declined by 5.2% to R40.2 million (2008: R42.4 million).

Profit after taxation for the year showed a decline of R0.6 million to R28.8 million (2008: R29.4 million), a decrease of 1.9% over the comparative period.

Earnings per share and diluted earnings per share remained practically unchanged at 13.0 cents (2008: 13.2 cents), and 12.8 cents (2008: 12.9 cents), respectively.

Once again, cash generation has been a highlight of the Group's results, with cash generated by operations increasing by 16.2% to R65.3 million (2008: R56.2 million).

Cash flows from operating activities after net finance costs and taxation paid but before dividend paid rose by 27.5% to R50.8 million (2008: R39.8 million), representing 176.2% of profit after taxation.

After paying dividends of R6.7 million, cash flows from investing activities of R66.9 million, and financing activities of R5.3 million, the Group still retained cash and cash equivalents at the end of the year amounting to R21.8 million (2008: R50.0 million).

Excellerate's balance sheet remains strong, with limited gearing. Total assets have increased by 14.7% to R467.8 million (2008: R407.7 million), whilst interest bearing debt rose by R7.2 million to R32.1 million (2008: R24.9 million).

Consequently the Group is well-placed to access any funding required to fulfil further growth ambitions.

REVIEW OF OPERATIONS

Trading division, including Goldenmarc, Foodserv, Ferrengi, Nu-Africa Comm Trading and Sunkist

Divisional revenue for the period declined by R42.9 million to R356.7 million for the year.

Particularly hard hit was Goldenmarc, a significant contributor to this division, whose revenues reduced by R14.4 million to R153.4 million for the year, whilst Foodserv and Ferrengi remained relatively flat on the prior year. Operations and product lines at Sunkist were further rationalised with a view to a disposal or part disposal in the new financial year. Revenue at Sunkist consequently declined by R21.1 million to R23.6 million.

In addition to the reduction in revenues, the trading division also experienced margin pressures, primarily at Goldenmarc, which negatively affected operating profits for the year. Net profit before taxation for the division reduced from R24.7 million to R12.4 million, a disappointing drop of 50%.

Goldenmarc suffered a reduction in profitability for the period amounting to R11.4 million in comparison to 2008.

The management of Goldenmarc have been extremely pro-active in addressing the current challenges. A number of significant cost saving measures have been undertaken, including outsourcing of the primary distribution and merchandising functions, as well as rationalisation of stock levels and staffing overheads. This, in conjunction with emphasis on increasing volumes and an improving retail environment, should result in an improved performance in 2010. It is also pleasing to note that management's aggressive attention to working capital levels has resulted in the company generating positive cash flows during this period.

Foodserv and Ferrengi have maintained profitability levels despite a difficult trading environment, and with the anticipated improvement in performance at Goldenmarc, results should be restored in the coming year.

Cash generated from operating activities within the trading division amounted to R16.0 million (2008: R22.9 million), a pleasing result in light of the reduced profitability.

Nu-Africa Comm Trading is a new joint venture initiative established with a view to taking advantage of trading with neighbouring countries. This JV was only established shortly before year end, and consequently the results thereof whilst profitable, are not material to the current year's results.

Services division, including Interpark, Sterikleen, Levingers, Chattels, Vital Distribution, Vital Fleet, Staffing Logistics and Delawood

The divisional revenue for the year increased by 77.0% to R348.7 million (2008: R196.7 million). Although the increase was largely as a result of the new acquisitions, the existing companies all performed positively.

Profit before taxation for the division increased by 42% to R40.6 million (2008: R28.6 million). New acquisitions contributed R14.5 million.

Interpark and Sterikleen once again turned in robust performances, growing in revenue and in so demonstrating their ability to withstand varied market conditions. Notwithstanding this performance, both companies continue to explore ways to expand into new markets, to improve operating efficiencies and to be acquisitive.

Levingers experienced a difficult year as volumes and operating profits came under considerable pressure in the current price sensitive dry-cleaning market. Management are however focused on closing non-performing stores and rationalising factory and head office costs, which should restore results in the coming year.

Looking ahead, the division will benefit from the inclusion of the full year results for the acquisitions, and Chattels, an event infrastructure management company, is expected to benefit from the 2010 FIFA World Cup.

Cash generated from operating activities within the services division amounted to R42.1 million, an increase of 64.9% (2008: R25.5 million).

PROSPECTS

While it is anticipated that the prevailing economic environment will continue to have an impact on the Group's trading division, rationalisation measures implemented during the year under review are expected to have a positive effect in the year ahead, and consequently an improved performance is expected from this division. An improved economic environment would further enhance this effect.

The services division of the Group has proved to be more robust, and consequently the impact of the prevailing economic environment, while meaningful, is less dramatic when compared with the trading division. We expect continued growth in this division in the year ahead.

Of additional prospective interest is the potential trading opportunities that have opened up due to the dollarisation of the Zimbabwean economy.

Excellerate's newly formed joint venture, Nu-Africa Comm Trading, is well-positioned to explore these opportunities.

The Group will continue to drive a culture of cash generation from existing businesses, and will seek value enhancing opportunities to exploit synergies and growth. To this end, it is expected that business vendors having experienced the impact of the current environment will be more realistic with value expectations, and that consequently acquisition activity may be more likely going forward.

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

DIVIDEND

The Board is pleased to declare a final dividend of 3 cents per share.

Last day for trading and to qualify for and participate in the final dividend (cum dividend)	Friday, 23 October 2009
Trading ex dividend commences	Monday, 26 October 2009
Record date	Friday, 30 October 2009
Dividend payment date	Monday, 2 November 2009

Share certificates may not be dematerialised or rematerialised between Friday,

23 October 2009 and Friday, 30 October 2009, both days included.

BASIS OF PREPARATION OF RESULTS

The provisional condensed consolidated financial results for the year ended 30 June 2009 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 Listings Requirements of the JSE Limited and in the manner required by the South African Companies Act.

The accounting policies applied in the presentation of the provisional condensed consolidated financial results are consistent with those applied for the year ended 30 June 2008.

RELATED PARTY TRANSACTIONS

The Group, in the ordinary course of business and similar to last year, entered into various sale and purchase transactions on an arms length basis at market rates with related parties.

INDEPENDENT REVIEW

The provisional condensed consolidated balance sheet at 30 June 2009 and the related provisional condensed consolidated income statement, statement of changes in equity and cash flow statement for the year then ended have been reviewed by our auditors, KPMG Inc. Their unmodified review report is available for inspection at the registered office of Excellerate.

On behalf of the Board

Gordon Hulley (CEO)

Sandton
29 September 2009

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