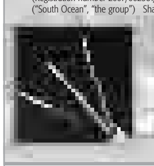
South Ocean Holdings

(Registration number 2007/002381/06) Incorporated in the Republic of South Africa
("South Ocean", "the group") Share code: SOH ISIN: ZAE000092748

Audited results and final dividend declaration

for the year ended 31 December 2007



Highlights

Revenue up 65,5% to R852,6 million

Operating profit up 96,4% to R185,4 million

Headline earnings up 108,8% to R126,3 million

Headline earnings per share up 58,4% to 97,4 cents

Basic earnings per share up 57,5% to 97,0 cents

Final dividend of 20 cents per share

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Notes	Twelve months ended 31 December 2007 (Audited) R'000	31 December 2006 (Unaudited) R'000	% Change	Ten months ended 31 December 2006 (Audited) R'000
Revenue		**852 594**	515 310	65,5	458 310
Cost of sales		**(611 522)**	(391 511)		(347 278)
Gross profit		**241 072**	123 799	94,7	111 032
Other income		**4 200**	17		–
Administration expenses		**(41 375)**	(14 496)		(13 020)
Distribution expenses		**(5 315)**	(803)		(725)
Operating expenses		**(13 204)**	(14 128)		(12 425)
Operating profit		**185 378**	94 389	96,4	84 862
Finance income		**4 317**	118		101
Finance expense		**(10 028)**	(4 897)		(4 381)
Profit before income tax		**179 667**	89 610	100,5	80 582
Income tax expense	14	**(53 875)**	(29 108)		(25 422)
Earnings attributable to ordinary shareholders		**125 792**	60 502	107,9	55 160
Earnings per share – basic and diluted (cents)		**97,0**	61,6	57,5	67,0
Dividends per share (cents)	7	**26,0**	10,5	145,3	10,6

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Twelve months ended 31 December 2007 (Audited) R'000	31 December 2006 (Unaudited) R'000	Ten months ended 31 December 2006 (Audited) R'000
Share capital			
Opening balance	**710**	677	700
Shares issued	**564**	33	10
Closing balance	**1 274**	710	710
Share premium			
Opening balance	**34 236**	33 427	33 988
Share premium on shares issued	**410 586**	809	248
Share issue expenses written off	**(4 451)**	–	–
Closing balance	**440 371**	34 236	34 236
Retained earnings			
Opening balance	**81 182**	35 179	36 671
Profit for the year/period	**125 792**	60 502	55 160
Dividend paid	**(9 383)**	(14 499)	(10 649)
Closing balance	**197 591**	81 182	81 182

CONDENSED CONSOLIDATED BALANCE SHEETS

	Notes	31 December 2007 (Audited) R'000	31 December 2006 (Audited) R'000
ASSETS			
Non-current assets		**576 979**	64 308
Property, plant and equipment	11	**186 990**	64 308
Intangible assets		**388 868**	–
Interest free loans		**1 121**	–
Current assets		**359 981**	171 317
Inventory		**177 884**	65 657
Trade and other receivables		**136 346**	105 026
Taxation receivable		**350**	–
Cash and cash equivalents		**45 401**	634
Total assets		**936 960**	235 625
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	**1 274**	710
Share premium	12	**440 371**	34 236
Retained earnings		**197 591**	81 182
Total equity		**639 236**	116 128
LIABILITIES			
Non-current liabilities		**174 140**	14 693
Interest bearing borrowings	13	**144 303**	5 207
Deferred income tax liabilities		**29 837**	9 486
Current liabilities		**123 584**	104 804
Trade and other payables		**76 856**	28 028
Shareholders for dividends		**4**	10 649
Current portion of interest bearing borrowings	13	**33 225**	5 050
Current income tax liabilities		**13 430**	1 129
Bank overdraft		**69**	59 948
Total liabilities		**297 724**	119 497
Total equity and liabilities		**936 960**	235 625

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	Twelve months ended 31 December 2007 (Audited) R'000	31 December 2006 (Unaudited) R'000	Ten months ended 31 December 2006 (Audited) R'000
Cash generated from /(utilised in) operating activities	**59 738**	(20 104)	(19 024)
Cash utilised in investing activities	**(298 899)**	(15 126)	(12 045)
Cash generated from/(used in) financing activities	**343 807**	(8 198)	(8 148)
Net increase/(decrease) in cash and cash equivalents	**104 646**	(43 428)	(39 217)
Cash and cash equivalents at the beginning of year/period	**(59 314)**	(15 886)	(20 097)
Cash and cash equivalents at the end of year/period	**45 332**	(59 314)	(59 314)

SELECTED NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Introduction

South Ocean Holdings Limited (SOH) is pleased to report to shareholders its maiden financial results.

The operating subsidiaries are South Ocean Electric Wire Company (Proprietary) Limited (SOEW), Radiant Group (Proprietary) Limited (Radiant) and the property subsidiary Anchor Park Investments 48 (Proprietary) Limited (Anchor Park).

SOEW manufactures a comprehensive range of low voltage general-purpose electrical power cables at its factory in Alrode, near Johannesburg, and distributes its products through electrical wholesalers and cable distributors.

Radiant is an importer and distributor of lighting products which include decorative light fittings, lamps and bulbs and electrical accessories. It operates from premises in Johannesburg and Cape Town and distributes its products through wholesalers and distributors.

Anchor Park houses all the group's properties which are utilised by the operating companies.

SOH acquired 100% of the issued share capital of SOEW in January 2007 and 100% of the issued share capital of Radiant in August 2007 as approved at the shareholders' meeting in August 2007.

The consolidated results for the year ended include the twelve months' results of SOEW and the five months' results of Radiant and Anchor Park.

The prior period's results of the group disclosed are the results of SOEW for the ten months and twelve months ended 31 December 2006, which have been included for information purposes to assist in evaluating the performance of SOH for the year under review.

2. Financial overview

Revenue for the twelve months to 31 December 2007 compared to the comparative period in the prior year increased by 65,5% to R852,6 million (2006: R515,3 million). Profit after tax increased by 107,9% to R125,8 million (2006: R60,5 million) and headline earnings increased by 108,8% to R126,3 million (2006: R60,5 million). Headline earnings per share increased by 58,4% from 61,5 cents to 97,4 cents per share while earnings per share increased by 57,5% from 61,6 cents to 97,0 cents per share.

The profit and revenue increases were as a result of the acquisition of Radiant whose results for the last five months of the financial year were consolidated into the group's results. The moving average copper price increase of 19% year-on-year, increased production and stock profits, management's continued efforts to contain costs and improving efficiencies across the group also contributed to the improved results.

If the acquisition had occurred on 1 January 2007, group revenue would have been R1 049,3 million and earnings attributable to ordinary shareholders would have been R150,5 million.

Operating profit increased by 96,4% from R94,4 million to R185,4 million. The finance income of R4,3 million was earned on the proceeds received from the shares issued on listing. The group earned a foreign exchange profit of R3,4 million during the financial year. The finance expenses pertain mainly to the financing of machinery and building expansions. Financing cost increased mainly due to a loan of R120 million utilised to finance the acquisition of the properties on the acquisition of the Radiant transaction.

Inventory holding levels increased by R112,2 million as a result of higher copper prices and inventory acquired on the Radiant acquisition. Trade and other receivables only increased by 29,8% to R136 million due to improved credit control and collection policies. The company invested in plant and machinery and buildings during the current period to increase production capacity at SOEW.

The net cash balance of R45,4 million at the end of the year is due to the positive net cash generated from operations. The group paid a dividend of R9,4 million during the year.

3. Significant acquisitions

In January 2007 SOH acquired all the shares of SOEW in order to prepare for the listing on the main board. The results for the current period are consolidated figures whilst the comparatives relate only to those of SOEW, SOH's sole operation at the time of the listing.

The increase in share premium is due to the listing and the acquisition of Radiant. SOH issued 100 million shares to vendors of SOEW at R7,00 per share for the acquisition of shares of SOEW and a further 18,7 million shares were issued by SOH to selected institutions as part of the subscription offer at R7,00 per share on listing. SOH issued a further 24,7 million shares to the vendors of Radiant at R7,30 and 12,9 million shares to selected institutions at R7,70 to discharge the purchase consideration of Radiant.

IFRS 3 requires that a new entity formed to issue equity instruments to effect a business combination, cannot be identified as the acquirer and therefore the operating company has been identified as the acquirer. As a result, the principle of reverse acquisition has been applied to the transaction. This principle has been applied in the preparation of the group financial statements. The carrying value of assets and liabilities of SOEW, the operating company, at the pre-transaction date have been used as those of the group. The comparatives of the group are therefore the comparatives of SOEW, as it is the acquirer in terms of IFRS 3.

4. Operational review

During the year under review the group's subsidiary SOEW operated at close to maximum capacity. SOEW has therefore embarked on expansion plans to ensure that the capacity is increased to meet the strong demand for the group's products.

Phase 1 of the expansion strategy, valued at R10 million including the acquisition and installation of new machinery and working capital, was successfully completed in the first half of 2007 and added 10% to SOEW's overall capacity. Phase 2 valued at R15 million, including the expansion of the factory space, acquisition and installation of new machinery and working capital, is in the final phase of completion and will be fully operational in March 2008, adding 15% to the overall capacity. The total effect of the increased capacity should be evident in the 2008 results.

Radiant is in the process of upgrading their computer system which is a crucial element for effective customer service and sales, and is expected to be fully operational by the middle of 2008.

The industry benefited during the 2007 financial year from the rising copper price compared to the previous period and a buoyant construction and building industry. The group has been able to maintain and exceed its revenue growth plan as a result.

5. Group costs

A significant portion of the increase in the operating expenses is due to the inclusion of the operating expenses of Radiant for the five months, amounting to R31 million. The interest increase of R4,8 million related to the external financing of the group's buildings sold to the subsidiary Anchor Park. Production salaries at SOEW increased by R6 million due to the increase in the workforce related to the expansion, a long service hourly rate increase awarded to the staff, and overtime worked to cater for the demand. Directors' remuneration increased during the year due to performance bonuses based on profit performance and the appointment of additional executive directors. The balance of the operational costs is in line with the group's performance targets.

6. Seasonality

The group is affected by seasonality.

7. Final dividend declaration

Notice is hereby given that the Board of Directors has declared a final dividend of 20 cents per ordinary share amounting to R31 275 759 for the year ended 31 December 2007 to shareholders recorded in the register at close of business on 11 April 2008.

The financial statements do not reflect this dividend payable and the related STC charge, which will be recognised in shareholder's equity as an appropriation of retained earnings in the year in which they are declared.

The salient dates are as follows:

Last date for trading to qualify and participate in the final dividend	Friday, 4 April 2008
Trading *ex* dividend commences	Monday, 7 April 2008
Record date	Friday, 11 April 2008
Dividend payment date	Monday, 14 April 2008

Share certificates may not be dematerialised or rematerialised between Monday, 7 April 2008 and Friday, 14 April 2008, both days inclusive.

8. Prospects

We have had an extraordinarily successful year as a group. In particular, our cable manufacturing division has achieved the targets that we set ourselves at listing almost two years ahead of schedule. We have brought on stream the first phase of our capacity expansion and are already maximising the returns from this investment. Phase 2 will be fully operational by end of March 2008.

Our businesses are both exposed to the vagaries of the South African economy. The fundamentals however remain strong and we expect a stable performance even in a weaker economy thanks to Radiant's leading market position and our strong brands.

We continue our search for value adding acquisitions to further diversify our portfolio and will maintain a well managed organic growth path to add capacity to both divisions.

During the year under review, SOEW has operated at near maximum capacity. The earnings over the next year will be driven by the copper price, the construction and building industry coupled with the increased capacity.

Radiant sales are affected by the construction and building industry, interest and foreign exchange rates.

The last year has produced outstanding results which are testimony to the hard work of all the employees of the group. Provided there are no significant effects from the existing power crises and no major economic slowdown in the year ahead, we are confident that the group will achieve double digit earnings growth in 2008.

9. Basis of preparation

The audited financial statements for the year ended 31 December 2007 have been prepared in accordance with the accounting policies which fully comply with International Financial Reporting Standards and IAS 34 *Interim Financial Reporting* and are consistent with those applied in the previous year, except for the adoption of IFRS 7 *Financial Instruments: Disclosures.* This standard has not changed the recognition of financial instruments.

10. Audit opinion

These results have been extracted from the group's audited financial statements. The unqualified report of PricewaterhouseCoopers Inc. on the financial statements is available at the registered office of the company.

11. Capital expenditure

Radiant is also in the process of building larger offices, a warehouse and a showroom in Cape Town at a cost of approximately R30 million which is expected to be completed by the middle of 2008. The showroom in Johannesburg is the process of being upgraded and a new warehouse will be built in 2008 at a cost of approximately R25 million.

During the twelve months to 31 December 2007, the group acquired new plant and machinery and expanded their buildings to increase its operating capacity. The details of the changes in property, plant and equipment are as follows:

(R'000)	31 December 2007	31 December 2006
Opening net carrying amount	**64 308**	56 715
Additions	**32 996**	12 591
Acquisition of subsidiary	**98 301**	–
Disposals	**(116)**	(576)
Depreciation	**(8 499)**	(4 422)
Closing net carrying amount	**186 990**	64 308

12. Share capital and share premium

(R'000)	Number of shares	Ordinary shares	Share premium	Total
Balance at 1 January 2007	**100 000**	**710**	**34 236**	**34 946**
Proceeds from shares issued	**31 687**	**317**	**230 583**	**230 900**
Shares issued to vendors for subsidiary acquired	**24 692**	**247**	**180 003**	**180 250**
Share issue expenses written off	**–**	**–**	**(4 451)**	**(4 451)**
Balance at 31 December 2007	**156 379**	**1 274**	**440 371**	**441 645**
Balance at 1 March 2006	98 584	700	33 988	34 688
Proceeds from shares issued	1 416	10	248	258
Balance at 31 December 2006	100 000	710	34 236	34 946

13. Interest bearing long-term borrowings

Secured loans (R'000)	31 December 2007	31 December 2006
Non-current	**144 303**	5 207
Current	**33 225**	5 050
	177 528	10 257
The movement in borrowings is analysed as follows:		
Opening balance	**10 257**	18 664
Acquisition of subsidiary	**48 231**	–
Additional borrowings raised	**134 839**	5 303
Finance expenses	**7 834**	1 214
Repayments	**(23 633)**	(14 924)
Closing balance	**177 528**	10 257

Additional borrowings of R120 million were raised by a mortgage bond on the group's property and were utilised for the acquisition of the properties as part of the Radiant acquisition.

14. Income tax expense

The effective tax rate for 2007 is 30,0% (2006: 12 months: 32,5%), (2006: 10 months: 31,5%).

15. Reconciliation of headline earnings

(R'000)	Twelve months ended 31 December 2007 (Audited)	31 December 2006 (Unaudited)	Ten months ended 31 December 2006 (Audited)
Reconciliation of headline earnings			
Earnings attributable to ordinary shareholders	**125 792**	60 502	55 160
Amortisation of intangible assets	**917**	–	–
(Surplus)/deficit on disposal of property, plant and equipment	**(429)**	(17)	30
Headline earnings	**126 280**	60 485	55 190
Headline earnings per share	**97,4**	61,5	67,0

16. Weighted average number of shares

('000)	Twelve months ended 31 December 2007 (Audited)	31 December 2006 (Unaudited)	Ten months ended 31 December 2006 (Audited)
Number of shares in issue	**156 379**	100 000	100 000
Weighted average number of shares in issue at beginning of the year/period	**100 000**	95 376	82 154
Issued August 2007	**14 130**	–	–
Issued February 2007	**15 583**	–	–
Issued February 2006	**–**	2 674	–
Issued October 2006	**–**	236	236
Weighted average number of shares in issue at the end of the year/period	**129 713**	98 286	82 390

17. Net asset value

	31 December 2007	31 December 2006
Net asset value per share (cents)	**408,8**	116,1

18. Segment reporting

The group's primary reporting format is business segments, and its secondary format is geographical segments.

(R'000) **2007**	Revenue	Operating profit	Total assets	Total liabilities	Capital expenditure	Depreciation amortisation
Electrical wire	673 390	97 293	246 631	46 767	2 675	6 933
Light fittings & accessories	178 785	36 536	567 918	84 583	21 975	1 932
Property investment	419	(6 044)	122 383	121 859	10 303	551
Other	–	(1 993)	28	1 248	–	–
	852 594	**125 792**	**936 960**	**254 457**	**34 953**	**9 416**
2006 (10 months)						
Electrical wire	458 310	55 160	235 625	119 497	12 591	4 422

19. Subsequent events

With the decrease in the corporate tax rate, the directors are not aware of any other matter or circumstance arising since the end of the financial period, not otherwise dealt with in the financial statements, which would affect the operations of the company and the group or the results of those operations significantly.

On behalf of the board

JB Magwaza
Chairman

EHT Pan
Chief executive officer

15 March 2008

Registered office:
12 Botha Street, Alrode 1451. (PO Box 123738, Alrode, 1451)

Company secretary:
WT Green
21 West Street, Houghton, 2198. (PO Box 123738, Alrode, 1451)

Directors:
JB Magwaza# (Chairman), EHT Pan* (Chief Executive Officer), JP Bekker* (Chief Financial Officer), PJM Ferreira*, D Ko#°, EG Dube#, CY Wu†°, CH Pan°†, H Schwartz*, G Stein*, KH Pon#   * Executive   # Independent non-executive   † Non-executive   ° Taiwanese