

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

Unaudited results
 for the six months ended 31 December 2009
 and further cautionary announcement

HIGHLIGHTS

- Revenue growth of 9% over the comparative period
- Profit before tax growth of 8% for continuing operations over the comparative period
- Cash generated from operations of R5,3 million
- Trading - Distribution segment delivers a significant improvement in operational profitability

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months ended 31 December 2009 R' 000	Unaudited 6 months ended 31 December 2008 R' 000	Audited 12 months ended 30 June 2009 R' 000
Continuing operations			
Revenue	370 065	340 754	654 998
Gross profit	109 439	102 983	210 928
Profit before net finance costs and taxation	30 538	29 325	50 953
Net finance costs	(2 080)	(2 881)	(8 317)
Profit before taxation	28 458	26 444	42 636
Taxation	(8 888)	(7 938)	(12 036)
Profit and total comprehensive income for the period from continuing operations	19 570	18 506	30 600
Discontinued operations			
Loss for the period from discontinued operations	(3 718)	(740)	(1 791)
Profit and total comprehensive income for the period	15 852	17 766	28 809
Profit attributable to:			
Equity holders of the parent	16 130	17 968	28 607
Non-controlling interest	(278)	(202)	202
	15 852	17 766	28 809
Shares in issue (000's)	217 864	219 329	217 329
Weighted average number of shares in issue (000's)	217 436	219 137	219 211
Fully diluted weighted average number of shares in issue (000's)	220 744	224 121	223 846
Total operations			
Earnings per share (cents)	7,4	8,2	13,0

Headline earnings per share (cents)	7,4	8,2	11,9
Diluted earnings per share (cents)	7,3	8,0	12,8
Diluted headline earnings per share (cents)	7,3	8,0	11,7
Continuing operations			
Earnings per share (cents)	9,1	8,5	13,8
Headline earnings per share (cents)	9,1	8,5	12,8
Diluted earnings per share (cents)	9,0	8,3	13,6
Diluted headline earnings per share (cents)	9,0	8,3	12,5
Discontinued operations			
Earnings per share (cents)	(1,7)	(0,3)	(0,8)
Headline earnings per share (cents)	(1,7)	(0,3)	(0,9)
Diluted earnings per share (cents)	(1,7)	(0,3)	(0,8)
Diluted headline earnings per share (cents)	(1,7)	(0,3)	(0,8)
Reconciliation between income attributable to equity holders of the parent and the headline earnings attributable to the equity holders of the parent:			
Attributable to ordinary shareholders	16 130	17 968	28 607
- negative goodwill	-	-	(2 498)
- net (gain)/loss on sale of property, plant and equipment	(28)	27	113
- taxation effect of the adjustments	8	(8)	(32)
Headline earnings	16 110	17 987	26 190

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 December 2009 R'000	Unaudited 31 December 2008 R'000	Audited 30 June 2009 R'000
ASSETS			
Non-current assets	184 673	171 429	188 732
Property, plant and equipment	68 912	69 359	71 506
Intangible assets	103 938	91 128	106 147
Investment in associate	5 645		
Interest bearing receivables	103	757	560
Amounts owing by joint venture partners	-	-	306
Deferred tax asset	6 075	10 185	10 213
Current assets	313 332	316 736	279 034
Inventories	81 719	107 511	95 025

Trade and other receivables	173 738	179 955	139 022
Interest bearing receivables	4 297	408	1 238
Amounts owing by joint venture partners	18 670	10 095	13 449
Taxation receivable	8 697	3 982	8 455
Other financial assets	642	-	-
Cash and cash equivalents	25 569	14 785	21 845
Total assets	498 005	488 165	467 766
EQUITY AND LIABILITIES			
Equity and reserves	212 094	193 939	203 507
Equity attributable to equity holders of the parent	211 387	193 358	202 522
Non-controlling interest	707	581	985
Non-current liabilities	32 240	27 393	25 765
Interest bearing debt	25 130	21 335	18 788
Deferred tax liability	7 110	6 058	6 977
Current liabilities	253 671	266 833	238 494
Trade and other payables	177 393	210 227	184 286
Amounts owing to joint venture partners	15 114	8 779	12 473
Taxation payable	13 506	12 858	14 427
Interest bearing debt	7 419	5 980	13 342
Other financial liabilities	50	80	909
Shareholders for dividend	6	-	79
Bank overdrafts	27 205	11 077	-
Vendors for acquisitions	12 978	17 832	12 978
Total equity and liabilities	498 005	488 165	467 766
Net asset value per share (cents)	97,0	88,2	93,2
Net tangible asset value per share (cents)	50,7	46,6	44,3

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6 months ended 31 December 2009 R' 000	Unaudited 6 months ended 31 December 2008 R' 000	Audited 12 months ended 30 June 2009 R' 000
Cash flows from operating activities	(10 779)	1 547	44 039
Cash generated from operations	5 308	11 586	64 813
Net finance costs	(1 972)	(1 344)	(5 594)
Dividends paid	(7 594)	(6 797)	(6 718)
Taxation paid	(6 521)	(1 898)	(8 462)
Cash flows from investing activities	(6 769)	(39 839)	(66 874)
Net additions to property, plant and equipment	(6 583)	(7 725)	(18 202)
Additions to intangible assets	(186)	-	(2 301)
Net acquisition in businesses and joint ventures	-	(32 114)	(46 371)

Cash flows from financing activities	(5 933)	(7 988)	(5 309)
Net interest bearing debt raised/(repaid)	419	(5 130)	(690)
Net increase in amounts owing by joint venture partners and associates	(4 007)	(3 224)	(3 184)
Shares repurchased	(10)	(173)	(1 908)
Employee share options exercised	267	240	-
Sale of treasury shares	-	-	500
Decrease in interest bearing receivables	(2 602)	299	(27)
Net decrease in cash and cash equivalents	(23 481)	(46 280)	(28 144)
Cash and cash equivalents at beginning of period	21 845	49 989	49 989
Cash and cash equivalents at end of period	(1 636)	3 709	21 845

CONDENSED SEGMENTAL REPORT

	Services R'000	Trading distribution R'000	Corporate R'000	Total R'000
2009				
Revenue (external)	170 953	198 226	1 392	370 571
Less: Revenue from discontinued operation		(506)		(506)
	170 953	197 720	1 392	370 065
Revenue (internal)	21 770	5 790	4 380	31 940
	192 723	203 510	5 772	402 005
Trading profit	16 880	16 018	(2 360)	30 538
Discontinued operation (Profit before taxation)		(4 905)		(4 905)
2008				
Revenue (external)	154 224	197 662	-	351 886
Less: Revenue from discontinued operation		(11 132)		(11 132)
	154 224	186 530	-	340 754
Revenue (internal)	5 317	5 437	4 486	15 240
	159 541	191 967	4 486	355 994
Trading profit	19 449	12 367	(2 491)	29 325
Discontinued operation (Profit before taxation)		(1 023)		(1 023)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Share- based payment reserve R'000	Retained earnings R'000
Balance at 30 June 2008	2 190	66 078	1 830	112 022
Total comprehensive income for the period				
Profit for the period				17 968

Transactions with owners, recorded directly into equity				
Dividends declared				(6 797)
Arising on acquisition of joint ventures		13 570		
Re-assessment of share premium		(13 570)		
Repurchase of shares	(2)	(171)		
Sale of treasury shares	5	235		
Balance at 31 December 2008	2 193	66 142	1 830	123 193
Total comprehensive income for the period				
Profit for the period				10 639
Transactions with owners, recorded directly into equity				
Repurchase of shares	(20)	(1 715)		
Sale of treasury shares	-	260		
Movement in share-based payment reserve			(97)	97
Balance at 30 June 2009	2 173	64 687	1 733	133 929
Total comprehensive income for the period				
Profit for the period				16 130
Transactions with owners, recorded directly into equity				
Dividends declared				(7 521)
Movement in share-based payment reserve			(138)	138
Repurchase of shares	-	(10)		
Sale of treasury shares	6	260		
Balance at 31 December 2009	2 179	64 937	1 595	142 676

	Attributable to equity holders of parent R' 000	Non- controlling interest R' 000	Total R' 000
Balance at 30 June 2008	182 120	783	182 903
Total comprehensive income for the period			
Profit for the period	17 968	(202)	17 766
Transactions with owners, recorded directly into equity			
Dividends declared	(6 797)		(6 797)
Arising on acquisition of joint ventures	13 570		13 570
Re-assessment of share premium	(13 570)		(13 570)
Repurchase of shares	(173)		(173)
Sale of treasury shares	240		240
Balance at 31 December 2008	193 358	581	193 939
Total comprehensive income for the period			

Profit for the period	10 639	404	11 043
Transactions with owners, recorded directly into equity			
Repurchase of shares	(1 735)		(1 735)
Sale of treasury shares	260		260
Movement in share-based payment reserve	-		-
Balance at 30 June 2009	202 522	985	203 507
Total comprehensive income for the period			
Profit for the period	16 130	(278)	15 852
Transactions with owners, recorded directly into equity			
Dividends declared	(7 521)		(7 521)
Movement in share-based payment reserve	-		-
Repurchase of shares	(10)		(10)
Sale of treasury shares	266		266
Balance at 31 December 2009	211 387	707	212 094

COMMENTARY

GENERAL OVERVIEW

In the context of a continued harsh economic environment, the Excellerate Board is pleased to report a sound performance by the Group, with increased revenue and operating profitability supported by prudent cash flow management.

The trading period to December proved challenging for the Group as the general economy continued to struggle through the recessionary environment. This impact was more significant in business units directly exposed to the retail sector, with the result that some of these business units have not generated the required returns appropriate for the level of funds invested, and have therefore impacted the overall returns generated by the Group. Returns were also impacted by the effect of one off costs resulting from the closure and disposal of the remaining operations of the Sunkist business.

The first quarter in the period under review proved particularly slow, however an improvement in year on year volumes was experienced in the subsequent quarter which is traditionally the Group's strongest trading period. In general however, the improvement in the business environment remains relatively slow, and management will continue to focus on those areas which it believes it can influence, namely the addition of quality revenue, the responsible reduction of operating costs, and the containment of working capital investment in order to drive cash generation.

The Group remains both operationally and financially sound, and given the low levels of gearing, is well placed to take advantage of improving economic conditions.

FINANCIAL OVERVIEW

Results for the six months have been affected by the prevailing market conditions, particularly where the Group has exposure to the retail sector. Results were also affected by losses of R3,7 million (2008: R0,7

million) associated with the closure and disposal of the remaining operations of the Sunkist business. However, despite the impact thereof, revenues and operating profits have increased, and have been supported by positive cash generation from operations.

Revenue for the six months rose by R29,3 million or 8,6%, to R370,1 million (2008: R340,7 million). Profit for continuing operations increased to R28,5 million (2008: R26,4 million), an increase of 7,6%. After taking into account losses incurred by discontinued operations of R3,7 million, net profit attributable to shareholders decreased by 10,8% to R15,9 million (2008: R17,7 million).

Diluted earnings per share and diluted headline earnings per share decreased by 8,8% to 7,3 cents per share (2008: 8,0 cents) from the comparative period. However, diluted earnings per share and diluted headline earnings per share for continuing operations increased by 8,4% to 9,0 cents per share (2008: 8,3 cents) from the comparative period.

Positive cash flows generated from operations amounted to R5,3 million compared to cash generated from operations of R11,6 million in the comparative period. This decrease is attributable to cash losses incurred in the winding down of Sunkist of R3,2 million, additional working capital required to grow the Nu-Africa Comm Trading business of R0,65 million, and a moderate increase in normal operating working capital levels. Interest paid increased by R0,6 million to R2,0 million, taxes paid increased by R4,6 million to R6,5 million, and dividend payments in respect of the June 2009 year-end amounting to R7,6 million, resulting in an overall cash consumption from operating activities of R10,8 million for the period under review.

Cash flows utilised in investing activities amounted to R6,8 million (2008: R39,9 million). The majority of this investment related to additions to property, plant and equipment for the period of R6,6 million (2008: R7,7 million). After cash flows utilised in financing activities of R5,9 million, net cash utilised for the period was R23,5 million resulting in a negative closing cash balance of R1,6 million.

Total group gearing remains low at R32,5 million, or 13,3% of net assets employed in the company compared to R27,3 million, or 12,3% in the comparative period. Net investment in current assets and liabilities represents R59,7 million compared to R49,9 million in the comparative period.

REVIEW OF OPERATIONS

Trading - Distribution

Revenue in the Trading - Distribution segment increased 6,0% to R203,5 million (2008: R192,0 million), with profit before interest and tax from continuing operations increasing 29,5% to R16,0 million (2008: R12,4 million).

The performance in this segment was achieved through improved performances at Goldenmarc, and Ferrengi, coupled with a positive albeit relatively small contribution from Nu-Africa Comm Trading. Foodserv maintained a solid contribution and carries forward a strong order book for the second half of the year.

Goldenmarc has enjoyed an improved six months, whereby notwithstanding reduced revenue, the company has enjoyed a return to profitability as a result of improving margins and aggressive cost cutting. However, the business is still far from achieving its target returns, and in an environment that remains challenging on the turnover front, management have identified and are implementing further structural and operational changes in order to further improve forecast profitability.

Ferrengi has also enjoyed a significantly improved six months, primarily as a result of tight cost management and a focus on revenue growth through aggressive targeting of new customers and revised product offerings.

Services

Revenue in the Services segment increased 20,8% to R192,7 million (2008: R159,5 million), with profit before interest and tax decreasing 13,2% to R16,9 million (2008: R19,4 million).

The significant growth in revenues for the segment is largely attributable to the inclusion of Vital Distribution, Vital Fleet and Staffing Logistics for a full six months, whereas in the comparative period their results were only included from 1 October 2008. Similarly, Delawood was included for a full six months, whereas in the comparative period their results were only included from 1 November 2008.

For the six months under review, solid performances were delivered by Interpark, Sterikleen, Vital Fleet and Chattels. However, these positive results were offset by reduced performances at Vital Distribution, Staffing Logistics, Levingers and Delawood.

Performances at Vital Distribution and Staffing Logistics were impacted during the current period by a reduction in retail trading volumes which affected their operating margins. In addition, the comparative results include only the peak trading period of these companies. Consequently, Vital Distribution and Staffing Logistics contributed less profit to the Group for the period despite their inclusion for the full six months. These business units which are both fully exposed to warehousing and distribution logistics for the retail sector (non-food), both experienced lower throughput volumes and margin pressure from clients during the period. Whilst volumes did improve over the Christmas build-up, the increased activity was not nearly as significant as is normally experienced. The business units however remain profitable, and management growth plans together with a general improvement in the retail sector should see these companies reverting to their previous profitability levels.

Levingers struggled to maintain retail volumes particularly through its stores targeted at the lower end of the market. In addition, despite focusing on operational cost management, retail rents have not fallen off proportionately. Consequently, Levingers only achieved break even profitability before interest and tax for the period. Levingers is in the process of a significant re-structuring exercise to restore profitability.

Delawood continues to suffer from less than anticipated volumes as the market for luxury residential cabinetry remains depressed. This is despite success achieved in generating significant turnover from export to other African countries. The low volumes together with a high fixed cost base, has resulted in a loss for the six months. Management have embarked upon a

significant cost cutting exercise to restore profitability whilst they continue to focus on enhanced revenue generation.

ACQUISITIONS AND DISPOSALS

There are no acquisitions to report on during the current period under review.

During the period under review, the Fruti Flow and Nutribev operations were disposed of by Sunkist in terms of a single transaction. This disposal was funded by a term loan from Sunkist with fixed terms of repayment. As part of the disposal, the Group has taken up a minority equity stake in a company now operating the Fruti Flow and Nutribev operations.

All of Sunkist's remaining operations were shut down, and with the exception of the ongoing rental for the premises, all material liabilities (including staff liabilities) have been settled in full. The remaining debtors book is in the process of being collected, and all other assets have been disposed of.

PROSPECTS

Whilst it is anticipated that there will be an improvement in the prevailing economic environment, the timing and extent of this recovery is uncertain. Consequently management is prioritising plans to enhance revenue streams and cost management, particularly in businesses linked to the retail environment in an effort to ensure that these units deliver returns which are consistent with the Group targets, thereby complementing the business units that are already achieving the benchmarks.

Of specific interest is the positioning of Chattels in relation to contracts for the supply of temporary infrastructure for events surrounding the 2010 World Cup.

The Group will continue to drive a culture of cash generation, in order to finance value enhancing acquisitions. Whilst no acquisitions have been announced or implemented during the current period under review, management believes that asset values are becoming more attractive as the spread between seller expectations and buyer requirements is narrowing. This coupled with a more favorable borrowing environment has created an improved acquisition environment. Management is therefore once again aggressively focusing on new acquisitions which are complementary to the Group.

REPORTING ENTITY

Excellerate Holdings Limited is a company domiciled in South Africa. The condensed consolidated interim financial statements as at and for the period ended 31 December 2009 comprise the company, its subsidiaries, joint ventures and interest in associate.

BASIS OF PREPARATION OF RESULTS

These condensed consolidated interim financial statements for the six months ended 31 December 2009 have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the group at 30 June 2009.

The condensed consolidated interim financial statements are presented in Rand rounded to the nearest thousand ('000).

The accounting policies applied in the presentation of the financial results are consistent with those applied for the year ended 30 June 2009, with the exception of the adoption of the following new and amended standards and interpretations, in response to changes to IFRS.

- IAS 1 - Presentation of Financial Statements
- IAS 23 - Borrowing Costs
- IAS 32 - Financial Instruments: Presentation
- IAS 39 - Financial Instruments: Recognition and Measurement
- IFRS 2 - Amendments to IFRS 2 Share Based Payment - Vesting Conditions and Cancellations
- IFRS 3, IAS 27, IAS 28, IAS 31 and IAS 38 - Comprehensive revision on applying the acquisition method affecting the following standards: Business Combinations, Consolidated and Separate Financial Statements, Investments in Associates, Interest in Joint Ventures and Intangible Assets
- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 - Financial Instruments: Disclosure

Results for the comparative periods have not been restated as the transitional arrangements for IFRS 3 and IAS 27 provide exemption from retrospective applications.

The adoption of the new and amended standards and interpretations has had no effect on the results of the Group.

The purchase price allocation for Delawood was only completed after the December 2008 results were published. As a result of the finalisation of the purchase price allocation, the December 2008 results have been amended to take this into account. This had no impact on earnings and headline earnings per share.

In order to improve segmental performance management and analysis, capital was re-allocated across divisions at the start of the year under review, and this has had the effect of altering the allocation of net finance costs across divisions. Analysis of divisional performance is therefore undertaken prior to net finance costs.

The condensed consolidated statement of financial position at 31 December 2009 and the related condensed statement of comprehensive income, statements of changes in equity and cash flow for the six months then ended have not been reviewed or reported on by the Group's auditors.

SUBSEQUENT EVENTS

There have been no significant subsequent events that have a material impact on the interim financial statements.

CHANGES TO THE BOARD

Arnold Meyer was appointed to the Board of Directors of the Group with effect from 25 November 2009. Arnold has also been appointed as a member of the Audit and Risk Committee.

DIVIDEND

As is consistent with the Group's policies regarding the payment of interim dividends, the Directors have decided not to declare a dividend at this time.

FURTHER CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the cautionary announcement dated 8 February 2010 and are advised that the Company is in discussions which, if successfully concluded, may have a material effect on the price of the Company's securities.

Accordingly, shareholders are advised to continue to exercise caution when dealing in the Company's securities until a further announcement is made.

For and on behalf of the Board

GG Hulley
Chief Executive Officer

Sandton
23 March 2010

DIRECTORS

Gordon Hulley	Chief executive officer
Harold Bloch	Executive director
Peter Kramer	Executive director
Alan Lipchin	Executive director
Athol Stewart	Executive director
James Wellsted	Executive director
Rudi Stumpf	Non-executive director
Clive Howell	Non-executive director (alternate to Graham Davel)
Graham Davel	Non-executive director
Michael Mohohlo	Non-executive director, Independent
Arnold Meyer	Non-executive director, Independent

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