

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2008

Highlights

- **Headline earnings per share increased by 21,4%***; and
- **Export turnover increased by 41%***, which equates to 19% of total turnover.

* on a pro forma basis

Consolidated Income Statement

six months ended

	Unaudited Jun 2008 R'000	Unaudited Jun 2007 R'000	Pro forma* Jun 2007 R'000
Revenue	258 452	114 941	231 157
Cost of goods sold	(193 119)	(91 273)	(176 954)
Gross profit	65 334	23 668	54 203
Other income	525	262	1 374
Operating expenses	(30 359)	(9 498)	(26 227)
Profit from operations	35 499	14 432	29 349
Interest received	2 364	938	1 398
Interest paid	(2 622)	(96)	(2 415)
Profit before taxation	35 241	15 275	28 332
Taxation	(10 624)	(4 429)	(8 216)
Profit attributable to the equity holders of the parent	24 617	10 846	20 116
Number of shares in issue ('000)	469 004	353 333*	480 000
Weighted average number of shares in issue ('000)	479 641	353 333*	480 000
Basic earnings per share (cents)	5,1	3,1*	4,2
Basic headline earning per share (cents)	5,1	3,1*	4,2

* The pro forma results as disclosed in the listing prospectus.

* The actual number and weighted average number of shares in issue for the 2007 period was 195 shares. The earnings and net asset value per share were calculated on the equivalent number of shares taking into account the sub-division and capitalisation issue in November 2007.

Consolidated Balance Sheet

as at

	Unaudited Jun 2008 R'000	Unaudited Jun 2007 R'000	Audited* Dec 2007 R'000
ASSETS			
Non-current assets	194 721	17 293	191 335
Property, plant and equipment	15 432	8 228	12 968
Deferred taxation	3 066	236	2 144
Goodwill	176 223	7 037	176 223
Listed investment	—	1 792	—
Current assets	249 498	114 777	239 636
Inventories	99 809	32 862	73 795
Trade and other receivables	118 032	68 660	116 341
Taxation prepaid	1 101	28	28
Bank and call deposits	30 556	13 227	49 472
Total assets	444 219	132 070	430 971
EQUITY AND LIABILITIES			
Capital and reserves	279 309	86 748	265 073
Share capital and share premium	179 453	2 142	189 834
Accumulated profits	99 856	84 606	75 239
Non-current liabilities	63 830	1 050	60 647
Interest bearing liabilities	763	1 050	1 009
Other financial liabilities	63 067	—	59 638
Current liabilities	101 080	44 272	105 251
Trade and other payables	95 419	38 790	76 518
Current portion of:			
— interest bearing liabilities	686	2 149	1 533
— other financial liabilities	—	—	15 408
Taxation payable	4 975	3 333	11 792
Total equity and liabilities	444 219	132 070	430 971
Number of shares in issue ('000)	469 004	353 333*	480 000
Net asset value per share (cents)	59,6	24,6*	55,2
Tangible net asset value per share (cents)	21,3	22,5*	18,1

Consolidated Cash Flow Statement

six months ended

	Unaudited Jun 2008 R'000	Unaudited Jun 2007 R'000
Cash flows from operating activities	8 869	(10 569)
Cash generated/(absorbed) by operations	28 563	(1 803)
Interest received	2 364	938
Interest paid	(2 622)	(96)
Taxation paid	(19 436)	(9 608)
Cash flows from investing activities	(4 333)	(353)
Additions to property, plant and equipment	(4 333)	(353)
Cash flows from financing activities	(23 453)	(6 691)
Shareholders' loans repaid	—	(5 686)
Net repayment of interest bearing liabilities	(1 093)	(1 005)
Net repayment of other financial liabilities	(11 979)	—
Share buy back and expenses	(10 381)	—
Decrease in cash resources	(18 916)	(17 613)
Cash resources at beginning of period	49 472	30 840
Cash resources at end of period	30 556	13 227

Consolidated Statement of Changes in Equity

	Share capital R'000	Share premium R'000	Accumulated profits R'000	Total R'000
Balances as at 31 December 2006	—	2 142	73 760	75 902
Profit for the six month period to 30 June 2007	—	—	10 846	10 846
Balances as at 30 June 2007	—	2 142	84 606	86 748
Share capitalisation	4	(4)	—	—
Issue of shares	1	189 999	—	190 000
Listing and share issue expenses	—	(2 308)	—	(2 308)
Profit for the six month period to 31 December 2007	—	—	18 133	18 133
Dividends paid	—	—	(27 500)	(27 500)
Balances as at 31 December 2007	5	189 829	75 239	265 073
Share buy back and expenses	—	(10 381)	—	(10 381)
Profit for the six month period to 30 June 2008	—	—	24 617	24 617
Balances as at 30 June 2008	5	179 448	99 856	279 309

Segment reporting

The six months ending 30 June 2007 comprised only the refrigeration businesses.

	Refrigeration R'000	Baking R'000	Corporate R'000	Total R'000
Turnover				
— For the six months to 30 June 2008 (Actual)	125 414	133 039	—	258 452
— For the six months to 30 June 2007 (Pro forma*)	114 941	116 216	—	231 157
Segment profit from operations				
— For the six months to 30 June 2008 (Actual)	15 460	21 064	(1 025)	35 499
— For the six months to 30 June 2007 (Pro forma*)	14 725	14 917	(293)	29 349

COMMENTARY

TRADING ENVIRONMENT

The group operates as a major supplier of refrigerated and baking equipment to the perishable foods industry encompassing the retail, wholesale and manufacturing segments. Trading is primarily exposed to food retailers in South Africa and to a lesser extent, Africa.

Universal traded well during the period. Challenging economic conditions locally and internationally due to various factors have resulted in a more difficult trading environment than anticipated at the start of the financial year. Key aspects which have impacted on operations include:

- inflationary pressure on the majority of our inputs including steel, chemicals, plastics and labour;
- a slowdown in consumer spending as evident in declining retail sales;
- a lower SA GDP growth rate in the first half of the year and a reduced GDP growth forecast for the remainder of 2008;
- tightening credit policies by the banks impacting on the availability of funding for capital projects which are planned by our client base; and
- potential delays in capital projects caused by uncertainty surrounding electricity supply and the significant deterioration in business confidence and sentiment.

Despite these conditions management remains positive about Universal's prospects and will continue to search for growth opportunities.

FINANCIAL RESULTS

When analysing the results the:

- actual June 2008 column reflects the result of both the refrigeration and baking businesses for the 6 month period
- actual June 2007 column reflects the result of only the refrigeration businesses for the 6 month period as an unlisted entity;
- pro forma June 2007 column reflects the result of both the refrigeration and baking businesses for the 6 month period as presented in the prospectus of 20 November 2007, assuming the acquisition of the baking business and listing was effective from 1 January 2007; and
- group has historically been seasonal with the second half of the calendar year generating approximately 60% of revenue and 65% of operating income.

As the pro forma results form the appropriate basis for comparison, any reference in the commentary to the prior period means the prior period pro forma results.

The group increased turnover by 12% and headline earnings per share by 21,4%. The improved operating profit margin is mainly attributable to a better product mix with higher margin and internally manufactured product sold compared to the prior period.

Notwithstanding the group generating operating income of R35 million the net cash on hand decreased from R49 million as at 31 December 2007 to R31 million mainly due to the following:

- an investment of some R8 million in working capital, primarily in stock;
- R15 million paid to the vendors of Macadamis; and
- the buy back and cancellation of approximately 11 million shares for R9 million.

REVIEW OF OPERATIONS

Refrigeration businesses

The businesses performed slightly below budget reflecting minimal volume growth and a marginal decline in operating margin. Cost inflation, and in particular, steel, with price increases of nearly 80% since the beginning of the year, has resulted in margin erosion. The businesses have taken measures to protect margin through pre-emptive buying, product re-engineering and selling price increases.

The Cape Town based operation, Colcab, relocated to a new 17 000m² factory in February. The relocation was successful with a limited impact on production. Anticipated efficiency and process improvements are not yet evident but are being aggressively pursued. To ensure continued improvement in efficiency and quality a further investment in plant and machinery of some R4 million was made during the period.

Export sales initiatives into Africa continue in co-operation with the baking business. Management are confident that additional investment in staff and infrastructure will yield positive results over the medium term.

Baking business

The baking business had a good trading performance increasing revenue by 14,5% and also substantially increased its operating margin. The improved margin is attributed to product mix with more internally manufactured product being sold. The business experienced less margin pressure than the refrigeration businesses due to the negotiation of fixed prices with suppliers and the bulk importation of steel and other items towards the end of last year.

The export department traded very well increasing revenue by 45% compared to the prior period. Export sales comprised 35% of total sales (prior period 28%). The business continues to invest in staff and resources to ensure its penetration into more territories in the coming months.

The Food Service division, which started in the latter part of 2006, continues to make good progress and increased sales significantly during this period. With a cautious approach and limited resources dedicated to this division management remain confident of this division becoming a significant driver of growth.

PROSPECTS

The group remains cautiously optimistic that it will achieve its forecast headline earnings of 15,4 cents per share for the 2008 financial year as published in the prospectus at listing. This assumes that trading conditions do not deteriorate further. For the reporting period the group has achieved 33% of the forecasted headline earnings per share compared to 34% of the pro forma headline earnings per share generated in the corresponding six months last year.

DIVIDENDS

As stated in the prospectus, Universal intends implementing, subject to operational requirements, an annual distribution policy of 25% of profits attributable to the equity holders at the conclusion of the 2008 financial year.

SHARE BUY BACK

Details of the buy back were announced on SENS on 26 June 2008. Universal acquired approximately 11 million shares that are in the process of being cancelled resulting in the ordinary shares in issue decreasing from 480 million to 469 million. Authority to continue with share repurchases was renewed at the annual general meeting and the board will continue to evaluate this option in order to render value to shareholders.

BASIS OF PREPARATION

The unaudited interim results have been prepared in terms of International Financial Reporting Standards ("IFRS") and comply with IAS34 – Interim Financial Reporting. The accounting policies used are consistent with those applied to the audited financial statements for the year ended 31 December 2007.

FAIR VALUE OF INTANGIBLE ASSETS

Universal acquired the business of Macadamis effective 15 November 2007. As at acquisition date the business had net tangible assets of R71 million with the balance of the purchase price of R169 million accounted for as goodwill. The identifiable intangible assets will be fair valued in terms of IFRS 3 before the end of the current financial year.

DIRECTORATE

Following the passing away of Mr L Boyd, the deputy chairman Mr G Khan, has been appointed as chairman of Universal.

APPRECIATION

The Board extends its thanks to management and employees for their ongoing efforts.

By order of the Board

G Khan
Chairman
18 August 2008

D Paynter
Chief Executive Officer

CORPORATE INFORMATION

Executive directors: D Paynter (CEO), I Morgan (CFO)

Non-executive directors: G Khan (Chairman); C Brayshaw, W Brett, A Esa, I Essa (Alternate to A Esa), A Levy

Registration number: 1996/004343/06

Registered address: 16 Precision Street, Kya Sand, Randburg

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Telephone: 011 462 2130

Facsimile: 011 704 3257

Company Secretary: Probitry Business Services (Pty) Limited

Transfer secretaries: Link Market Services South Africa (Pty) Limited

Auditors: PKF (Jhb) Inc

Sponsor: Java Capital (Pty) Limited