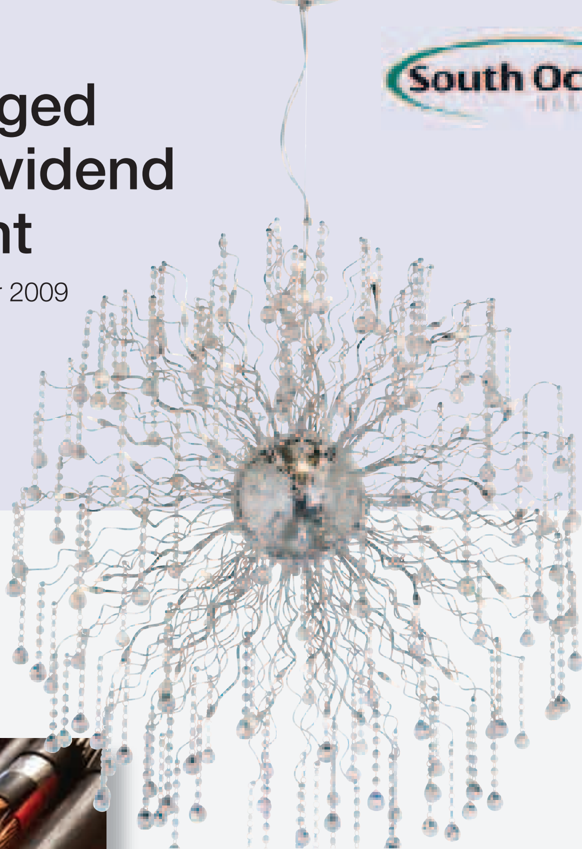
Audited abridged results and dividend announcement

for the year ended 31 December 2009



HIGHLIGHTS

Net cash position improves from R6,2 million overdraft to R58,8 million

Debt equity ratio improves from 26,8 to 20,1%

Net asset value per share improves by 4,8% to 441,1 cents

Final dividend of 3 cents per share declared

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2009 (Audited) R'000	31 December 2008 (Audited) R'000
Assets			
Non-current assets		**586 929**	598 035
Property, plant and equipment	3	**240 499**	248 187
Intangible assets	3	**346 430**	349 848
Current assets		**337 250**	389 341
Inventories		**146 664**	189 806
Trade and other receivables		**124 003**	175 201
Taxation receivable		**1 948**	179
Cash and cash equivalents		**64 635**	24 155
Total assets		**924 179**	987 376
Equity and liabilities			
Capital and reserves attributable to equity holders of the Company			
Share capital	4	**1 274**	1 274
Share premium	4	**440 371**	440 371
Retained earnings		**248 127**	216 470
Total equity		**689 772**	658 115
Liabilities			
Non-current liabilities		**129 336**	168 237
Interest bearing borrowings	5	**102 518**	138 740
Deferred taxation		**26 818**	29 497
Current liabilities		**105 071**	161 024
Trade and other payables		**58 995**	86 088
Interest bearing borrowings	5	**35 837**	37 498
Taxation payable		**4 380**	7 049
Shareholders for dividends		**4**	4
Bank overdraft		**5 855**	30 385
Total liabilities		**234 407**	329 261
Total equity and liabilities		**924 179**	987 376

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the year ended 31 December 2009 (Audited) R'000	Change %	31 December 2008 (Audited) R'000
Revenue		**957 972**	(15,7)	1 136 617
Cost of sales		**(745 756)**		(826 061)
Gross profit		**212 216**	(31,7)	310 556
Other operating income		**12 098**		1 609
Administration expenses		**(54 953)**		(47 324)
Distribution expenses		**(21 410)**		(17 976)
Operating expenses		**(87 792)**		(114 128)
Operating profit		**60 159**	(54,7)	132 737
Finance income		**2 843**		2 762
Finance cost		**(18 531)**		(27 630)
Profit before taxation		**44 471**	(58,8)	107 869
Taxation	6	**(12 814)**		(46 768)
Profit for the year		**31 657**		61 101
Other comprehensive income		**–**		–
Total comprehensive income attributable to equity holders of the Company		**31 657**	(48,2)	61 101
Earnings per share – basic and diluted (cents)		**20,2**	(48,3)	39,1
Dividends per share (cents)		**3,0**	(57,1)	7,0

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the year ended 31 December 2009 (Audited) R'000	31 December 2008 (Audited) R'000
Share capital		
Opening and closing balance	**1 274**	1 274
Share premium		
Opening and closing balance	**440 371**	440 371
Retained earnings		
Opening balance	**216 470**	197 591
Total comprehensive income for the year	**31 657**	61 101
Dividends paid	**–**	(42 222)
	248 127	216 470

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	For the year ended 31 December 2009 (Audited) R'000	31 December 2008 (Audited) R'000
Cash generated from operating activities	**115 004**	69 361
Cash utilised in investing activities	**(13 130)**	(77 983)
Cash utilised in financing activities	**(36 864)**	(42 940)
Net increase/(decrease) in cash and cash equivalents	**65 010**	(51 562)
Cash and cash equivalents at the beginning of year	**(6 230)**	45 332
Cash and cash equivalents at the end of year	**58 780**	(6 230)

SELECTED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. General information

South Ocean Holdings Limited ('the Company') and its subsidiaries (together 'the Group') manufacture and distribute electrical wires, import and distribute lighting and electrical accessories and rent its properties. The Company is a public limited company which is listed on the Johannesburg Stock Exchange and is incorporated and domiciled in South Africa.

The audited condensed consolidated financial information was approved for issue by the directors on 5 March 2010.

2. Basis of preparation

The condensed consolidated financial information of South Ocean Holdings Limited has been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 'Interim financial reporting', IFRIC Interpretations and the Companies Act, applicable to companies reporting under IFRS and the JSE Listings Requirements and should be read with the audited annual financial statements for the year ended 31 December 2009. The condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The accounting policies adopted are consistent with those applied in the financial statements for the year ended 31 December 2008, except for the adoption of IFRS 8 'Operating Segments', IAS 1 (revised) – 'Presentation of Financial Statements' and amendments to IFRS 7 – 'Financial Instruments – Disclosure'.

3. Capital expenditure

During the year, the Group invested R27,9 million in capital expenditure, related to the completion of the warehouse and showrooms, and investment in plant and machinery. The details of changes in tangible and intangible assets are as follows:

	Tangible assets (Audited) R'000	Intangible assets (Audited) R'000
Year ended 31 December 2009		
Opening net carrying amount	**248 187**	**349 848**
Additions	**27 045**	**845**
Disposals	**(20 839)**	**–**
Depreciation/amortisation	**(13 894)**	**(4 263)**
Closing net carrying amount	**240 499**	**346 430**
Year ended 31 December 2008		
Opening net carrying amount	186 990	388 868
Additions	73 171	3 688
Disposals	(52)	–
Impairment	–	(39 000)
Depreciation/amortisation	(11 922)	(3 708)
Closing net carrying amount	248 187	349 848

4. Share capital and share premium

	Number of shares	Ordinary shares R'000	Share premium R'000	Total R'000
At 31 December 2009				
Opening and closing balance	**156 378 794**	**1 274**	**440 371**	**441 645**
At 31 December 2008				
Opening and closing balance	156 378 794	1 274	440 371	441 645

5. Interest bearing borrowings

Secured loans	**31 December 2009 (Audited) R'000**	31 December 2008 (Audited) R'000
Non-current	**102 518**	138 740
Current	**35 837**	37 498
	138 355	176 238
The movement in borrowings is analysed as follows:		
Opening balance	**176 238**	177 528
Additional loans raised	**22 565**	38 786
Finance expense	**16 788**	23 187
Repayments	**(77 236)**	(63 263)
Closing balance	**138 355**	176 238

6. Income tax expense

The effective tax rate for 2009 is 28,8% (2008: 43,4%). The prior year income includes an amount of R39,0 million relating to the impairment of goodwill, which is not deductible for tax purposes.

7. Reconciliation of headline earnings

	31 December 2009 (Audited) R'000	31 December 2008 (Audited) R'000
Earnings attributable to equity holders of the company	**31 657**	61 101
Impairment of intangible assets	**–**	39 000
Impairment of available-for-sale financial assets	**–**	1 582
Impairment of interest free loans receivable	**–**	1 070
Loss/(profit) on disposal of property, plant and equipment	**6 079**	(29)
Headline earnings	**37 736**	102 724
Headline earnings per share (cents)	**24,1**	65,7

8. Weighted average number of shares

	31 December 2009 (Audited) R'000	31 December 2008 (Audited) R'000
Number of shares in issue	**156 378 794**	156 378 794
Weighted average number of shares in issue at beginning and end of the year	**156 378 794**	156 378 794

9. Net asset value

	31 December 2009 (Audited) R'000	31 December 2008 (Audited) R'000
Net asset value per share (cents)	**441,1**	420,8

10. Final dividend declaration

Notice is hereby given that the Board of Directors has declared a final dividend of 3 cents per ordinary share amounting to R4 691 364 for the year ended 31 December 2009 to shareholders recorded in the register at close of business on 9 April 2010.

The financial statements does 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	Wednesday, 31 March 2010
Trading ex dividend commences	Thursday, 1 April 2010
Record date	Friday, 9 April 2010
Dividend payment date	Monday, 12 April 2010

Share certificates may not be dematerialised or rematerialised between Thursday, 1 April 2010 and Friday, 9 April 2010, both days inclusive.

11. Audit opinion

These results have been extracted from the Group's audited annual financial statements. The unqualified report of PricewaterhouseCoopers Inc. on the financial statements is available for inspection at the registered office of the Company.

12. Segment reporting

The chief operating decision maker reviews the Group's internal reporting in order to assess performance and has determined the operating segments based on these reports.

The business performance of the operating segments: electrical wires, lighting and electrical accessories, and property investments, is assessed from the market and product performance perspective.

The assessment of the performance of the operating segments is based on operating profit before interest, tax, depreciation and amortisation (EBITDA) and investment in working capital. This measurement basis excludes the effect of non-recurring expenditure from the operating segments, such as restructuring costs, profit on disposal of property, plant and equipment, impairments, etc. Interest income and expenditure are included in the results of the operating segments.

Total assets and liabilities exclude deferred and income tax liabilities, inter-group balances and available-for-sale financial assets. The details of the business segments are as follows:

Year ended	Revenue R'000	Adjusted EBITDA R'000	Segment assets R'000	Segment liabilities R'000
31 December 2009				
Electrical wires	**591 939**	**35 975**	**227 059**	**34 976**
Lighting and electrical accessories	**366 033**	**46 234**	**530 874**	**78 261**
Property investments	**17 213**	**9 015**	**162 816**	**86 153**
	975 185	**91 224**	**920 749**	**199 390**
31 December 2008				
Electrical wires	747 994	99 634	241 342	41 158
Lighting and electrical accessories	388 623	77 860	569 296	150 718
Property investments	17 183	16 545	176 500	98 684
	1 153 800	194 039	987 138	290 560

Reconciliation of total segment report to the statement of financial position and statement of comprehensive income is provided as follows:

	31 December 2009 (Audited) R'000	31 December 2008 (Audited) R'000
Revenue		
Reportable segment revenue	**975 185**	1 153 800
Inter-group revenue (property rentals)	**(16 000)**	(16 000)
Property revenue reported in other operating income	**(1 213)**	(1 183)
Revenue per consolidated statement of comprehensive income	**957 972**	1 136 617
Profit before tax		
Adjusted EBITDA	**91 224**	194 039
Corporate overheads	**(12 908)**	(4 020)
Depreciation	**(13 894)**	(11 922)
Amortisation of intangible assets	**(4 263)**	(3 708)
Impairment of intangible assets	**–**	(39 000)
Impairment of available-for-sale financial assets	**–**	(1 582)
Impairment of interest free loans	**–**	(1 070)
Operating profit	**60 159**	132 737
Finance income	**2 843**	2 762
Finance cost	**(18 531)**	(27 630)
Profit before tax	**44 471**	107 869
Assets		
Reportable segment assets	**920 749**	987 138
Corporate assets	**1 482**	59
Taxation receivable	**1 948**	179
Total assets per statement of financial position	**924 179**	987 376
Liabilities		
Reportable segment liabilities	**199 390**	290 560
Corporate liabilities	**3 819**	2 155
Deferred taxation	**26 818**	29 497
Taxation payable	**4 380**	7 049
Total liabilities per statement of financial position	**234 407**	329 261

13. Director changes

Mr D Ko resigned from the board on 6 March 2009. Messers PJM Ferreira, G Stein and H Schwartz did not avail themselves for re-election as directors of South Ocean, at the annual general meeting held on 22 June 2009, in line with the executive director reorganisation announced in the 2008 annual report. Mr JB Magwaza, the Group chairman resigned from the board effective 31 July 2009 for personal reasons and he was replaced by Mr EG Dube as chairman. Ms JL Law was appointed as a director on 6 March 2009, redeployed as an alternate director on 7 August 2009 and resigned from the board on 28 February 2010.

14. Subsequent events

The directors are not aware of any significant events arising since the end of the financial year, which would materially affect the operations o f the Group or its operating segments.

COMMENTARY

Introduction

South Ocean Holdings Limited ("SOH") is pleased to announce its results for its third year as a listed company.

The Group consists of two trading companies South Ocean Electric Wire Company (Proprietary) Limited ("SOEW"), manufacturer of low voltage electrical wire, and Radiant Group (Proprietary) Limited ("Radiant"), importer and distributor of light fittings, lamps and electrical accessories, and a property holding company, Anchor Park Investments 48 (Proprietary) Limited ("Anchor Park").

The Group experienced a challenging trading year, with a decline in revenues and margins, mainly due to sales price deflation and increased competition. Trading improved in the second half of the year at SOEW with the copper price recovery, despite the impact of the global financial crisis. Radiant was less adversely affected by the economic climate. Some relief was felt as interest rates and inflation indices improved, but consumer disposable income remains tight as many struggle to service debts.

Financial overview

Earnings

The Group reports R31,7 million profit after tax for the 12 months ended 31 December 2009, which is 48,2% less than the R61,1 million reported for the same period last year. The major contributor to the reduced profit for the Group is the margin pressure experienced by both operating companies as manifested in the reduction of R98,3 million in gross profit. The gross profit is reported at R212,2 million (2008: R310,6 million) which is a 31,7% reduction compared to the prior year.

Other operating income of R12,1 million (2008: R1,6 million) reported is mainly as a result of forex gains during the year due to the strengthening of the Rand.

The apparent saving of R15,2 million in the combined expenses for the Group of R164,2 million (2008: R179,4 million) does not reflect a true picture as the prior year operating expenses include impairments of goodwill (R39,0 million) and available-for-sale financial assets (R1,6 million). The comparable combined operating expenses amounted to R138,8 million for the prior year, which translates to an 18,3% increase in current year expenses. Increased depreciation, staff costs and a loss on disposal of a fixed property contributed to the higher costs. Further details are discussed under the operating divisions.

Finance costs at R18,5 million (2008: R27,6 million) reduced by 33,0% due to the reduction in interest rates and reduced levels of debt.

The effective tax rate for 2009 is 28,8% compared to the prior year of 43,4%. The prior year rate was affected by the impairment charges, which were not tax deductible.

Cash flow and cash position

Despite the adverse trading results for the year, the Group's strategy of retaining cash for growth helped improve its net cash position from an overdraft of R6,2 million at December 2008 to a positive cash balance of R58,8 million at 31 December 2009. This was as a result of a focused and effective working capital management strategy implemented by the Group. The Group generated R115,0 million from operations which was complemented by a further cash inflow of R14,8 million from the disposal of assets, including the Cape Town property. The Group utilised an additional R22,6 million of its existing facilities to finance the remainder of the capital expansions. The Group reduced its debt positions by a further R37,9 million (2008: R1,3 million).

Operational overview

Electrical wires (SOEW)

SOEW reported a revenue of R591,9 million, which is a 20,9% reduction compared to the prior year. It is however pleasing to note that the revenue improved in the second half of the year due to an improvement in the Rand copper price. Overall, volumes improved in 2009 compared to 2008, while the average Rand copper price for 2009 was lower than that experienced in 2008. Aggressive pricing in the market, as well as de-stocking by market participants during the year, had a significant influence on the results for the year.

Market conditions remained difficult with margins aggressively depressed, resulting in the gross profit for the year declining by 61,1% to R47,0 million (2008: R120,9 million). Production output was limited as a result of shortages of local copper supplies in the second half of the year.

The capital investment made in the prior years assisted in increasing production, despite the difficult and challenging market conditions.

The focus on cost containment was rewarded as overall costs reduced when compared to the prior year. In addition there was focus on the management of working capital with trade receivables collections improving together with an improvement in the quality of the debtors' book. The result has been a significant improvement in the net cash position of the business to R24,8 million from a net overdraft of R8,1 million in the prior year.

Lighting and electrical accessories (Radiant)

Radiant imports and distributes light fittings, lamps and electrical accessories and continues to be one of the leaders in this market. Light fittings remain the largest contributor to sales, however difficult trading conditions in a depressed economy resulted in a decline in results.

Revenue is down marginally by 5,8% to R366,0 million (2008: R388,6 million). Gross profit of R160,6 million is recorded representing a 13,2% decline from the R185,0 million achieved in the prior year.

The 18,2% increase in operating expenses is mainly attributable to general inflationary increases as well as the employment of key specialist staff and increased depreciation on capital expenditure, both in alignment with the strategic restructuring completed in early 2009.

Net income before taxation decreased by 48,5% to R32,5 million (2008: R63,0 million). Finance charges decreased by 11,8% to R7,5 million (2008: R8,5 million) as a result of the reduction in interest rates and settlement of the preference shares of R18,1 million.

Cash generated from operations amounted to R47,4 million (2008: R37,0 million). This is mainly attributable to the improvement in working capital levels. Significant reductions in inventory holdings and efficient debtor collections resulted in cash levels increasing to R31,5 million (2008: R1,7 million).

Property investments (Anchor Park)

Anchor Park owns the properties that are leased by the operating subsidiaries. During the year, the Milnerton (Cape Town) property, was disposed of at a loss of R5,8 million. The completion of construction projects started in the prior year was done at a cost of R12 million.

Prospects

The Group has adapted to the changed economic conditions and anticipates competitive pricing and cautious demand from customers in the year ahead. There are signs of the economy improving, but the conditions experienced are still very difficult. Factors that continue to have an impact on the business include the exchange rates, copper supply and copper price.

The operating segments will continue to build on the solid infrastructure and market share they have developed over the past few years, whilst maintaining the focus on superior quality products and customer service excellence.

The Group plans to utilise the cash to increase buffer stock due to supply problems experienced and for capital expansion to improve operational capacity in the operating segments.

The Group remains confident that it is well positioned to take advantage of the opportunities when market stability returns as the global recession recedes.

On behalf of the board

EG Dube *Chairman*	**EHT Pan** *Chief Executive Officer*

5 March 2010

CORPORATE INFORMATION

Directors:
EG Dube# *(Chairman)*, EHT Pan*@ *(Chief Executive Officer)*, JP Bekker* *(Chief Financial Officer)*
CY Wu√o, HL Li√o, KH Pon#, CH Pan√o (Alternate)
Company Secretary: WT Green
* Executive # Independent Non-executive √ Non-executive o Taiwanese @ Brazilian

South Ocean Holdings
(Registration number 2007/002381/06)
Incorporated in the Republic of South Africa
("South Ocean", "the Group")
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