



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 RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

The following are the unaudited results of Mvela Group and its subsidiaries ("the Group") for the six months ended 31 December 2007 with comparative figures:

SUMMARISED GROUP BALANCE SHEET

	Unaudited six months ended 31 December 2007 R'000	Unaudited six months ended 31 December 2006 R'000	Audited year ended 30 June 2007 R'000
ASSETS			
Non-current assets	5 496 705	5 177 672	6 002 052
Property, plant and equipment	437 324	393 853	389 618
Intangible assets	819 011	770 637	799 591
Investments in associates	12 107	11 845	11 215
Other investments	4 179 937	3 976 227	4 751 455
Deferred taxation	48 326	25 110	30 173
Current assets	1 467 522	2 089 517	1 997 238
Liquid funds	804 230	1 422 482	1 355 431
Short-term investments	11 717	667 035	16 101
Other current assets	651 575	—	625 706
TOTAL ASSETS	6 964 227	7 267 189	7 999 290
EQUITY AND LIABILITIES			
Equity and reserves	5 286 705	5 550 889	6 000 490
Share capital and reserves	5 050 759	5 259 593	5 689 390
Minority interests	235 946	291 296	311 100
Non-current liabilities	963 041	837 322	1 038 148
Interest bearing liabilities	431 622	319 199	407 970
Non-interest bearing liabilities	2 501	2 801	1 400
Deferred taxation	528 918	515 322	628 778
Current liabilities	714 481	878 978	960 652
Interest bearing liabilities	102 244	151 679	101 620
Non-interest bearing liabilities	612 237	727 299	859 032
TOTAL EQUITY AND LIABILITIES	6 964 227	7 267 189	7 999 290
Net number of ordinary shares in issue (000)	416 641	442 345	433 178
Diluted net number of ordinary shares in issue (000)*	474 039	497 045	487 878
Fully diluted net number of ordinary shares in issue (000)**	598 464	497 045	612 303
Net asset value per ordinary share (cents)	1 065,5	1 058,2	1 166,2
Net tangible asset value per ordinary share (cents)	882,5	898,1	992,0
Fully diluted net asset value per ordinary share (cents)	844,0	1 058,2	1 284,8
Fully diluted net tangible asset value per ordinary share (cents)	699,0	898,1	1 146,0

* Calculated on the basis that all preference shares will be converted into ordinary shares after November 2009.
 ** Calculated on the basis that all preference shares and BEE shares will be converted into ordinary shares in accordance with their terms.

SUMMARISED GROUP INCOME STATEMENT

	Unaudited six months ended 31 December 2007 R'000	% change	Unaudited six months ended 31 December 2006 R'000	Audited year ended 30 June 2007 R'000
Revenue	1 699 926	1	1 688 458	3 461 586
Profit from operations	125 450	3	121 570	241 625
Fair value adjustments and net (loss)/profit from investments	(679 461)	(174)	917 698	1 499 523
Income from associates	707	—	838	669
Net interest received/(paid)	36 050	—	39 856	80 905
Cost of BEE transaction and share appreciation rights	(8 524)	—	—	(72 328)
Net (loss)/profit before taxation	(525 778)	(149)	1 079 962	1 750 394
Taxation expense	66 192	—	(253 859)	(382 943)
Normal, deferred, capital gains and foreign tax	68 724	—	(252 178)	(378 826)
Secondary tax on companies	(2 532)	—	(1 681)	(4 117)
Net (loss)/profit after taxation	(459 586)	(156)	826 103	1 367 451
Attributable to:				
Ordinary shareholders	(402 260)	—	737 847	1 237 092
Other shareholders	(57 326)	—	88 256	130 359
– Preference shareholders	14 919	—	14 919	30 085
– Minority interests	(72 245)	—	73 337	100 274
	(459 586)	(156)	826 103	1 367 451
Weighted average net number of ordinary shares in issue (000)	422 536	—	442 333	441 518
Diluted weighted average net number of ordinary shares in issue (000)*	479 934	—	497 033	496 218
Fully diluted weighted average net number of ordinary shares in issue (000)**	604 359	—	497 033	620 643
(Loss)/earnings per ordinary share (cents)	(95,2)	(157)	166,8	280,2
Diluted (loss)/earnings per ordinary share (cents)	(95,2)	(151)	187,0	304,8
Fully diluted (loss)/earnings per ordinary share (cents)	(80,7)	(153)	151,5	255,4
Diluted headline (loss)/earnings per ordinary share (cents)	(80,7)	(148)	169,4	277,2
Fully diluted (loss)/earnings per ordinary share (cents)	(53,2)	(135)	151,5	225,3
Fully diluted headline (loss)/earnings per ordinary share (cents)	(53,2)	(131)	169,4	242,8
Distribution/dividend per ordinary share (cents)	6,0	—	6,0	22,0
– Interim	6,0	—	6,0	6,0
– Final	—	—	—	16,0
Dividends per preference share (cents)	27,6	—	27,7	55,0
– Interim	27,6	—	27,7	27,7
– Final	—	—	—	27,3

* Calculated on the basis that all preference shares will be converted into ordinary shares after November 2009.
 ** Calculated on the basis that all preference shares and BEE shares will be converted into ordinary shares in accordance with their terms.

SUMMARISED GROUP CASH FLOW STATEMENT

	Unaudited six months ended 31 December 2007 R'000	Unaudited six months ended 31 December 2006 R'000	Audited year ended 30 June 2007 R'000
Profit from operations	125 450	121 570	241 625
Non-cash items	67 532	60 909	128 578
Working capital changes	(130 153)	(123 955)	(41 930)
Cash generated from operations	62 829	58 524	328 273
Net interest received/(paid)	36 050	39 856	80 905
Investment Income	5 345	85	11 590
Normal taxation paid	(67 525)	(46 602)	(80 951)
Cash available from operating activities before capital gains taxation	36 699	51 863	339 817
Capital gains taxation paid	(61 044)	—	—
Cash (utilised)/available from operating activities	(24 345)	51 863	339 817
Cash effects of investing activities	(233 653)	929 498	734 420
Cash effects of financing activities	(274 559)	(69 372)	(217 858)
Dividends paid – preference shareholders	(14 919)	(14 919)	(30 085)
Net movement in cash and cash equivalents	(547 476)	897 070	826 294
Cash and cash equivalents at the beginning of the period	1 351 706	525 412	525 412
Cash and cash equivalents at the end of the period	804 230	1 422 482	1 351 706

KEY FEATURES

- Revenue increased by 1% to R1,7 billion or 12% on a comparable basis
- Operating profit increased by 3% to R125 million
- Intrinsic net asset value per ordinary share at 31 December 2007 R11,64 (2006: R13,05) notwithstanding the solid performance of investments:
- Absa Group (19,6% growth in headline earnings for the year ended 31 December 2007);
- Group Five (80% growth in headline earnings per share for the six months ended 31 December 2007);
- Life Healthcare (19% compound annual growth in EBITDA over the past three years)
- Acquisition of an interest of 12,3% in Vox Telecom
- Further buy-back of 16,5 million ordinary shares for a total cost of R177 million

SUMMARISED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited six months ended 31 December 2007 R'000	Unaudited six months ended 31 December 2006 R'000	Audited year ended 30 June 2007 R'000
Balance at the beginning of the period (Disposal)/acquisition of investments, subsidiaries and businesses	6 000 490	4 793 810	4 793 810
Shares issued/bought back	(11)	—	(480)
Cost of BEE transaction	(175 149)	3 067	(105 175)
Net (loss)/profit after taxation	7 310	—	65 375
Distribution/dividends	(459 586)	826 103	1 367 451
	(86 349)	(72 091)	(120 491)
Balance at the end of the period	5 286 705	5 550 889	6 000 490

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

	Unaudited six months ended 31 December 2007 R'000	Unaudited six months ended 31 December 2006 R'000	Audited year ended 30 June 2007 R'000
Net (loss)/profit attributable to ordinary shareholders	(402 260)	737 847	1 237 092
Disposal/Impairment of investments and subsidiaries	3 025	91 016	109 698
Profit on sale of property, plant and equipment	(3 158)	(1 609)	(1 212)
Headline net (loss)/profit attributable to ordinary shareholders	(402 393)	827 254	1 345 578

SEGMENTAL INFORMATION

	Unaudited six months ended 31 December 2007 R'000	Unaudited six months ended 31 December 2006 R'000	Audited year ended 30 June 2007 R'000
NET ASSETS			
Operations	1 266 043	1 067 412	946 296
Investments	4 020 662	4 483 477	5 054 194
	5 286 705	5 550 889	6 000 490
REVENUE			
Operations	1 699 926	1 688 458	3 461 586
Investments	—	—	—
	1 699 926	1 688 458	3 461 586
NET (LOSS)/PROFIT AFTER TAXATION			
Operations	95 477	87 470	158 857
Investments	(546 539)	738 633	1 280 922
Cost of BEE transaction and share appreciation rights	(8 524)	—	(72 328)
	(459 586)	826 103	1 367 451

COMMENTARY

Overview

During the six months under review, Mvela Group acquired a further 16 537 132 Mvela Group shares at a cost of R177 million as part of its share buy-back programme.

The Group acquired a 12,3% interest in Vox Telecom for a consideration of R293 million. The acquisition of the first tranche of 25,5 million shares or 2,5% was concluded before 31 December 2007.

Intrinsic net asset value per ordinary share, which is considered to be the most insightful measure of the Group's overall performance, decreased by R1,41 or 10,8% to R11,64 at 31 December 2007 from R13,05 at 31 December 2006. The intrinsic net asset value at 30 June 2007 was R14,10.

The decrease is mainly due to the devaluation in the Absa Group share price and a more conservative approach adopted in the valuation of Life Healthcare and the Group's operations in line with depressed equity markets. The effect of the decrease in cash on the intrinsic value per share is partly offset by the investment in Vox Telecom and the decrease in the issued number of ordinary shares after share buy-backs. Details of the calculation of the intrinsic net asset value per share are set out below:

	31 December 2007		31 December 2006		30 June 2007	
	Intrinsic net asset value Rm (1)	Per share R (2), (5), (6)	Intrinsic net asset value Rm (1)	Per share R (3), (5), (6)	Intrinsic net asset value Rm (1)	Per share R (4), (5), (6)
Absa	1 366	2,88	1 675	3,37	1 786	3,66
Life Healthcare	1 332	2,81	1 223	2,46	1 502	3,07
Group Five	457	0,96	240	0,48	465	0,95
Vox Telecom	61	0,13	—	—	—	—
Others	56	0,11	20	0,04	38	0,08
Operations	1501	3,16	1 956	3,94	1 787	3,67
Net cash	753	1,59	1 372	2,76	1 304	2,67
Total	5 526	11,64	6 486	13,05	6 882	14,10

- (1) Intrinsic net asset value is calculated based on the market value or directors' valuation of investments and operations, net of capital gains tax and associated debt
- (2) Based on the diluted net number of 474 million ordinary shares after share buy-backs at 31 December 2007
- (3) Based on the diluted net number of 497 million ordinary shares after share buy-backs at 31 December 2006
- (4) Based on the diluted net number of 488 million ordinary shares after share buy-backs at 30 June 2007
- (5) Based on the assumption that all the preference shares will be converted into ordinary shares after November 2009
- (6) The redeemable option holding shares issued in June 2007 have not been taken into account in calculating the intrinsic net asset value per ordinary share as the minimum option strike price of R17,50 is greater than the current Mvela Group ordinary share price

Mvela Group ordinary shares were trading at a discount of 11,9% to Mvela Group's intrinsic net asset value per share based on the ordinary share price on the JSE Limited ("JSE") of R10,25 on 31 December 2007. If the cash component of the intrinsic net asset value is excluded, the discount at which Mvela Group ordinary shares traded to its intrinsic net asset value per share at 31 December 2007 increases to 13,8%.

The Group's cash resources remain strong with a cash balance of R804 million at 31 December 2007.

Investments

Financial Services Sector

The share price of Absa Group decreased from R125 per share at 31 December 2006 to R111 per share at 31 December 2007 in line with its peers in the banking sector. This decrease of 11% in the Absa Group share price resulted in a decrease of R309 million in the intrinsic value (net of Capital Gains Tax ("CGT") and debt) of Mvela Group's effective interest in Absa Group, to R1 366 million at 31 December 2007. The fair value adjustment on Absa Group in the Income Statement during the current six month period was R504 million before accounting for CGT and minority interests. Mvela Group's investment in Absa Group comprises 24,7% of Mvela Group's intrinsic net asset value at 31 December 2007. The underlying operations of Absa Group performed well with a 19,6% growth in headline earnings for the year ended 31 December 2007.

Financial services is a key pillar in Mvela Group's strategy and the company will continue to look for opportunities in this sector.

Consumer Services Sector

Life Healthcare performed well and in line with expectation for the period ended 31 December 2007. Life Healthcare produced an EBITDA of R1,33 billion in its South African hospital business in the year to September 2007. The hospital business contributes approximately 90% of Life Healthcare's earnings. A more conservative approach has been adopted in the valuation of Life Healthcare in line with weaker equity markets.

The intrinsic value (net of CGT and debt) of Mvela Group's effective interest in Life Healthcare increased by 9% from R1 223 million in December 2006 to R1 332 million at 31 December 2007. The fair value adjustment on Life Healthcare in the Income Statement for the six months under review amounted to R123 million. Mvela Group's investment in Life Healthcare comprised 24,1% of Mvela Group's intrinsic net asset value at 31 December 2007.

Construction and Infrastructure Sector

The intrinsic value of Mvela Group's investment in Group Five increased from R240 million at 31 December 2006 to R457 million at 31 December 2007 with the Group Five share price increasing from R46 at 31 December 2006 to R55 at 31 December 2007. This resulted in an increase of the option valuation from R26,80 to R37,12 per option.

Telecoms, Media and Technology Sector

The Group acquired a 137 500 000 Vox Telecom shares representing a 12,3% interest for a consideration of R293 million in line with the Group's strategy to invest in the telecoms, media and technology sector. This deliberate approach to acquire a small interest in a niche telecom company was to ensure that the risk to Mvela Group shareholders is minimised. Of the aforementioned purchase, 27 500 000 shares were acquired before 31 December 2007 at a price of R2,15 per share. The Vox Telecom share price on the JSE at 31 December 2007 was R2,25, resulting in an intrinsic value of R61,5 million (net of CGT and debt). The balance of 110 000 000 Vox Telecom shares was acquired during January 2008. Vox Telecom is a leading alternative, independent telecommunications operator focusing on the provision of voice and data services to the telecommunications market. Vox Telecom is ideally positioned to benefit from the further development of the South African telecom industry.

The Group entered into a transaction with Allan Gray Fund Managers ("Allan Gray") to acquire 25,5% of Opco; Avusa's (formerly known as Johncom) media and operating company ("Opco transaction"). The Opco transaction has not yet become effective. Avusa is a strategic holding for Mvela Group. It provides the Group with a platform for participation in the media sector. Avusa has a unique range of leading media and entertainment assets that cannot be easily replicated. Mvela Group's interest in Avusa will entitle the company to appoint three directors to the Avusa board. This will ensure that Mvela Group has significant strategic influence over the investment.

Shareholders are referred to the announcements released on SENS by Mvela Group on 30 October 2007 and 27 November 2007 respectively relating to the Opco transaction, and to the announcement released on SENS by Avusa on 25 February 2008 relating to the unbundling process of Opco and its separate listing on the JSE. Avusa indicated in its announcement that inter alia Opco will list on the JSE, subject to various conditions precedent, on 31 March 2008.

One of the conditions precedent to the Opco acquisition was the formation, unbundling and listing of Opco by no later than 29 February 2008. Shareholders of Mvela Group are hereby advised that Mvela Group and Allan Gray have subsequently reached an agreement to extend the date of this condition precedent to beyond 29 February 2008 in order for their agreement to accommodate the Opco process as managed by Avusa.

Operations

The Group's operating businesses performed ahead of the corresponding period, a key feature being the improvement in the operating performance of the security businesses. The Group has invested significant capital into certain of the operations, with a view to increasing capacity across its operations.

Revenue for the current period increased by 1% to R1 699 million. On a comparable basis, revenue increased by 12% if the revenue of Rebhold Distribution Services is excluded from the prior period. Rebhold Distribution Services is classified as an investment in the current period after 60% of the business was sold in July 2007.

Unaudited interim results (continued)

Profit from operations increased by 3% from R122 million in the corresponding period to R125 million in the current period. If losses of R12 million relating to the legacy Coin Security business are added back, current period profit from operations would have increased by 13% to R137 million compared to the corresponding period. The operating margin for the operations as a whole was 7,4% for the current period (31 December 2006: 7,2%). If the legacy Coin security losses are added back, the margin increases to 8,1% for the current period.

Although the annualised profit before tax from operations increased, a lower price/earnings ratio was applied in line with depressed equity markets in the determination of the intrinsic value per ordinary share attributable to the operations, resulting in a decrease to R3,16 at 31 December 2007 (31 December 2006: R3,94).

Cash generated from operations amounted to R63 million compared to the R59 million generated in the comparable period. Cash used for capital expenditure in the current period, excluding R31 million utilised for the purchase of computer software in TFMC and manufacturing rights in King Pie, amounted to R120 million against R105 million for the corresponding period. R65 million of the aforementioned R120 million capital expenditure is attributable to the replacement of assets with the balance of R55 million being utilised in the expansion of operations. R67 million of the R120 million of capital expenditure was financed from asset-based finance resources with the balance being funded from existing cash resources.

Facilities management

Facilities management contributed 28% to the Group's revenue (31 December 2006: 28%), delivering a performance in line with expectation and its performance in the prior period.

Facilities management is centered around TFMC, the leading facilities management company in South Africa. Its largest client is Telkom, where comprehensive facilities management services are provided in respect of 6 500 properties, 14 000 masts and all ancillary telecommunications infrastructure, totaling approximately 2,5 million square metres. Many of these facilities are mission critical for Telkom and are maintained on a 24-hour 365-days per year basis off the base of world-class technology and systems. Negotiations are in progress to bring forward the renewal of the Telkom contract.

TFMC, which had bought LGMSA during the previous period, could not reach agreement on revised commercial terms with its major client, South African Airways and this contract was thus terminated. The remaining contracts of LGMSA (renamed TFMC Services) performed in line with expectation.

Security services

The security business contributed 32% to Group revenue (31 December 2006: 26%). Revenue increased by a pleasing 22% to R543 million for the period, making it the biggest business in the Group ranked by revenue.

The merger of the Group's security businesses into the Protea Coin Group shows early signs of success, with the legacy Coin Security businesses returning to break-even during the period, while the legacy Protea Security Services businesses continue to generate operating margins in excess of the industry benchmarks as a result of its superior mix of security services. The Protea and Coin businesses have been fully integrated operationally and we look forward to further improved results from the combined business for the six month period to 30 June 2008.

Cash heist costs of R12 million were written off in the current period in the legacy Coin Security business from heists which took place during the previous financial year. If these costs are added back to the current period, the security business showed an improvement in operating profits of 19% over the corresponding period.

A major challenge in this business is to improve the operating margin earned on the approximately R1,0 billion annualised revenue base. Current margins are around 3,5% which is some way off the target margin of 8%. Action is being taken to improve these margins.

Catering and cleaning services

This division consists of RoyalSechaba Holdings and Reberve Cleaning. These businesses contributed nearly 19% of the Group's revenue (31 December 2006: 17%). Revenue grew 11% to R316 million for the period under review.

RoyalSechaba's performance for the six month period was below expectation, primarily due to the pressures of rising food inflation, but ahead of the corresponding period due to new business gained in its remote sites management business. Cost reductions to the overhead base of RoyalSechaba are being implemented to improve overall returns with an aim of restoring the operating margin of the business to at least 5% (currently at 3%).

Reberve Cleaning performed ahead of expectation due to better than expected performance in its industrial cleaning division. This new division is a strategic initiative to add a higher margin business to the existing Berco and Mediguard brands, where margins are under intense competitive pressure. Reberve Cleaning is also looking for strong growth in the hospitality division which focuses on the leisure market.

Gaming services

A good performance was also recorded by Zonke Monitoring Systems as the rollout of limited payout machines (LPM's) accelerated during the period under review. The number of machines being monitored by 31 December 2007 was around 4,000, 26% up from 30 June 2007. Zonke has an exclusive contract with the National Gambling Board to monitor LPM's in South Africa, and is currently active in the Western Cape, Mpumalanga, Limpopo and the Eastern Cape. The remaining provinces, including Gauteng, are expected to award LPM licenses within the next two years. An announcement made by the Gauteng Gambling Board in November 2007 inviting interested parties to apply for LPM operator licenses in Gauteng is a positive development.

It is expected that Gauteng will ultimately contribute nearly 5,000 LPM's to the national industry. The concomitant effect on Zonke's profitability will be significant.

Financial services

The Group anticipated that Novare Holdings would contribute approximately 10% of the Group's operating profit for the current period, but was unable to meet this target due to adverse financial market conditions. The actuarial consulting division performed in line with expectation.

Novare Holdings incorporated a subsidiary in Botswana during the period under review, and is currently in discussions to expand its geographical reach to the asset management industry in Nigeria. This may entail a strategic equity investment, and also the provision of actuarial consulting services. The opportunity to participate in a new market and to increase annuity earnings is attractive.

Franchising

The Group has commenced a substantial investment programme with the aim of vertically integrating the distribution model of its King Pie franchise business. This investment entails purchasing production rights from existing King Pie franchisees and investing in a central production facility for King Pie in Midrand, Gauteng. It is anticipated that the total capital expenditure of this programme will be in excess of R100 million, with R22 million of this total amount spent during the period under review. Operating profitability for the period under review is at break-even, in line with expectation. The full benefits of central production are expected to flow from July 2008.

The main objective of the vertical integration model is to unlock value from the current franchising system. This value is shared between King Pie and the franchisees. At present there are 330 King Pie quick service restaurants in South Africa, Canada, Australia and Malaysia. Growth in this relatively inexpensive entry point into business ownership is expected to be strong over the next five years.

Other services

Other services, comprising Trollope Mining Services (open cast mining) and Contract Forwarding (freight forwarding) performed in line with expectation.

These businesses contributed 17% to the Group's revenue (31 December 2006: 15%). Revenue grew by 16% to R289 million in the current period, and contribution to operating profit grew by 33% to R24 million on the back of a good performance from Trollope Mining Services due to accelerated demand for coal.

Financial review

The net loss before tax amounted to R526 million after accounting for net interest received of R36 million and a R8,5 million amortisation charge for the redeemable option-holding shares issued to directors and employees as part of the company's Broad Based Black Economic Empowerment ("BEE") initiative on 19 June 2007.

The downward adjustment on the fair value of investments contributed to R92,7 million of the total R98 million reversal of deferred tax provided in the previous periods which was set off against normal tax of R29 million.

A dividend of R15 million was paid to preference shareholders which, together with the net loss attributable to outside shareholders of R72 million, resulted in a net loss attributable to ordinary shareholders of R402 million.

The weighted average number of ordinary shares in issue decreased by 9% from 442 million ordinary shares at 31 December 2006 to 423 million ordinary shares at 31 December 2007 as a result of the share buy-back programme.

An adjustment to the conversion price of the preference shares to R9,53 per share from R10,00 per share was released on SENS (20 December 2007) in line with the terms of the offering circular issued to Mvela Group shareholders on 4 November 2005. This has resulted in an increase of 2,7 million ordinary shares to be issued to preference shareholders. This has thus increased the total number of ordinary shares to 474 million whilst the fully diluted number of ordinary shares increased to 598 million. This dilution is as a result of the increased dividends paid to ordinary shareholders ahead of those projected in the offering circular dated 4 November 2005.

Outstanding capital balances in respect of non-recourse funding contained in special purpose vehicles (which are not classified as subsidiaries of Mvela Group) relating to the original acquisitions of certain investments by Mvela Group, increased to R479 million at 31 December 2007 from R468 million at 30 June 2007 and R422 million at 31 December 2006.

Strategic review and objectives

Mvela Group is committed to its strategy of growing shareholder value (as measured primarily by intrinsic net asset value) through the combination of quality investments and cash generative operations.

The Group's operations are a key element of the strategy and will provide the Group with free cash flow which can be used in its investing activities.

The Group seeks to maintain a balanced exposure through its investments and operations in the following five key growth sectors of the South African economy which it believes will outperform the market in the medium to long term:

- Financial Services
- Consumer Industries
- Construction and Infrastructure
- Non-Mining Resources and Energy
- Telecoms, Media and Technology

These five pillars will underpin the Group's growth strategy going forward.

The Group continues to identify and pursue potential investment targets in its targeted sectors with a view to concluding one or two material, value enhancing investment transactions per annum.

Mvela Group is committed to achieve an optimal return on capital employed by acquisitions and organic growth as well as share buy-backs.

Accounting policies and International Financial Reporting Standards ("IFRS")

The results for the six months ended 31 December 2007 have been prepared in accordance with IFRS. The accounting policies used are consistent in all respects with the accounting policies applied in the financial statements for the year ended 30 June 2007.

Capital Reduction

The directors of Mvela Group have resolved to declare a capital reduction 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 capital reduction in order to participate in the capital reduction is Friday, 28 March 2008. The ordinary shares of Mvela Group will commence trading "ex" the capital reduction from the commencement of business on Monday, 31 March 2008 and the record date will be Friday, 4 April 2008. The capital reduction will be paid to ordinary shareholders on Monday, 7 April 2008. Ordinary share certificates may not be dematerialised or rematerialised between Monday, 31 March 2008 and Friday, 4 April 2008, both days inclusive.

Preference Dividend

The directors of Mvela Group have resolved to declare a cash preference dividend (No. 5) of 27,6 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 Friday, 28 March 2008. The preference shares of Mvela Group will commence trading "ex" the preference dividend from the commencement of business on Monday, 31 March 2008 and the record date will be Friday, 4 April 2008. The preference dividend will be paid to preference shareholders on Monday, 7 April 2008. Preference share certificates may not be dematerialised or rematerialised between Monday, 31 March 2008 and Friday, 4 April 2008, both days inclusive.

Share Buy-Backs

The company is trading at a substantial discount to its intrinsic net asset value. The board of Mvela Group has approved a share buy-back programme to acquire at least 10% of the Group's issued ordinary share capital in terms of the general authority granted by the shareholders. The Group has thus far bought back 25 789 539 ordinary shares which is just less than 6% of the issued ordinary share capital. Announcements in line with the JSE Listing Requirements will be made by the Group when it successfully acquires 6% and 9% of the issued ordinary share capital.

Prospects

The year 2008 will be a challenging year for South Africa, given the lack of liquidity in world equity markets, South Africa's current account deficit and a flight of capital away from emerging markets. This has been evidenced in the reduced funding capacity in a number of financial institutions in the past two months.

Mvela Group is well placed with a strong balance sheet and healthy cash flows from its operations (as well as available cash resources) to pursue value enhancing investment opportunities through acquisitions in terms of its strategic investment framework. The Group will also continue with its share buy-back programme to further improve shareholder returns.

T M G Sexwale

Executive Chairman

27 February 2008

Sandton

Y Z Cuba

Chief Executive Officer

Executive Directors:

TMG Sexwale (*Executive Chairman*), MSM Xayiya (*Executive Deputy Chairman*), YZ Cuba (*Chief Executive Officer*), GE Röth (*Chief Financial Officer*), WV Mavimbela, MJ Willcox

Non-Executive Directors:

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

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