South Ocean Holdings Limited

(Registration number 2007/002381/06)

Incorporated in the Republic of South Africa

("South Ocean", "the group" or "the company")

Share code: SOH ISIN: ZAE000092748

Interim results for the six months ended 30 June 2007

Highlights
Revenue up 53.4% to R320.3 million
Operating profit up 73.9% to R59.8 million
Headline earnings up 86.7% to R42 million
Headline earnings per share up 61.9% to 37.4c
Basic earnings per share up 61.9% to 37.4c

Condensed Consolidated balance sheet

(R)	NOTE	As at 30 June 2007 (Unaudited)	As at 30 June 2006 (Unaudited)	As at 31 December 2006 (Audited)
Assets				
Non-current assets		**63 463 250**	55 960 034	64 307 736
- Property, plant and equipment	11	**63 463 250**	55 960 034	64 307 736
Current assets		**304 772 688**	140 960 525	171 316 873
- Inventory		**74 560 066**	42 939 528	65 657 329
- Trade and other receivables		**118 613 035**	97 390 068	105 025 766
- Cash and cash equivalents		**111 599 587**	630 929	633 778
Total assets		**368 235 938**	196 920 559	235 624 609
Equity and liabilities				
Capital and reserves				
- Share capital	12	**896 964**	699 914	709 964
- Share premium		**162 710 674**	33 988 332	34 236 064
- Retained earnings		**123 223 191**	53 849 714	81 181 642
Total equity		**286 830 829**	88 537 960	116 127 670
Liabilities				
Non-current liabilities		**16 268 672**	10 755 607	14 693 653
- Interest bearing borrowings	13	**6 021 891**	3 748 240	5 207 367
- Deferred income tax liabilities		**10 246 781**	7 007 367	9 486 286
Current liabilities		**65 136 437**	97 626 992	104 803 286
- Current portion of interest bearing borrowings	13	**5 504 320**	11 674 625	5 050 022
- Trade and other payables		**50 523 909**	26 781 776	28 027 177
- Shareholders for dividends		**-**	-	10 649 453
- Current income tax liabilities		**9 108 208**	6 734 664	1 128 788
- Bank Overdraft		**-**	52 435 927	59 947 846
Total equity and liabilities		**368 235 938**	196 920 559	235 624 609

Condensed Consolidated income statement

(R)	NOTE	Six months ended 30 June 2007 (Unaudited)	30 June 2006 (Unaudited)	Change %	Ten months ended 31 December 2006 (Audited)
Revenue		**320 302 793**	208 736 888	53.4	458 310 210
Cost of Sales		**(240 005 656)**	(164 337 562)		(347 277 657)
Gross Profit		**80 297 137**	44 399 326	80.9	111 032 553
Other Operating Income		**4 333**	-		-
		80 301 470	44 399 326	80.9	111 032 553
Administration expenses		**(10 452 210)**	(4 853 890)		(13 020 122)
Distribution Expenses		**(370 127)**	(438 038)		(724 657)
Other Operating Expenses		**(9 633 981)**	(4 687 679)		(12 425 018)
Operating profit		**59 845 152**	34 419 719	73.9	84 862 756
Finance income		**2 525 964**	35 391		101 261
Finance expense		**(1 592 862)**	(1 900 772)		(4 381 640)
Profit before income tax		**60 778 254**	32 554 338	86.7	80 582 377
Income tax expense	14	**(18 736 705)**	(10 033 637)		(25 422 396)
Profit after tax for the period		**42 041 549**	22 520 701	86.7	55 159 981
Headline earnings	15	**42 041 549**	22 520 701		55 189 630
Earnings per share					
Earnings per share - basic	(cents)	**37.4**	23.1	61.9	55.8
Earnings per share - diluted	(cents)	**37.4**	23.1	61.9	55.8

Condensed Consolidated statement of changes in shareholders' equity

(R)	Six months ended 30 June 2007 (Unaudited)	30 June 2006 (Unaudited)	Ten months ended 31 December 2006 (Audited)
Share Capital			
Opening Balance	**709 964**	677 133	699 914
Shares issued	**187 000**	22 781	10 050
Closing Balance	**896 964**	699 914	709 964
Share Premium			
Opening balance	**34 236 064**	33 426 805	33 988 332
Share premium raised	**130 713 000**	561 527	247 732
Share issue expenses written off	**(2 238 390)**	-	-
Closing Balance	**162 710 674**	33 988 332	34 236 064
Distributable Reserves			
Opening Balance	**81 181 642**	35 178 537	36 671 114
Profit for the period	**42 041 549**	22 520 701	55 159 981
Dividend paid	**-**	(3 849 524)	(10 649 453)
Closing balance	**123 223 191**	53 849 714	81 181 642

Condensed Consolidated cash flow statement

(R)	Six months ended 30 June 2007 (Unaudited)	30 June 2006 (Unaudited)	Ten months ended 31 December 2006 (Audited)
Cash flows from operating activities			
Profit before taxation	**60 778 254**	32 554 338	80 582 377
Adjust for:			
Finance income	**(2 525 964)**	(35 391)	(101 261)
Finance cost	**1 592 862**	1 900 772	4 381 640
	59 845 152	34 419 719	84 862 756
Adjustment for items not affecting cash flow			
Loss/ (profit) on disposal of property, plant and equipment	**-**	-	29 648
(Reversal)/Provision for doubtful debts	**(578 444)**	1 059 000	3 360 000
Depreciation, amortisation and other	**3 247 401**	3 484 540	4 421 652
Operating profit before working capital changes	**62 514 109**	38 963 259	92 674 056
Working capital changes	**585 170**	(59 755 210)	(78 864 264)
Increase in inventory	**(8 902 737)**	(11 163 010)	(35 164 214)
Increase in trade and other receivables	**(13 008 825)**	(59 737 332)	(52 392 718)
Increase in trade and other payables	**22 496 732**	11 145 132	8 692 668
Cash generated from / (utilized) operations	**63 099 279**	(20 791 951)	13 809 792
Finance expenses paid	**(1 592 862)**	(1 900 772)	(4 381 640)
Finance income received	**2 525 964**	35 391	101 261
Income tax paid	**(9 996 790)**	(5 846 191)	(24 705 040)
Dividends paid to shareholders	**(10 649 453)**	-	(3 849 524)
Net cash generated from / (used in) operating activities	**43 386 138**	(28 503 523)	(19 025 151)
Cash flows from investing activities			
Purchases of property, plant and equipment (“PPE”)	**(2 402 915)**	(4 632 305)	(12 590 532)
Proceeds from disposal of property plant and equipment	**-**	506 622	546 728
Net cash used in investing activities	**(2 402 915)**	(4 125 683)	(12 043 804)
Cash flows from financing activities			
Net Proceeds from issue of ordinary shares	**128 661 610**	584 307	257 782
Increase / (decrease) in interest bearing liabilities	**1 268 822**	(3 874 037)	(8 406 262)
Net cash generated from/(used in) financing activities	**129 930 432**	(3 289 730)	(8 148 480)
Net increase/(decrease)in cash and cash equivalents	**170 913 655**	(35 918 936)	(39 217 435)
Cash and cash equivalents at the beginning of period	**(59 314 068)**	(15 886 062)	(20 096 633)
Cash and cash equivalents at the end of period	**111 599 587**	(51 804 998)	(59 314 068)

Selected notes to condensed consolidated interim financial information

1. Introduction

South Ocean Holdings Limited (SOH), an investment holding company, operating through its subsidiary, South Ocean Electric Wire Company (Pty) Limited (SOEW), is pleased to report to shareholders its maiden financial results since becoming a listed company in February 2007.

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.

SOH acquired 100% of the issued share capital of SOEW in January 2007 and the results for the first six months represent the investment by SOH. The prior period’s results for SOEW have been included for the purposes of analysis, information and to explain the performance of SOEW for the period under review, which represents SOH’s sole operation.

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2. Financial Overview

Revenue for the six-month period to June 2007 increased by 53.4% to R320.3 million (2006: R208.7 million). Profit after tax (earnings) and headline earnings increased by 86.7% to R42 million (2006: R22.5 million) respectively. Headline earnings per share increased by 61.9% to 37.4 cents (2006: 23.1 cents per share).

The profit and revenue increases were as a result of a 36% year-on-year average increase in the copper price, increased production and stock profits, management's continued efforts to contain costs and improving efficiencies across the Group.

Operating profit increased by 73.9% to R59.8 million (2006: R34.4 million). This increase was despite a once-off cost of R4 million incurred for professional services relating to the listing and the acquisition of the Radiant Group (Pty) Limited. The finance income amounting to R2.5 million was earned on the proceeds received from the share issue at listing. The finance expenses pertain mainly to the financing of machinery.

The effective tax rate for the current period is 30.8% (2006: 30.8%).

Inventory holding levels and stock volumes increased as a result of higher copper prices while the balance on the trade and other receivables account increased to R118 million as a result of the increased revenue. The Company invested in plant and machinery during the current period to increase its production capacity.

The net cash balance of R111.6 million at the end of the review period is due to the proceeds received from the share issue at listing and positive net cash generated from operations. The Group also paid a dividend of R10.6 million during this period which was declared in December 2006.

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 whilst the comparative are only those of SOEW, SOH's sole operation. This will be the first year the company reports consolidated results and they will be consolidated from 1 January 2007. The increase in share premium is mainly as a result of the listing. SOH issued 100 million shares to vendors of SOEW at R7.00 per share for the acquisition of shares of SOEW by SOH and a further 18.7 million shares were issued by SOH to selected institutions as part of subscription offer at R7.00 per share on listing.

IFRS 3 requires that a new entity formed to issue equity instruments to effect business combination, cannot be identified as the acquirier and therefore the operating company will be identified as the acquirer. As a result, the principle of reserve acquisition will have to be applied to transaction. This principle has been applied in the preparation of these Group condensed consolidated financial statements. The carrying value of assets and liabilities of SOEW, the operating company, at the pre-transaction 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.

SOH has successfully negotiated the acquisition of 100% of the issued share capital of the Radiant Group (Pty) Limited.
As announced on SENS on 7 August 2007, all conditions precedent to the transaction has been fulfilled.

4. Operational Review

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

Phase one 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. The effects of the increased capacity should be evident in the next six-month period.

Phase two of the expansion strategy started in mid-June, and is due for completion by December 2007. Once complete, this will add a further 15% to SOEW's capacity and assist in meeting the strong growth in demand for the Group's products. Construction has commenced and commitments to the value of R6 million have been entered into.

The industry continues to benefit 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

The increase in the administration expenses is due to an increase in directors' remuneration which comprises a performance bonus based on both profit performance and of the appointment of more executive directors. The operating expenses of R9.6 million includes professional and legal fees incurred related to the listing in February 2007 and the costs related to the acquisition of 100% of the issued ordinary share capital of the Radiant Group (Pty) Limited. The balance of the operational costs is in line with the Group's performance targets.

6. Seasonality

During the period under review, SOEW has operated at nearly maximum capacity. The earnings over the next six months will be driven by the copper price, a buoyant construction and building industry coupled with the increased capacity. The earnings of SOH are not seasonal.

7. Interim dividend declaration

An interim dividend of 6 cents per ordinary share amounting to R9.4 million was approved by the Board of Directors on 7 August 2007 for the six months ended 30 June 2007.

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

The salient dates are as follows: -

Last date for trading to qualify and participate in the interim dividend	Friday 24 August 2007
Trading ex dividend commences	Monday 27 August 2007
Record date	Friday 31 August 2007
Dividend payment date	Monday 3 September 2007

Share certificates may not be dematerialised or rematerialised between Monday 27 August 2007 and Friday 31 August 2007, both days inclusive.

8. Prospects

Our commitment to shareholders drives our strategy to deliver on all the promises we made when listing. The Group will continue with its unwavering focus of operational efficiency as we grow both organically and through acquisitions. The government's commitment to infrastructure and housing development combined with the strong performance of private sector construction and manufacturing means the Group is well positioned to take advantage of the opportunities in the markets. The Group remains committed to the constant rationalisation of machinery and processes, optimising efficiencies and minimising running costs.

As a result the Group expects the solid returns obtained in the past to continue in the medium to long term.

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9. Basis of preparation

The group has prepared condensed consolidated interim financial statements for the six months ended 30 June 2007 in accordance with IAS 34 "Interim Financial Reporting" and in compliance with the listing requirements of the JSE Limited and the South Africa Companies Act. The condensed consolidated interim financial statements for the period have been prepared on the basis of a reverse acquisition in terms of the requirements of IFRS 3.

10. Accounting policies

The accounting policies adopted are consistent with those applied in the previous period.

11. Capital expenditure

During the six-month period until June 2007, the group acquired new plant and machinery to increase its operating capacity. The details of the changes in capital are as follows:

(R')	Tangible assets
Six months ended 30 June 2007	
Opening net carrying amount	**64 307 736**
Additions	**2 402 915**
Depreciation, amortisation and other movements	**(3 247 401)**
Closing net carrying amount	**63 463 250**
Six months ended 30 June 2006	
Opening net carrying amount	54 812 269
Additions	4 632 305
Depreciation, amortisation and other movements	(3 484 540)
Closing net carrying amount	55 960 034

12. Share capital

	Number of shares	Ordinary shares (R')	Share premium (R')	Total (R')
Opening balance 1 January 2007	**100 000 000**	**709 964**	**34 236 064**	**34 946 028**
Proceeds from shares issued	**18 700 000**	**187 000**	**130 713 000**	**130 900 000**
Share issue expenses written off	**-**	**-**	**(2 238 390)**	**(2 238 390)**
Closing balance 30 June 2007	**118 700 000**	**896 964**	**162 710 674**	**163 607 638**
Opening balance 1 January 2006	95 374 253	677 133	33 426 805	34 103 938
Proceeds from shares issued	3 208 563	22 781	561 527	584 308
Closing balance 30 June 2006	98 582 816	699 914	33 988 332	34 688 246

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13. Interest bearing long term borrowings

(R) Secured Loans	As at **30 June 2007**	 30 June 2006	As at 31 December 2006
Non Current	**6 021 891**	3 748 240	5 207 367
Current portion	**5 504 320**	11 674 625	5 050 022
	11 526 211	15 422 865	10 257 389
The movement in borrowings is analysed as follows:			
Opening balance	**10 257 389**	19 296 902	18 663 651
Additional borrowings raised	**2 838 504**	1 991 776	5 303 662
Financed expenses incurred	**859 229**	811 545	1 213 798
Repayments	**(2 428 911)**	(6 677 358)	(14 923 722)
Closing balance	**11 526 211**	15 422 865	10 257 389

14. Income tax

Expenditure on income tax is based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for 2007 is 30.8% (2006: 30.8%).

15. Reconciliation of headline earnings

(R)	Six months ended **30 June 2007** **(Unaudited)**	 30 June 2006 (Unaudited)	Ten months ended 31 December 2006 (Audited)
Reconciliation of headline earnings			
Profit for the period	**42 041 549**	22 520 701	55 159 981
Loss on sale of property, plant and equipment	**-**	-	29 649
Headline earnings	**42 041 549**	22 520 701	55 189 630

16. Weighted average number of shares

	Six months ended **30 June 2007** **(Unaudited)**	 30 June 2006 (Unaudited)	Ten months ended 31 December 2006 (Audited)
Number of shares in issue	**118 700 000**	98 584 434	100 000 000
Number of shares in issue at beginning of the period	**100 000 000**	95 375 818	98 584 434
Issued February 2007	**12 466 667**		
Issued February 2006		2 139 077	
Issued October 2006			283 113
Weighted average number of shares in issue at end of the period	**112 466 667**	97 514 895	98 867 547
Weighted average number of shares in issue for diluted earnings per share	**112 466 667**	97 514 895	98 867 547

17. Net asset value

	As at		As at
	30 June 2007	30 June 2006	31 December 2006
	(Unaudited)	(Unaudited)	(Audited)
Net asset value per share(cents)	**241.6**	89.8	116.1

18. Segment reporting

SOH operates only as one segment.

19. Subsequent Events

On 25 June 2007 SOH released on SENS that it had entered into an agreement, subject to the fulfilment of certain conditions precedent, that the company would acquire 100% of the issued ordinary share capital of the Radiant Group (Pty) Limited for a total purchase consideration of R485 million. All conditions precedent were fulfilled on 7 August 2007 and the effective date of the acquisition is 1 March 2007.

On behalf of the board

JB Magwaza
Chairman

EHT Pan
Chief executive

07 August 2007

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Directors: J B Magwaza (Chairman), E H T Pan* (Chief Executive), J P Bekker*,
P J M Ferreira*, R. P Walley* D Ko#, E G Dube#, C Y Wu√, C H Pan√,
Company Secretary : WT Green
* Executives # Independent Non Executives √ Non Executives