



# MVELAPHANDA GROUP LIMITED

(Incorporated in the Republic of South Africa)  
 Registration number 1995/004153/06  
 ("Mvela Group" or "the company")  
 Ordinary share code: MVG Preference share code: MVGP  
 Ordinary share: ISIN: ZAE00006737 Preference share: ISIN: ZAE000073540

## UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

The following are the unaudited results of Mvela Group and its subsidiaries ("the Group") for the six months ended 31 December 2006 with comparative figures:

### SUMMARISED GROUP BALANCE SHEET

	Unaudited six months ended 31 December 2006 R'000	Unaudited six months ended 31 December 2005 R'000	Audited year ended 30 June 2006 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	5 177 672	4 738 128	5 216 779
Property, plant and equipment	393 853	327 598	349 468
Intangible assets	770 637	727 473	763 329
Investments in associates	11 845	1 134 379	1 174 396
Other investments	3 976 227	2 522 655	2 898 614
Deferred taxation	25 110	26 023	30 972
<b>Current assets</b>	2 089 517	893 971	1 092 872
Liquid funds	1 422 482	323 456	525 412
Other current assets	667 035	570 515	567 460
<b>TOTAL ASSETS</b>	7 267 189	5 632 099	6 309 651
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	5 550 889	4 409 685	4 793 810
Share capital and reserves	5 259 593	4 192 071	4 576 270
Outside shareholders' interest	291 296	217 614	217 540
<b>Non-current liabilities</b>	837 322	641 487	710 822
Interest bearing liabilities	319 199	317 123	325 402
Non-interest bearing liabilities	2 801	15 258	7 066
Deferred taxation	515 322	309 106	378 354
<b>Current liabilities</b>	878 978	580 927	805 019
Interest bearing liabilities	151 679	58 058	127 676
Non-interest bearing liabilities	727 299	522 869	677 343
<b>TOTAL EQUITY AND LIABILITIES</b>	7 267 189	5 632 099	6 309 651
Fully diluted net number of ordinary shares in issue (000)*	497 045	494 760	497 020
Net asset value per ordinary share (cents)	1 058.2	847.3	920.7
Net tangible asset value per ordinary share (cents)	898.1	695.0	760.9

\* Calculated on the basis that all preference shares will be converted into ordinary shares after 4 November 2009.

### SUMMARISED GROUP INCOME STATEMENT

	Unaudited six months ended 31 December 2006 R'000	Unaudited six months ended 31 December 2005 R'000	Audited year ended 30 June 2006 R'000
<b>Revenue</b>	1 688 458	1 512 367	3 102 432
Profit from operations	121 570	131 725	262 204
Fair value adjustments and net profit from investments	917 698	540 575	853 352
Income from associates	838	224 474	279 716
Net interest received/(paid)	39 856	(12 272)	(9 726)
<b>Net profit before taxation</b>	1 079 962	884 502	1 385 546
Taxation expense	(253 859)	(118 019)	(223 246)
Normal, deferred, capital gains and foreign tax	(252 178)	(112 906)	(213 965)
Secondary tax on companies	(1 681)	(5 113)	(9 281)
<b>Net profit after taxation</b>	826 103	766 483	1 162 300
Attributable to:			
Ordinary shareholders	737 847	754 758	1 144 933
Other shareholders	88 256	11 725	17 367
- Preference shareholders	14 919	-	4 781
- Minority interests	73 337	11 725	12 586
	826 103	766 483	1 162 300
Net number of ordinary shares in issue (000)	442 345	440 060	442 320
Weighted average number of ordinary shares in issue (000)	442 333	406 277	423 407
Fully diluted weighted average number of ordinary shares in issue (000)*	497 033	460 977	478 107
Earnings per ordinary share (cents)	166.8	185.8	270.4
Headline earnings per ordinary share (cents)	187.0	157.9	322.1
Fully diluted earnings per ordinary share (cents)	151.5	163.7	239.5
Fully diluted headline earnings per ordinary share (cents)	169.4	139.2	285.3
Distribution/dividend per ordinary share (cents)	6.0	5.0	18.0
- Interim	6.0	5.0	5.0
- Final	-	-	13.0
Dividends per preference share (cents)	27.7	8.7	36.0
- Interim	27.7	8.7	8.7
- Final	-	-	27.3

\* Calculated on the basis that all preference shares will be converted into ordinary shares after 4 November 2009.

### SUMMARISED GROUP CASH FLOW STATEMENT

	Unaudited six months ended 31 December 2006 R'000	Unaudited six months ended 31 December 2005 R'000	Audited year ended 30 June 2006 R'000
Profit from operations	121 570	131 725	262 204
Non-cash items	60 909	52 787	97 728
Working capital changes	(123 955)	(157 111)	(23 357)
Cash generated from operations	58 524	27 401	336 576
Net interest received/(paid)	39 856	(12 272)	(9 726)
Investment income	85	-	3 575
Taxation paid	(46 602)	(63 805)	(80 660)
Dividends paid	(14 919)	(40 516)	(67 316)
Cash available from operating activities	36 944	(89 192)	182 448
Cash effects of investing activities	929 498	(284 699)	(375 877)
Cash effects of financing activities	(69 372)	519 971	541 465
Net movement in liquid funds	897 070	146 080	348 036
Net liquid funds at the beginning of the period	525 412	177 376	177 376
<b>Net liquid funds at the end of the period</b>	1 422 482	323 456	525 412

### HIGHLIGHTS

- **Compound annual growth in intrinsic net asset value per ordinary share of 38% since December 2004**
- **Intrinsic net asset value per ordinary share up 20% to R14.07 at 23 February 2007 from R11.77 at 30 June 2006**
- **Net profit attributable to ordinary shareholders up 89% to R738 million compared to the six months ended 30 June 2006**
- **Acquisition of a further effective interest of 4% in Life Healthcare**
- **Fully diluted headline earnings per ordinary share up 22% to 169.4 cents**
- **Net profit before taxation exceeds R1.0 billion**

### SUMMARISED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 31 December 2006 R'000	Unaudited six months ended 31 December 2005 R'000	Audited year ended 30 June 2006 R'000
Balance at the beginning of the period	4 793 810	2 670 430	2 670 430
Acquisitions of investments, subsidiaries and businesses	-	476 425	478 923
Shares issued/bought back	3 067	537 297	553 339
Net profit after taxation	826 103	766 483	1 162 300
Distributions/dividends paid	(72 091)	(40 950)	(71 182)
<b>Balance at the end of the period</b>	5 550 889	4 409 685	4 793 810

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

	Unaudited six months ended 31 December 2006 R'000	Unaudited six months ended 31 December 2005 R'000	Audited year ended 30 June 2006 R'000
Net profit attributable to ordinary shareholders	737 847	754 758	1 144 933
Goodwill impaired/written off	-	-	356
Disposal/impairment of investments	91 016	-	336 185
Negative goodwill (discount) on acquisition of subsidiaries	-	(111 733)	(111 733)
Profit on sale of property, plant and equipment	(1 609)	(1 562)	(5 788)
Headline net profit attributable to ordinary shareholders	827 254	641 463	1 363 953

### SEGMENTAL INFORMATION

	Unaudited six months ended 31 December 2006 R'000	Unaudited six months ended 31 December 2005 R'000	Audited year ended 30 June 2006 R'000
<b>NET ASSETS</b>			
Operations	1 067 412	1 098 969	1 210 090
Investments	4 483 477	3 310 716	3 583 720
	5 550 889	4 409 685	4 793 810
<b>NET PROFIT AFTER TAXATION</b>			
Operations	87 470	91 041	180 526
Investments	738 633	675 442	981 774
	826 103	766 483	1 162 300

### COMMENTARY

#### Overview

Mvela Group is pleased to report excellent overall results for the six months ended 31 December 2006.

Significant transactions concluded in the current period include the disposal of Mvela Group's 22.9% interest in Mvelaphanda Resources Limited ("Mvela Resources") ("the Mvela Resources interest") in August 2006 for R1.183 billion in cash and the acquisition of a further effective 4% interest in Life Healthcare in September 2006.

Intrinsic net asset value per ordinary share, which is considered to be the most insightful measure of the Group's overall performance, increased by 11%, from R11.77 at 30 June 2006, to R13.05 at 31 December 2006. Details of the calculation of the intrinsic net asset value per share are set out below:

	31 December 2006 Intrinsic net asset value Rm (1)	Per share R (2)	30 June 2006 Intrinsic net asset value Rm (1), (3)	Per share R (2), (3)
Absa	1 675	3.37	1 256	2.53
Life Healthcare	1 223	2.46	812	1.63
Group Five	240	0.48	102	0.21
Other investments	20	0.04	26	0.05
Operations	1 956	3.94	2 081	4.19
Net cash	1 372	2.76	1 571	3.16
<b>Total</b>	6 486	13.05	5 848	11.77

(1) Intrinsic net asset value is calculated based on the market value or directors' valuation of investments, net of capital gains tax and associated debt.

(2) Based on 497 million ordinary shares assuming that all preference shares will be converted into ordinary shares after November 2009.

(3) Calculated on the assumption that the disposal of the Mvela Resources interest had been implemented on 30 June 2006 and the net cash proceeds received on that date.

Based on the Mvela Group ordinary share price on the JSE Limited ("JSE") of R10.27 on 31 December 2006, Mvela Group ordinary shares were trading at a discount of 21% to Mvela Group's intrinsic net asset value at that date. If the cash component of the intrinsic net asset value is excluded, the discount at which Mvela Group ordinary shares traded to the intrinsic net asset value at 31 December 2006 increases to 27%.

On 23 February 2007, being the last practicable date prior to the finalisation of these results, Mvela Group's intrinsic net asset value per ordinary share, calculated on the basis set out in the table above, had increased to R14.07, an increase of 20% from R11.77 at 30 June 2006. This increase is due to the continued strong performance of the Group's listed investments (Absa and Group Five). Since December 2004 Mvela Group's intrinsic net asset value per ordinary share has grown at a compound rate of 38% per annum.

The Group's operating businesses performed well, save for Coin Security which was heavily impacted by the significant increase in costs directly associated with the high level of attacks on its assets-in-transit vehicles. The performance of TFMC remained solid, and in line with expectations and its performance in the prior year. The profit from operations of the remaining operating businesses as a whole (i.e. excluding Coin Security and TFMC) increased by 20% from the comparable period.

Net profit before taxation increased by 22% to R1 080 million, from R885 million in the comparable period, notwithstanding the reduction in income from associates of R224 million following the disposal of the Mvela Resources interest. Net profit attributable to ordinary shareholders increased by 89%, from R390 million for the six months ended 30 June 2006, to R738 million in the current period.

The Group's cash resources remain strong with net cash balances at 31 December 2006 of approximately R1.4 billion.

#### Investments

Mvela Group's strategic investments in Absa, Life Healthcare and Group Five performed extremely well during the current period. Fair value adjustments and net profit from investments increased by 70%, from R541 million in the comparable period to R918 million in the current period.

The Absa share price on the JSE increased from R100 per share at 30 June 2006 to R125 per share at 31 December 2006. This increase of 25% in the Absa share price resulted in an increase in the intrinsic value (net of capital gains tax and debt) ("the intrinsic value") of Mvela Group's effective interest in Absa, from R1 256 million at 30 June 2006, to R1 675 million at 31 December 2006. Mvela Group's investment in Absa comprises 26% of Mvela Group's intrinsic net asset value at 31 December 2006.

On 6 September 2006 Mvela Group acquired an additional 4% effective economic interest (net of the dilution as a result of certain doctors participating in the equity of Life Healthcare) in Life Healthcare ("the Life Healthcare acquisition"). This interest was acquired for a net purchase price of R182 million pursuant to the exercise of an existing option held by Mvela Group and certain of the other shareholders in Life Healthcare, and was paid in cash from Mvela Group's existing cash resources. As a result of the Life Healthcare acquisition Mvela Group's effective interest in Life Healthcare has increased to 22%, from 18% at 30 June 2006.

Mvela Group continues to increase its effective interests in its strategic investments when opportunities to do so at appropriate price levels arise, as has historically been done with the Absa and Life Healthcare investments.

The intrinsic value of Mvela Group's investment in Group Five increased from R102 million at 30 June 2006, to R240 million at 31 December 2006, as a result of the increase in the Group Five share price from R29 at 30 June 2006, to R46 at 31 December 2006.

The disposal of the Mvela Resources interest resulted in a realised profit of approximately R400 million for Mvela Group, based on the original purchase price paid by Mvela Group for the Mvela Resources interest. The Mvela Resources interest was accounted for by Mvela Group on the equity method in the prior financial year and the carrying value of the Mvela Resources interest at 30 June 2006 was estimated such that the Mvela Resources interest was carried at an amount equal to the adjusted net value to be realised (after deducting costs) on disposal of the Mvela Resources interest, effectively recognising this profit of R400 million in the previous financial year. A provision for capital gains tax of approximately R70 million arising on the disposal of the Mvela Resources interest is included in the taxation expense in the current period, and is included in the adjustments for the calculation of headline net profit attributable to ordinary shareholders.

Further progress was made in streamlining Mvela Group's investment portfolio with the disposal of Mvela Group's effective interests of 30% in Abvest Associates, 20% in Broll Property Group and 16.5% in Siemens Business Services.

#### Operations

Revenue for the current period increased by 12% overall. Revenue of the Group's operating businesses other than TFMC (in which revenue has grown at a rate slightly below the rate of inflation for several years as a result of the nature of its facilities management contract with Telkom) increased by 16% from the comparable period.

Profit from operations decreased by 8% from R132 million in the comparable period to R122 million in the current period. This decrease is attributable almost entirely to the "cost of crime", being the additional costs (including cash losses, damage to security equipment and vehicles, additional and back-up vehicles, vehicle repairs and non-recoverable insurance excesses) of approximately R20 million incurred by Coin Security in the current period as a result of, and/or in combating, the substantial increase in the number of armed attacks on its assets-in-transit vehicles and bases. The level, frequency and ferocity of these attacks has reached unprecedented levels, and urgent, concentrated and drastic action will be required from all assets-in-transit industry participants, and the authorities, to curb this growing trend.

As anticipated, profit from operations of TFMC remained flat and in line with the comparable period, given the nature of TFMC's facilities management contract with Telkom. Strong growth in profit from operations was achieved by Protea Security, Zonke Monitoring Systems and Trollope Mining Services. The other operating businesses performed in line with expectations. Profit from operations, excluding TFMC and Coin Security, increased by 20% from the comparable period.

In January 2007 TFMC acquired a 90% interest in the business of LGM South Africa, a provider of facilities management services to approximately 30 corporate customers in South Africa, including South African Airways and DaimlerChrysler. The acquisition will broaden TFMC's client base and is a positive step in transforming TFMC into a more diversified facilities management operation.

Cash generated from operations of R58 million, although impacted by the December holiday period, was in line with expectations. Net capital expenditure in the current period increased to R105 million as a result of the increased rate of replacement of vehicles in Coin Security and the replacement of plant and machinery in Trollope Mining Services. Asset-based finance liabilities increased accordingly.

#### Financial information

Net interest received increased to R40 million due to the Group's increased cash balances as a result of investment activities, including specifically the cash proceeds of R1.183 billion (before transaction costs and capital gains tax) received on the sale of the Mvela Resources interest.

The net profit attributable to outside shareholders of R73 million includes the net profit attributable to the outside shareholders of the Batho Bonke consortium and the outside shareholders in certain of the operating subsidiaries.

The outstanding capital balances in respect of non-recourse fundings contained in special purpose vehicles (which are not classified as subsidiaries of Mvela Group) relating to the original acquisition of certain investments by Mvela Group, decreased from R535 million at 30 June 2006, to R442 million at 31 December 2006.

The weighted average number of ordinary shares in issue increased by 9% from 406 million ordinary shares for the six months ended 31 December 2005 to 442 million ordinary shares for the current period, as a result of the inclusion for the full period of the ordinary shares issued in partial settlement of the purchase consideration for the acquisition of the additional effective interest of 2.47% in Absa in December 2005. This increase in the weighted average number of ordinary shares in issue from the comparable period comprised the main reason for the decrease in earnings per ordinary share from 185.8 cents for the six months ended 31 December 2005, to 166.8 cents for the current period.

Headline earnings per ordinary share and fully diluted headline earnings per ordinary share increased by 18% and 22% respectively from the comparable period. The headline net profit attributable to ordinary shareholders for the six months ended 31 December 2006 of R753 million as previously reported, has been adjusted for the negative goodwill (discount) of R111 million arising on the acquisition of the additional 2.47% effective interest in Absa, in line with the accounting treatment of this discount in the audited results for the year ended 30 June 2006. The headline net profit attributable to ordinary shareholders, headline earnings per ordinary share and fully diluted headline earnings per ordinary share for the comparable period have been restated accordingly.

### Appointment of new Chief Executive Officer (“CEO”)

It was announced on SENS on 4 December 2006 that Stephen Levenberg had, after a period of ten years’ service to Mvela Group, decided to step down as CEO of the company and that he would accordingly resign as CEO of the company on and with effect from 30 June 2007, being the end of the current financial year of Mvela Group. It was also announced that Mvela Group had initiated a process of evaluating appropriate candidates for the position of CEO to succeed Stephen Levenberg with effect from 1 July 2007. Stephen Levenberg had agreed, *inter alia*, to co-operate in ensuring an orderly handover of the duties of CEO to his successor, and to make himself available as a consultant to the company for a period of six months from 1 July 2007.

The board of Mvela Group is accordingly pleased to announce the appointment of Yolanda Cuba as CEO of Mvela Group with effect from 1 July 2007. Yolanda Cuba has served as Deputy CEO of Mvela Group since December 2004, and has more than four years experience with Mvela Group and/or Mvelaphanda Holdings, including having been involved in the merger of Mvela Group with Mvelaphanda Holdings in 2004, as well as in the negotiation of certain of Mvela Group’s major investments and in the ongoing management thereof. Yolanda Cuba is a chartered accountant and currently serves on the boards of directors of Mvela Group’s two largest investments, namely Absa and Life Healthcare, and has had extensive exposure to all of Mvela Group’s investments and operations since her appointment as Deputy CEO in December 2004.

Mvela Group has always considered its impeccable BEE credentials to be one of its most important competitive advantages, and the Group is fortunate to have amongst its executive directors a person of the calibre of Yolanda Cuba. The appointment of Yolanda Cuba as CEO demonstrates the commitment of Mvela Group to the process of transformation in South Africa at all levels. Mvela Group continues to possess considerable depth in its management team, and accordingly the new CEO will be well supported in her new role.

Mvela Group appreciates the contribution which Stephen Levenberg has made to the establishment of the solid platform for growth which is now in place for Mvela Group. The company wishes him well in his future endeavours.

### Accounting policies

The unaudited interim results for the six months ended 31 December 2006 have been prepared in accordance with International Financial Reporting Standards. The accounting policies used are consistent in all respects with the accounting policies applied in the financial statements for the year ended 30 June 2006.

### Cash distribution and dividend

#### Ordinary shares

The directors of Mvela Group have resolved to declare a cash distribution out of share premium in lieu of an interim dividend, of 6 cents per ordinary share, to ordinary shareholders. The last day to trade “cum” the cash distribution in order to participate in the cash distribution is Thursday, 29 March 2007. The ordinary shares of Mvela Group will commence trading “ex” the cash distribution from the commencement of business on Friday, 30 March 2007 and the record date will be Thursday, 5 April 2007. The cash distribution will be paid to ordinary shareholders on Tuesday, 10 April 2007. Ordinary share certificates may not be dematerialised or rematerialised between Friday, 30 March 2007 and Thursday, 5 April 2007, both days inclusive.

#### Preference shares

The directors of Mvela Group have resolved to declare a cash preference dividend (No.3) of 27.72603 cents per preference share to preference shareholders. The last day to trade “cum” the preference dividend in order to participate in the preference dividend is Thursday, 29 March 2007. The preference shares of Mvela Group will commence trading “ex” the preference dividend from the commencement of business on Friday, 30 March 2007 and the record date will be Thursday, 5 April 2007. The preference dividend will be paid to preference shareholders on Tuesday, 10 April 2007. Preference share certificates may not be dematerialised or rematerialised between Friday, 30 March 2007 and Thursday, 5 April 2007, both days inclusive.

### Prospects

Mvela Group’s results for the current period again demonstrate that the strategy of combining quality investments with cash generative operations is succeeding and is increasing shareholder value.

Mvela Group remains in a strong financial position with a strong balance sheet, healthy cash flows and cash resources, and depth of management which will enable the Group to continue to nurture and grow an industrial and financial group of magnitude.

In the context of the current favourable economic and investment environment, Mvela Group is confident of its ability to conclude value-enhancing investment and other transactions, including acting as a consolidator of BEE groups, and to continue to deliver strong growth in its intrinsic net asset value per ordinary share.

**T M G Sexwale**  
Chairman

**S M Levenberg**  
Chief Executive Officer

7 March 2007  
Sandton

### Executive Directors:

TMG Sexwale (Chairman), MSM Xayiya (Executive 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 Mpofo\*, RM Patel\*, CD Stein (\* Independent)

### Registered Office:

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### Sponsor:

Deutsche Securities SA (Proprietary) Limited

### Transfer Secretaries:

Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street,  
Johannesburg, 2001

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

[www.mvelagroup.co.za](http://www.mvelagroup.co.za)