South Ocean HOLDINGS

Interim results and interim dividend declaration

for the six months ended 30 June 2008

Highlights

Headline earnings per share up 23,5% to 46,2 cents

Basic earnings per share up 21,1% to 45,3 cents

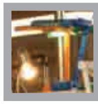
Interim dividend up 16,7% to 7 cents per share

Revenue up 79,5% to R574,9 million

Operating profit up 92,9% to R115,5 million

Headline earnings up 71,9% to R72,3 million

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

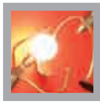


CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June 2008 (Unaudited) R'000	30 June 2007 (Unaudited) R'000	Change %	Year ended 31 December 2007 (Audited) R'000
Revenue		**574 876**	320 303	79,5	852 594
Cost of sales		**(391 329)**	(240 006)		(611 522)
Gross profit		**183 547**	80 297	128,6	241 072
Other income		**894**	4		4 200
Administrative expenses		**(55 578)**	(10 452)		(41 375)
Distribution expenses		**(6 008)**	(370)		(5 315)
Operating expenses		**(7 393)**	(9 634)		(13 204)
Operating profit		**115 462**	59 845	92,9	185 378
Finance income		**1 800**	2 526		4 317
Finance expense		**(14 359)**	(1 593)		(10 028)
Profit before income tax		**102 903**	60 778	69,3	179 667
Income tax expense	5	**(32 008)**	(18 737)		(53 875)
Earnings attributable to ordinary shareholders		**70 895**	42 041	68,6	125 792
Earnings per share					
Earnings per share – basic and diluted (cents)		**45,3**	37,4	21,1	97,0
Dividend per share (cents)		**7,0**	6,0	16,7	26,0

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Six months ended 30 June 2008 (Unaudited) R'000	30 June 2007 (Unaudited) R'000	Year ended 31 December 2007 (Audited) R'000
Share capital				
Opening balance		**1 274**	710	710
Shares issued		**–**	187	564
Closing balance	3	**1 274**	897	1 274
Share premium				
Opening balance		**440 371**	34 236	34 236
Share premium on shares issued		**–**	130 713	410 586
Share issue expenses written off		**–**	(2 238)	(4 451)
Closing balance	3	**440 371**	162 711	440 371
Retained earnings				
Opening balance		**197 591**	81 182	81 182
Profit for the period		**70 895**	42 041	125 792
Dividend paid		**(31 276)**	–	(9 383)
Closing balance		**237 210**	123 223	197 591

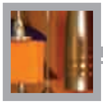


CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 June 2008 (Unaudited) R'000	As at 30 June 2007 (Unaudited) R'000	As at 31 December 2007 (Audited) R'000
ASSETS				
Non-current assets		**613 919**	63 463	576 979
Property, plant and equipment	2	**221 376**	63 463	186 990
Intangible assets	2	**391 593**	–	388 868
Interest free loans receivable		**950**	–	1 121
Current assets		**419 365**	304 773	359 981
Inventory		**183 601**	74 560	177 884
Trade and other receivables		**230 934**	118 613	136 020
Interest free loans receivable		**326**	–	326
Taxation receivable		**1 696**	–	350
Cash and cash equivalents		**2 808**	111 600	45 401
Total assets		**1 033 284**	368 236	936 960
EQUITY				
Capital and reserves				
Share capital	3	**1 274**	897	1 274
Share premium	3	**440 371**	162 711	440 371
Retained earnings		**237 210**	123 223	197 591
Total equity		**678 855**	286 831	639 236
LIABILITIES				
Non-current liabilities		**168 902**	16 269	174 140
Interest bearing borrowings	4	**139 057**	6 022	144 303
Deferred income tax liabilities		**29 845**	10 247	29 837
Current liabilities		**185 527**	65 136	123 584
Interest bearing borrowings	4	**40 161**	5 504	33 225
Trade and other payables		**94 273**	50 524	76 856
Shareholders for dividends		**4**	–	4
Taxation payable		**10 963**	9 108	13 430
Bank overdraft		**40 126**	–	69
Total equity and liabilities		**1 033 284**	368 236	936 960

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June 2008 (Unaudited) R'000	Six months ended 30 June 2007 (Unaudited) R'000	Year ended 31 December 2007 (Audited) R'000
Cash flows from operating activities	**(40 592)**	43 386	59 739
Cash flows from investing activities	**(44 422)**	(2 402)	(298 900)
Cash flows from financing activities	**2 364**	129 930	343 807
Net (decrease)/increase in cash and cash equivalents	**(82 650)**	170 914	104 646
Cash and cash equivalents at the beginning of period	**45 332**	(59 314)	(59 314)
Cash and cash equivalents at the end of period	**(37 318)**	111 600	45 332



SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

1. Basis of preparation

The Group has prepared condensed consolidated interim financial statements for the six months ended 30 June 2008 in accordance with IAS 34 "Interim Financial Reporting" and in compliance with the listing requirements of the JSE Limited and the South African Companies Act. The condensed consolidated interim financial statements for the period should be read in conjunction with the 2007 financial statements. The accounting policies adopted are consistent with those applied in the financial statements for the year ended 31 December 2007.

2. Capital expenditure

During the six months, the Group acquired new plant and machinery and is in the process of building new showrooms and warehouses in Cape Town and Johannesburg. The Group also invested in a new ERP computer system to increase Radiant's operating efficiency. The details of changes in tangible and intangible assets are as follows:

	Tangible assets R'000	Intangible assets R'000
Six months ended 30 June 2008		
Opening net carrying amount	**186 990**	**388 868**
Additions	**40 041**	**4 380**
Depreciation, amortisation and other movements	**(5 655)**	**(1 655)**
Closing net carrying amount	**221 376**	**391 593**
Six months ended 30 June 2007		
Opening net carrying amount	64 307	–
Additions	2 403	–
Depreciation, amortisation and other movements	(3 247)	–
Closing net carrying amount	63 463	–

3. Share capital

	Number of shares	Ordinary shares R'000	Share premium R'000	Total R'000
Opening balance 1 January 2008	**156 378 794**	**1 274**	**440 371**	**441 645**
Movement	**–**	**–**	**–**	**–**
Closing balance 30 June 2008	**156 378 794**	**1 274**	**440 371**	**441 645**
Opening balance 1 January 2007	100 000 000	710	34 236	34 946
Proceeds from shares issued	18 700 000	187	130 713	130 900
Share issue expenses written off	–	–	(2 238)	(2 238)
Balance at 30 June 2007	118 700 000	897	162 711	163 608
Proceeds from shares issued	37 678 794	377	279 873	280 250
Share issue expense	–	–	(2 213)	(2 213)
Closing balance 31 December 2007	156 378 794	1 274	440 371	441 645

4. Interest bearing borrowings

Secured loans	**Six months ended** **30 June 2008 (Unaudited) R'000**	30 June 2007 (Unaudited) R'000	Year ended 31 December 2007 (Audited) R'000
Non-current	**139 057**	6 022	144 303
Current	**40 161**	5 504	33 225
	179 218	11 526	177 528
The movement in borrowings is analysed as follows:			
Opening balance	**177 528**	10 257	10 257
Acquisition of subsidiary	**–**	–	48 231
Additional loans raised	**20 786**	2 839	134 839
Finance expense	**11 183**	859	7 834
Repayments	**(30 279)**	(2 429)	(23 633)
Closing balance	**179 218**	11 526	177 528

5. Income tax expense

Income tax expense is recognised 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 2008 is 31,1% (2007: 30,8%) inclusive of STC.

6. Reconciliation of headline earnings

	Six months ended 30 June 2008 (Unaudited) R'000	Six months ended 30 June 2007 (Unaudited) R'000	Year ended 31 December 2007 (Audited) R'000
Reconciliation of headline earnings			
Profit for the period	**70 895**	42 041	125 792
Amortisation of intangible assets	**1 366**	–	917
Loss on disposal of property, plant and equipment	**–**	–	(429)
Headline earnings	**72 261**	42 041	126 280
Headline earnings per share (cents)	**46,2**	37,4	97,4

7. Weighted average number of shares

	Six months ended 30 June 2008 (Unaudited)	Six months ended 30 June 2007 (Unaudited)	Year ended 31 December 2007 (Audited)
Number of shares in issue	**156 378 794**	118 700 000	156 378 794
Number of shares in issue at beginning of the period	**156 378 794**	100 000 000	100 000 000
Weighted number of shares issued during the period to August 2007	**–**	–	14 129 548
Weighted number of shares issued during the period to February 2007	**–**	12 466 667	15 583 333
Weighted average number of shares in issue at end of the period	**156 378 794**	112 466 667	129 712 881
Weighted average number of shares in issue for diluted earnings per share	**156 378 794**	112 466 667	129 712 881

8. Net asset value

	As at 30 June 2008 (Unaudited)	As at 30 June 2007 (Unaudited)	As at 31 December 2007 (Audited)
Net asset value per share (cents)	**434,1**	241,6	408,8

9. Interim dividend declaration

Notice is hereby given that the Board of Directors has approved for the six months period ended 30 June 2008 an interim dividend of 7 cents per ordinary share amounting to R10,9 million to shareholders recorded in the register at close of business on 5 September 2008.

The interim results do not reflect this dividend payable and the related STC charge, which will be recognised in shareholders' equity as an appropriation of retained earnings when it is declared. The salient dates are as follows:

Last date for trading to qualify and participate in the interim dividend	Friday, 29 August 2008
Trading *ex* dividend commences	Monday, 1 September 2008
Record date	Friday, 5 September 2008
Dividend payment date	Monday, 8 September 2008

Share certificates may not be dematerialised or rematerialised between Monday, 1 September 2008 and Friday, 5 September 2008, both days inclusive.

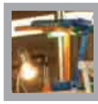
10. Segment reporting

The Group's primary reporting format is business segments, and secondary format is geographical segments. The details of the business segments are reported as follows:

Six months ended 30 June 2008	**Revenue R'000**	**Operating profit R'000**	**Total assets R'000**	**Total liabilities R'000**	**Capital expenditure R'000**	**Depreciation and amortisation R'000**
Electrical wire manufacturing	**393 161**	**76 233**	**305 078**	**102 046**	**10 095**	**3 822**
Light fittings & accessories	**181 715**	**41 672**	**573 905**	**100 932**	**7 240**	**2 993**
Property investments	**–**	**(142)**	**151 217**	**108 290**	**27 086**	**495**
Other	**–**	**(2 301)**	**1 388**	**2 353**	**–**	**–**
	574 876	**115 462**	**1 031 588**	**313 621**	**44 421**	**7 310**
30 June 2007						
Electric wire manufacturing	320 303	59 845	368 236	62 050	2 403	3 247

11. Subsequent events

The directors are not aware of any significant events arising since the end of the financial period not dealt with in the financial results, which would materially affect the operations of the Group or the operating segments.



COMMENTARY

Introduction

South Ocean Holdings Limited (SOH) is an investment holding company, operating through three subsidiaries, namely, South Ocean Electric Wire Company (SOEW), Radiant Group (Radiant) and Anchor Park. SOH is pleased to report to shareholders its interim financial results for the six months ended 30 June 2008.

The June 2008 results are not comparable to June 2007. The fundamental difference between the two periods is due to the acquisition of Radiant in August 2007.

Financial overview

Earnings

The Group continued to benefit from the increased demand for its products, the rise in the copper price and improved operational efficiencies implemented throughout the previous year and the period under review. Revenue for the six month period to June 2008 increased by 79,5% to R574,9 million (2007: R320,3 million). Profit after tax for the same period increased by 68,6% to R70,9 million (2007: R42,0 million) and the basic earnings per share rose to 45,3 cents (2007: 37,4 cents) per share, reflecting a 21,1% increase. Headline earnings increased by 71,9% to R72,3 million (2007: R42,0 million) and headline earnings per share 23,5% to 46,2 cents.

The profit and revenue increases were as a result of production and efficiencies at the cable manufacturing subsidiary, an 18,8% increase in the moving average copper price over the same period compared to the prior year, and the inclusion of Radiant. Management has continued its efforts to re-examine cost structures, and implemented practical measures to extract ongoing efficiencies that are ongoing across the Group.

Operating profit increased by 92,9% to R115,5 million (2007: R59,8 million). This increase resulted from an improvement in operating margins to 20,1% (2007: 18,6%) due to efficiencies and the incorporation of the Radiant business into the Group. Attributable earnings per share is 45,3 cents which is a 21,1 % increase compared to the same period last year.

The higher financing costs were due to three factors. Firstly the financing resulting from the restructuring of the properties within the Group, secondly, the capital expansion the Group has embarked upon and finally the significant investment in working capital as a result of increasing activity levels within the business.

Cash flow

Cash flow from operations reflects a decrease from a cash inflow of R59,8 million for the period to December 2007 to a cash outflow of R40,6 million for the period under review. An amount of R83,6 million (2007: R0,6 million) was invested in working capital. The significant investment in working capital was mainly because of the increased turnover following an increase in operating capacity, activity levels and the acquisition of Radiant.

The Group paid a dividend of 20 cents per share amounting to R31,3 million (2007: R10,6 million) declared in March 2008 out of December 2007 profits. Tax of R35,8 million for the Group was paid during the period. The Group invested a further R44,4 million in capital expansion of which R40 million is in respect of property, plant and equipment and R4,4 million related to the new ERP computer system at Radiant. The acquisitions were made to increase capacity at the copper wire production plant, as well as building a new showroom and warehouses for Radiant in Cape Town and extending the showroom in Johannesburg.

The Group raised additional loans of R20,8 million (2007: R2,8 million) to finance plant and machinery of R5,8 million (2007: R1,9 million) and buildings of R15 million. The Group repaid loans of R30,3 million (2007: R2,4 million). The trade and other receivables balance increased to R230,9 million as a result of the increased revenue driven by an increase in copper price and increased volume sales. The significant increase in receivables as at 30 June 2008 in relation to 31 December 2007 is due to December month having the lowest sales in our calendar. The Group achieved record sales in June 2008. The debtors collection period for June 2008 is in line with the corresponding period in 2007. Inventory increased from R74,6 million to R183,6 million as at 30 June 2008, mainly due to the incorporation of Radiant's inventory and an increase in SOEW inventory due to an increase in copper inventory levels and the copper price.

The above payments resulted in the net cash outflow of R82,7 million and a negative cash balance of R37,3 million at the end of the period under review compared to a positive cash balance of R45,3 million at the end of December last year. The negative cash balance at the end of June was as a result of high provisional tax payments, increase in receivables and dividends paid during the period.

Segment results

Electrical wire manufacturing

Revenue increased from R320,3 million in the same period last year to R393,2 million which represents a growth of 22,8%. This is because of a 18,8% increase in the moving average copper price from R47 737 per ton in 2007 to R56 718 per ton. The expected production volume increase of 15% for the first six months did not fully materialise because of labour disruptions due to salary disputes.

Operating profits increased by 27,4% from R59,8 million to R76,2 million compared to the same period last year. Costs remained relatively constant despite inflationary pressures. The contribution of R55,6 million to the Group's attributable profit represents 78% of the total Group profit. Operating cash flow generated from operations before working capital of R76,7 million was 22,3% better than last year's R62,5 million. An amount of R58,4 million (2007: -R0,6 million) was invested in working capital as a result of higher turnover in the last two months. An amount of R10,1 million (R2,4 million) was spent on capital expenditure and R15,3 million (2007: R10 million) related to the payment of taxes.

Light fittings and accessories

Given that SOH acquired Radiant in the second half of 2007, Radiant's contribution was not reported in the 30 June 2007 interim results. Despite deteriorating market conditions, revenue increased by R14,2 million or 8,5% from R167,5 million to R181,7 million in same period last year.

Radiant invested R7,1 million in capital expenditure a significant portion of which related to the new ERP software which was implemented to improve management, customer service, efficiencies and controls within the business. A significant portion of capital expenditure that was incurred in the property investment company, relates mostly to the buildings occupied by Radiant as warehouse and showrooms located both in Cape Town and Johannesburg.

The operating profit increased by 3,0% from R40,5 million to R41,7 million during the reporting period.

Cash generated from operations amounted to R38,4 million. An amount of R19,4 million has been invested in working capital. Financing costs of R4,0 million and tax of R16,2 million was paid during this period.

Property investment

The property investment company houses the properties occupied by the operating companies. Given that it was established during the acquisition of Radiant there were no comparative figures for the first six months period to June 2007.

During the period under review, R27,1 million was invested in the warehouses and showrooms in Johannesburg and Cape Town.

Seasonality

The Group earnings are affected by seasonality. Earnings for the second half of the year are historically higher than the first six months.

Prospects

Our commitment to delivering value to our shareholders continues to drive our strategy. The Group will continue its unwavering focus on operational efficiency. We will also continue to grow organically by expanding our existing operations.

The earnings of the Group for the next six months will be impacted by the copper price, the performance of the construction and building industry, infrastructure development, the impact of the increase in our operational capacity as well as interest and foreign exchange rates.

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 and growth these markets present.

As trading conditions are expected to remain difficult the board anticipates that the same growth rate will not be achieved in the next six months.

On behalf of the board

JB Magwaza
Chairman

EHT Pan
Chief Executive Officer

13 August 2008

CORPORATE INFORMATION

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Sponsor: Investec Bank Limited (Registration no: 1969/004763/06), Second floor, 100 Grayston Drive, Sandown, Sandton 2196
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Directors: JB Magwaza# (Chairman), EHT Pan*^^ (Chief Executive Officer), JP Bekker* (Chief Financial Officer), EG Dube#, PJM Ferreira*, D Ko†^, CH Pan†^, KH Pon#, H Schwartz*, G Stein*, CY Wu†^, E Li†^ (Alternate). *Executive #Independent non-executive †Non-executive ^Taiwanese ^^ Brazilian