



MVELAPHANDA GROUP LIMITED

(Formerly Rebserve Holdings Limited ("Rebserve"))

(Incorporated in the Republic of South Africa)

Registration number 1995/004153/06

("Mvela" or "the company")

ISIN: ZAE000060737 Share code: MVG

REVIEWED RESULTS FOR THE YEAR ENDED 30 JUNE 2005

HIGHLIGHTS

- *Intrinsic net asset value per share (at directors' valuation) at 30 June 2005 up 19% to R8.35*
- *Headline earnings per share up 21% to 135.5 cents*
- *Cash generated from operations up 22% to R436 million*
- *Headline net profit attributable to ordinary shareholders up 109% to R415 million*
- *Excellent performance by investments, complemented by steady operating performances by MvelaServe businesses*
- *Further consolidation of the merger which created South Africa's pre-eminent broad-based, black-controlled, owned and managed diversified group*

The following are the reviewed results of Mvela and its subsidiaries ("the group") for the year ended 30 June 2005 with comparative figures.

SUMMARISED GROUP BALANCE SHEET

	Reviewed 30 June 2005 R'000	Audited 30 June 2004 R'000
ASSETS		
Non-current assets	2 886 010	701 102
Property, plant and equipment	334 067	352 350
Goodwill	616 983	275 065
Investments and loans	1 897 855	29 510
Deferred taxation	37 105	44 177
Current assets	668 582	1 100 957
Liquid funds	177 376	440 789
Other current assets	491 206	660 168
TOTAL ASSETS	3 554 592	1 802 059
EQUITY AND LIABILITIES		
Capital and reserves	2 609 110	1 003 458
Share capital and reserves	2 609 110	971 553
Amounts due to vendors	-	31 905
Outside shareholders' interest	1 075	614
Non-current liabilities	228 130	85 297
Interest bearing liabilities	148 386	69 332
Non-interest bearing liabilities	10 336	3 395
Deferred taxation	69 408	12 570
Current liabilities	716 277	712 690
Interest bearing liabilities	83 898	73 490
Non-interest bearing liabilities	632 379	639 200
TOTAL EQUITY AND LIABILITIES	3 554 592	1 802 059
Net asset value per share (cents)	647.2	565.0
Net tangible asset value per share (cents)	493.9	388.6
Intrinsic net asset value per share (cents) (Note 1)	835.0	700.0

Note 1: Intrinsic net asset value per share (which is not audited) is calculated with reference to the market value and/or directors' valuation (including for listed companies) of the group's investments and operating companies.

SUMMARISED GROUP INCOME STATEMENT

	Reviewed Year ended 30 June 2005 R'000	% increase	Audited Year ended 30 June 2004 R'000
Revenue	3 221 310		3 487 126
Profit from continuing services businesses (Loss)/profit from disposed mining services operations	244 970 (38 101)		259 266 11 257
Profit from operations	206 869		270 523
Income from associates	121 316		783
Fair value gains on revaluation of investments	227 231		-
Net interest and other investment income	(8 461)		16 982
Net profit before taxation and exceptional items	546 955	90	288 288
Exceptional items (Note 2)	(36 439)		(17 229)
Net profit before taxation	510 516	88	271 059
Taxation	(124 533)		(67 079)
Normal, deferred and capital gains tax	(102 024)		(60 501)
Secondary tax on companies	(22 509)		(6 578)
Net profit after taxation	385 983	89	203 980
Net profit attributable to outside shareholders	(9 197)		(23 091)
Net profit attributable to ordinary shareholders	376 786	108	180 889
Number of shares in issue (after share buybacks) (000)	403 163		177 250
Weighted average number of shares in issue (000)	306 305		177 250
Earnings per share (cents)	123.0	21	102.1
Headline earnings per share (cents)	135.5	21	111.8
Fully diluted headline earnings per share (cents)	135.5	21	111.5
Dividend/distribution per share (cents)	10.0		175.0

Note 2: The exceptional items comprise goodwill impaired and written off on the disposal of the mining services operations and the impairment of an investment in an associated company.

SUMMARISED GROUP CASH FLOW STATEMENT

	Reviewed 30 June 2005 R'000	Audited 30 June 2004 R'000
Profit from operations	206 869	270 523
Non-cash items	104 903	103 422
Working capital changes	123 739	(17 407)
Cash generated from operations	435 511	356 538
Net interest and other investment income	(7 110)	16 982
Taxation paid	(75 469)	(42 641)
Dividends paid	(195 058)	(26 668)
Cash available from operating activities	157 874	304 211
Cash effects of investing activities	(393 413)	(145 785)
Cash effects of financing activities	(27 874)	(209 549)
Net movement in liquid funds	(263 413)	(51 123)
Net liquid funds at the beginning of the year	440 789	491 912
Net liquid funds at the end of the year	177 376	440 789

STATEMENT OF CHANGES IN EQUITY

	Reviewed 30 June 2005 R'000	Audited 30 June 2004 R'000
Balance at the beginning of the year	1 003 458	938 236
Acquisition of investments, subsidiaries and businesses	1 437 744	(26 944)
Share buybacks	(13 820)	-
Net profit attributable to ordinary shareholders	376 786	180 889
Distribution/dividends paid	(195 058)	(88 723)
Balance at the end of the year	2 609 110	1 003 458

**RECONCILIATION BETWEEN NET PROFIT ATTRIBUTABLE TO
ORDINARY SHAREHOLDERS AND HEADLINE NET PROFIT
ATTRIBUTABLE TO ORDINARY SHAREHOLDERS**

	Reviewed 30 June 2005 R'000	%	Audited 30 June 2004 R'000
		change	
Net profit attributable to ordinary shareholders	376 786		180 889
Goodwill impaired/written off	34 809		16 991
Impairment of investment in an associate	1 630		238
Loss on sale of fixed assets	1 826		–
Headline net profit attributable to ordinary shareholders	415 051	109	198 118

SEGMENTAL INFORMATION

	Reviewed 30 June 2005 R'000	%	Audited 30 June 2004 R'000
		change	
REVENUE			
Facilities management and professional services	1 094 068		1 269 351
Mining and technical services	582 174		658 509
Food services	614 230		788 502
Support services	930 838		770 764
	3 221 310	(8)	3 487 126
PROFIT FROM OPERATIONS			
Facilities management and professional services	110 033		139 610
Mining and technical services	(4 447)		36 336
Food services	28 287		36 206
Support services	72 996		58 371
	206 869	(24)	270 523

COMMENTARY

Further consolidation of the merger (“the merger”) of the businesses and assets of Mvelaphanda Holdings (Proprietary) Limited (“Mvela Holdings”), with Rebserve.

The merger was implemented on 13 December 2004, on which date the company changed its name to Mvelaphanda Group Limited to become a broad-based, black-controlled, owned and managed diversified group. The rationale for the merger included, inter alia, that Mvela would combine the stature and entrepreneurial reputation of the Mvela Holdings brand and team, as well as the prospect of substantial BEE deal flow, with the cash-generative base and proven operational and transactional skills of the former Rebserve and its management, all of whom have been retained by the group. The early success of the merger is clearly evident from the results for the year – the excellent performance by the group’s investments was complemented by steady performances in the main, and strong cash flows, from the group’s operating businesses.

The merger has been accounted for from 13 December 2004 being the date upon which all of the conditions precedent to the merger were fulfilled and on which date the company paid the special cash dividend of R1.10 per share, comprising an effective return of capital, and issued the capitalisation shares (equivalent in value to a further 50 cents per share), to shareholders. 213 775 000 Mvela shares (equating to 52.8% of the resultant issued share capital) were issued/transferred to Mvela Holdings, and Mvela Holdings, a black company, became the controlling shareholder of the company.

The strategy of Mvela is to grow shareholder value (as measured primarily by intrinsic net asset value) by utilising its BEE credentials and the solid platform which has now been established through the combination of quality investments with steady cash-generative businesses, in order to participate in the continued transformation of the South African economy by actively pursuing and implementing value-enhancing and/or BEE transactions.

Investments

The group’s investments comprise interests in a range of companies primarily in the financial services, mining and resources, property, healthcare, information technology and general industrial sectors. The largest of these investments currently comprise –

- a 20% interest in Batho Bonke Capital (Proprietary) Limited (“Batho Bonke”), which owns preference shares and options equating to an effective 10% stake in Absa Group Limited (“Absa”);
- an 18.1% economic interest in Life Healthcare Group (Proprietary) Limited (“Life Healthcare”) (previously Afrox Healthcare Limited);
- a 22.9% interest in Mvelaphanda Resources Limited (“Mvela Resources”);
- an effective 30% interest in Abvest Associates (Proprietary) Limited; and
- a 55% interest in Umholi Investments (Proprietary) Limited (“Umholi Investments”), which owns preference shares and options equating to an effective 10% stake in African Life Limited (“African Life”).

The value of the group’s investment in Batho Bonke has increased substantially as a result of the increase in the Absa share price from R50 in July 2004 to R82 on 30 June 2005, and to R95 at the date of finalisation of the group’s results. This growth has occurred against the background of a re-rating of shares in the banking sector, and following the successful acquisition by Barclays Bank PLC (“Barclays”) of a controlling interest in Absa. The board of Mvela believes that the prospects of Absa as a long-term investment, especially under the control of Barclays, are attractive.

Life Healthcare continues to perform well and is expected to be a significant investment for the group in future. The possibility of acquiring an additional stake in Life Healthcare in terms of an existing option held by the BEE consortium which invested in Life Healthcare is currently being explored.

On 10 August 2005 it was announced by African Life that Sanlam Limited (“Sanlam”) had submitted an offer (“the Sanlam offer”) to the African Life board of directors to acquire the entire issued share capital of African Life, including the preference shares held by Umhlohi Investments. Subject to the acceptance of the Sanlam offer by African Life shareholders, the group’s effective interest in African Life will be sold for cash.

The audited results of Mvela Resources for the year ended 30 June 2005 were published on SENS on 2 September 2005. The net attributable income of Mvela Resources for the six months ended 30 June 2005 was R522 million. The group accounts for the interest in Mvela Resources on the equity method, resulting in an equity accounted profit from associated companies for the period since implementation of the merger of R121 million.

All investments are carried at directors’ valuation. Changes in the fair values of investments are accounted for in the income statement as fair value gains arising on the revaluation of investments.

Net investment income (which comprises mainly interest and dividends received and interest paid) decreased in line with the decreased cash balances following implementation of the merger and the investment of, inter alia, R100 million of proprietary capital in Life Healthcare. In order to achieve the merger, the company paid out approximately R240 million in cash by way of the special dividend to shareholders, secondary tax on companies, costs and other items directly related to the merger. Interest bearing debt includes approximately R90 million of debt assumed by the group pursuant to or relating to investments acquired in terms of the merger.

Mvela is continually seeking ways to realise the inherent value of certain of its investments and operations, which might include disposing of certain of its operating businesses and/or investments, where appropriate, over time. In line with this strategy, Mvela disposed of its effective interests in Apex Hi Manco Trust and Storage Technology Services (Proprietary) Limited during the 2005 financial year and has disposed of its interests in Rewards Company (Proprietary) Limited and Arcus Gibb Holdings (Proprietary) Limited subsequent to 30 June 2005.

Operations

Reserve Limited, which has been renamed MvelaServe Limited, holds the group’s business operations in the areas of facilities management and professional services, mining and technical services, food services and support services, and which currently comprises the major portion of the group’s operating businesses.

The facilities management businesses, which are centred on TFMC, performed in line with expectations and above the performance of the previous year. The anticipated steady performance of TFMC (after adjusting for the once-off gain share payment received from Telkom Limited in the 2004 financial year) was supplemented by increased contributions to profits from certain of the group’s other facilities management contracts and joint ventures. Mvela continues to pursue new facilities management contracts and opportunities, and remains optimistic about the prospects for concluding a major new facilities management contract.

Trading conditions in the mining services sector remained very difficult, especially for businesses in the outsourced mining services sector. In an environment of a strong Rand versus US Dollar exchange rate, prospects for a recovery in this sector in the foreseeable future are remote. The performance of JIC Mining Services (2000) (Proprietary) Limited

("JIC") had deteriorated materially, and the board of Mvela determined that in the interests of preserving shareholder value, Mvela should reduce its exposure to the outsourced mining services sector. On 24 June 2005 the company announced on SENS that it had concluded an agreement to dispose of the business of JIC ("the JIC disposal"). All conditions precedent to the JIC disposal have now been fulfilled and the JIC disposal has been implemented.

The group's security and contract catering businesses performed well and achieved strong organic growth. Stamford Sales performed below expectations as a result of delays in the realisation of the benefits of certain restructuring initiatives, and the increased costs associated with the implementation of these restructuring initiatives. The performance of the cleaning and freight forwarding businesses were in line with expectations.

Revenue for the period under review was 8% below the comparable period. Increases in revenue in the support services division were offset by decreases in revenue in the mining services businesses (including as a result of the sale of JIC) and the loss by Stamford Sales of the KFC contract in the second half of the 2004 financial year.

Profit from operations of the continuing services businesses for the year was R245 million, an increase of 12% on the pro forma comparable profit from operations for the previous year, which pro forma amount is calculated after excluding the once-off gain share payment received by TFMC from Telkom in the prior year and the loss/profit from the disposed mining services operations.

The group's operations continue to generate substantial cash. Cash generated from operations increased by 22% to R436 million. This amount includes approximately R100 million of cash collected from the JIC debtors, the majority of which amount has been advanced, on a secured basis, to the purchasers of the JIC business as working capital funding, and which advance is included in the cash effects of investing activities. The cash generated from the group's operations will be an important source of funding for the company's anticipated future deal flow.

Financial performance

As a result of the merger the results for the period under review are not directly comparable with the results of the prior year.

The results of the businesses and assets acquired by the company from Mvela Holdings have been accounted for from 13 December 2004, with the exception of Mvela Resources. Results for Mvela Resources have been accounted for from 31 December 2004, being the closest date to the date of the merger for which Mvela Resources has published its results, and the most practicable date from which to account for the results of Mvela Resources relative to the implementation date of the merger.

The group's intrinsic net asset value at 30 June 2005, calculated with reference to the market value and/or directors' valuation (including for listed companies) of the group's investments and operating companies, was R8.35 per Mvela share. This value was calculated using appropriate PE multiple, net asset value and discounted cash flow valuation methodologies as is appropriate for each of the group's investments and operations. This represents an increase of 19% over the valuation of R7.00 utilised by the contracting parties for the purposes of the merger. No adjustment has been made for any BEE premium which should be applied when calculating the intrinsic net asset value of R8.35 per share.

The group's intrinsic net asset value at 6 September 2005, being the last practicable date prior to the finalisation of these results, and calculated on the basis set out above, has increased to R8.75 per Mvela share.

As a result of the high level of volatility which may result from marking to market the valuation of the group's investments, the group's future earnings are also likely to be volatile. In addition, the weighted average number of shares in issue will increase to

approximately 403 million for the 2006 financial year, and will accordingly have a negative impact on the calculation of earnings per share and headline earnings per share for the 2006 financial year. In future, changes in the group's intrinsic net asset value per share will be considered to be a primary indicator of the group's overall performance.

Headline net profit attributable to ordinary shareholders increased by 109% to R415 million for the year. Headline earnings per share of 135.5 cents increased by 21% above the headline earnings per share for the comparable period and compares favourably with the pro forma headline earnings per share figure of 39 cents calculated in the merger circular. This has been achieved notwithstanding the dilutive effect of the merger on the group's headline earnings per share as a result of, inter alia, the STC charge of R22 million on the effective return of capital to Rebserve shareholders via the special cash dividend of R1.10 per share, and the capitalisation share issue of 7.14286 new Mvela shares for every 100 existing shares held, as well as the issue of new Mvela shares to Mvela Holdings in consideration for the acquisition of assets.

The number of shares in issue (after deducting the shares held by the share incentive scheme at 30 June 2005), increased from 177 249 768 shares at 30 June 2004 to 403 162 978 shares following the issue of new shares, the transfer of the treasury shares held by a subsidiary and the capitalisation share issue pursuant to the merger.

Post balance sheet events

Shareholders are referred to the announcement made simultaneously with the publication of these results relating to –

- the proposed capital raising in terms of which the company proposes to raise R520 million (before expenses), by issuing cumulative convertible perpetual preference shares, to fund Mvela's anticipated BEE deal flow and other opportunities currently being pursued by Mvela; and
- the cautionary announcement in respect of a proposed transaction in addition to and apart from the capital raising.

On 10 August 2005 it was announced in the press by Group 5 Limited ("Group 5") that Mvela will, as part of the IlimaMvela consortium, acquire an effective interest of 10.8% in Group 5.

Accounting policies

The results for the year ended 30 June 2005 have been prepared in accordance with South African statements of Generally Accepted Accounting Practice. The accounting policies used are consistent in all respects with the accounting policies applied in the financial statements for the year ended 30 June 2004, other than the accounting policies for investments, goodwill and impairments set out below.

No adjustment has been made to the group's results for the current or prior years as a result of the application of Circular 7/2005 issued by the South African Institute of Chartered Accountants dealing with the requirements of AC105 – Leases, in respect of operating leases which include fixed rental increases, as any such adjustment is not material.

Investments

Investments in special purpose entities, as envisaged by AC412, Consolidation - Special Purpose Entities, which are not under the control of the company, are treated as "available for sale" or "fair value through the profit and loss" in accordance with AC125 and AC133, Financial Instruments. Other unlisted investments are also classified as "available for sale" or "fair value through the profit and loss" in terms of AC133, Financial Instruments: Recognition and Measurement, although these are held and structured as non current investments. Unlisted investments are initially recorded at cost on acquisition. After initial

recognition, investments, which are classified as “available-for-sale” or “fair value through the profit and loss” are measured at fair value. Fair value gains and losses are accounted for in the income statement.

Fair value methods and assumptions

The fair value of financial instruments not traded in an organised financial market, is determined using a variety of methods and assumptions that are based on market conditions and risks, existing at balance sheet date, including independent appraisals and discounted cash flow methods.

Goodwill

With effect from 1 July 2004 Mvela adopted the provisions of AC140, Business Combinations. In terms of this accounting statement, goodwill arising from a business combination for which the agreement date is after 31 March 2004, is not amortised, but is carried at cost less accumulated impairment losses. Goodwill which arose on acquisitions before 31 March 2004 is no longer amortised and has been retained at the previous carrying amount, subject to being tested for impairment at least annually in terms of AC 128. Comparative figures have not been restated.

Review opinion

The results have been reviewed by Mvela’s auditors, PKF (Jhb) Inc., and their unqualified review opinion is available for inspection at the company’s registered office.

Dividend

As recorded in the circular to shareholders dated 30 July 2004, it is the policy of the company to pay a single annual dividend, subject to cash flow requirements.

The directors of Mvela have resolved to declare a cash dividend (No. 10) of 10 cents per share to shareholders. The last day to trade “cum” the dividend in order to participate in the dividend is Friday, 28 October 2005. The shares of Mvela will commence trading “ex” the dividend from the commencement of business on Monday, 31 October 2005 and the record date will be Friday, 4 November 2005. The dividend will be paid to shareholders on Monday, 7 November 2005. Share certificates may not be dematerialised or rematerialised between Monday, 31 October 2005 and Friday, 4 November 2005, both days inclusive.

Prospects

Mvela has a significant pipeline of BEE-related opportunities and expects to implement value-enhancing BEE and/or other transactions during the 2006 financial year. Through the capital raising and the continued utilisation of the cash flow of MvelaServe, Mvela will have the “firepower” to pursue major BEE transactions on a discerning basis.

MvelaServe’s operations are benefiting from its strong BEE credentials. This is evidenced by the awarding of new services contracts and a significant increase in the level of enquiries and negotiations to provide services to new clients. Mvela remains optimistic about the prospects for concluding a major new facilities management contract.

Mvela is confident of its ability to consolidate and expand on its reputation as the pre-eminent BEE partner of choice in the buoyant BEE transactional environment, presently being experienced in South Africa, to the benefit of shareholders.

T M G Sexwale
Chairman

S M Levenberg
Chief Executive Officer

8 September 2005
Sandton

Executive Directors:

TMG Sexwale (*Chairman*), MSM Xayiya (*Deputy Chairman*),
SM Levenberg (*Chief Executive Officer*), YZ Cuba, WV Mavimbela,
PJA Mphafudi, BC Till, MJ Willcox

Non-Executive Directors:

KD Dlamini*, BD Hopkins*, OA Mabandla*, D Moshapalo*, JRT Moxon*,
MZ Nxumalo*, RM Patel*, CD Stein (* Independent)

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Sponsor:

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Transfer Secretaries:

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A copy of these results are available on the Mvelaphanda Group website at:

www.mvelagroup.co.za