

# UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

- Revenue increased by 87%; and
- Headline earnings per share increased by 133%.

## Consolidated Statement of Comprehensive Income

	Unaudited Six months ended 30 Jun 2011 R'000	Unaudited Six months ended 30 Jun 2010 R'000	Audited Year ended 31 Dec 2010 R'000
<b>Revenue</b>	<b>455 658</b>	244 066	702 318
Cost of goods sold	(320 927)	(186 105)	(496 482)
<b>Gross profit</b>	<b>134 731</b>	57 961	205 836
Other income	1 121	1 718	1 776
Operating expenses	(75 021)	(35 932)	(117 651)
<b>Profit from operations</b>	<b>60 831</b>	23 747	89 961
Interest received	1 505	3 407	9 677
Interest paid	(9 688)	(4 492)	(10 750)
<b>Profit before taxation</b>	<b>52 648</b>	22 662	88 888
Taxation	(14 058)	(6 365)	(27 265)
<b>Profit for the period</b>	<b>38 590</b>	16 297	61 623
Other comprehensive income	–	–	–
<b>Total comprehensive income for the period</b>	<b>38 590</b>	16 297	61 623
Attributable to:			
Equity holders of the parent	38 280	16 155	60 921
Minority interest	310	142	702
	38 590	16 297	61 623
Number of shares in issue ('000)	457 919	448 419	457 919
Weighted average number of shares in issue ('000)	457 919	448 419	449 198
Weighted average number of shares in issue used to calculate diluted earnings ('000)	459 412	448 419	449 225
Earnings per share (cents)	8,4	3,6	13,6
Headline earnings per share (cents)	8,4	3,6	13,6
Diluted earnings and headline earnings per share (cents)	8,3	3,6	13,6

## Consolidated Statement of Financial Position

	Unaudited As at 30 Jun 2011 R'000	Unaudited As at 30 Jun 2010 R'000	Audited As at 31 Dec 2010 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>360 313</b>	230 308	361 312
Property, plant and equipment	61 610	26 215	57 593
Intangible assets	282 372	202 862	285 771
Restraint of trade pre-payment	7 800	–	8 700
Deferred taxation	842	1 231	1 475
Loans receivable	7 689	–	7 773
<b>Current assets</b>	<b>440 878</b>	315 792	423 489
Inventories	208 620	97 414	169 340
Trade and other receivables	203 904	123 142	207 299
Taxation pre-paid	6 751	2 150	2 609
Bank and call deposits	21 603	93 086	44 241
<b>Total assets</b>	<b>801 191</b>	546 100	784 801
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>	<b>436 426</b>	356 233	413 609
Share capital and share premium	135 930	139 987	151 957
Accumulated profit	299 484	216 104	260 950
Equity attributable to the equity holders of the parent	435 414	356 091	412 907
Minority interests	1 012	142	702
<b>Non-current liabilities</b>	<b>166 118</b>	79 599	187 063
Interest bearing liabilities	140 751	61 776	159 669
Deferred taxation	6 924	984	9 536
Other financial liabilities	18 443	16 839	17 858
<b>Current liabilities</b>	<b>198 647</b>	110 268	184 129
Trade and other payables	144 389	85 539	124 686
Current portion of:			
– interest bearing liabilities	43 423	19 757	43 753
– other financial liabilities	9 763	57	9 977
Taxation payable	1 072	801	5 713
Bank overdrafts	–	4 114	–
<b>Total equity and liabilities</b>	<b>801 191</b>	546 100	784 801
Number of shares in issue ('000)	457 919	448 419	457 919
Net asset value per share (cents)	95,3	79,4	90,2
Tangible net asset value per share (cents)	36,2	34,1	30,3

## Consolidated Cash Flow Statement

	Unaudited Six months ended 30 Jun 2011 R'000	Unaudited Six months ended 30 Jun 2010 R'000	Audited Year ended 31 Dec 2010 R'000
<b>Cash flows from operating activities</b>	<b>21 768</b>	9 106	36 989
Cash generated by operations	54 772	21 294	79 448
Interest received	1 505	3 407	9 677
Interest paid	(9 688)	(4 492)	(10 626)
Taxation paid	(24 821)	(11 103)	(41 510)
<b>Cash flows from investing activities</b>	<b>(8 993)</b>	(10 898)	(84 937)
Additions to property, plant and equipment	(8 993)	(4 586)	(14 932)
Acquisition of subsidiary and business	–	(6 312)	(59 205)
Restraint of trade payment	–	–	(10 800)
<b>Cash flows from financing activities</b>	<b>(35 413)</b>	(19 585)	(18 160)
Net interest bearing liabilities repaid	(19 249)	(7 186)	(10 297)
Net other financial liabilities raised/(repaid)	(223)	1 053	1 392
Capital distribution to shareholders	(16 027)	(13 452)	(13 453)
Proceeds from issue of shares net of loans advanced to executives under the assisted share purchase scheme	86	–	4 244
Share buy back and expenses	–	–	(46)
<b>Decrease in cash resources</b>	<b>(22 638)</b>	(21 377)	(66 108)
Cash resources at beginning of period	44 241	110 349	110 349
<b>Cash resources at end of period</b>	<b>21 603</b>	88 972	44 241

## Segment Reporting

	Unaudited Six months ended 30 Jun 2011 R'000	Unaudited Six months ended 30 Jun 2010 R'000	Audited Year ended 31 Dec 2010 R'000
<b>Revenue</b>	<b>455 658</b>	244 066	702 318
– Baking Systems	136 331	115 624	308 012
– Catering and kitchen equipment	155 211	–	58 502
– Refrigeration	164 116	128 442	335 804
<b>Segment profit from operations</b>	<b>60 831</b>	23 747	89 961
– Baking Systems	20 142	14 487	48 132
– Catering and kitchen equipment	25 307	–	3 446
– Refrigeration	16 012	9 492	42 422
– Unallocated corporate expenses	(630)	(232)	(4 039)
Net interest paid	(8 183)	(1 085)	(1 073)
<b>Profit before taxation</b>	<b>52 648</b>	22 662	88 888

## Consolidated Statement of Changes in Equity

	Share capital R'000	Share premium R'000	Accumulated profit R'000	Total equity attributable to the equity holders of the parent R'000	Minority interests R'000	Total equity attributable to the equity holders of the parent R'000
<b>Balances as at 31 December 2009</b>	4	153 435	199 949	353 388	–	353 388
Capital distribution to shareholders	–	(13 452)	–	(13 452)	–	(13 452)
Total comprehensive income for the six-month period to 30 June 2010	–	–	16 155	16 155	142	16 297
<b>Balances as at 30 June 2010</b>	4	139 983	216 104	356 091	142	356 233
Share issues net of share buy back	1	11 969	–	11 970	–	11 970
Share-based payments	–	–	80	80	–	80
Total comprehensive income for the six-month period to 31 December 2010	–	–	44 766	44 766	560	45 326
<b>Balances as at 31 December 2010</b>	5	151 952	260 950	412 907	702	413 609
Capital distribution to shareholders	–	(16 027)	–	(16 027)	–	(16 027)
Share-based payments	–	–	254	254	–	254
Total comprehensive income for the six-month period to 30 June 2011	–	–	38 280	38 280	310	38 590
<b>Balances as at 30 June 2011</b>	<b>5</b>	<b>135 925</b>	<b>299 484</b>	<b>435 414</b>	<b>1 012</b>	<b>436 426</b>

## COMMENTARY

### TRADING ENVIRONMENT

The group operates as a significant supplier of commercial refrigeration, baking, catering and kitchen equipment and utensils to the food industry encompassing the retail, wholesale, hospitality (i.e. hotels, restaurants, fast food and other commercial kitchens) and manufacturing segments.

Universal traded exceptionally well during the period considering the prevailing challenging economic conditions, locally and internationally. It is however anticipated that the continued uncertainty prevailing in the business community and the slow recovery of the global economy will impact on the group's performance over the short term.

### FINANCIAL RESULTS

In comparing the group's financial results for the six months to 30 June 2011 ("current period") with the results for the six months to 30 June 2010 ("prior period") it should be noted that the prior period did not include the results of BCE Foodservice Equipment (Pty) Limited ("BCE") as the acquisition of BCE only became effective in November 2010.

Including the results of BCE group revenue and headline earnings per share increased by 87% and 133%, respectively, compared to the prior period. On a like-for-like basis (excluding BCE), revenue and operating income increased by 23% and 50%, respectively.

Operating profit margins increased compared to the prior period in line with increased sales volumes. Exports, primarily into Africa, comprised approximately 19% of revenue; marginally below the 20% reported in the prior period as BCE's exports were only 13% of revenue.

Cash on hand decreased from R44 million as at 31 December 2010 to R22 million, mainly due to the capital distribution to shareholders on 11 April 2011 and additional funds being absorbed into working capital as a result of the increase in trading levels.

### REVIEW OF OPERATIONS

#### Refrigeration businesses

The refrigeration businesses increased revenue by 28% compared to the prior period. The improvement in operating margins resulted from the increased manufactured sales volumes.

To ensure continued improvement in capacity, efficiency and quality an investment in plant and equipment of R7 million was made during the current period and the group has committed to a further investment of R8 million in plant and equipment for the remainder of the year.

#### Baking business

The baking business increased revenue by 18% compared to the prior period. Operating margins improved as the business continues to benefit from the relative strength of the exchange rate and from increased manufactured sales volumes.

#### Catering and kitchen equipment business

Trading conditions in the hospitality market segment remain weak. Revenue for the current period decreased by 3% compared to the prior period. Operating margins were maintained as the business continues to benefit from the relative strength of the exchange rate.

### PROSPECTS

Notwithstanding the global uncertainty and unpredictable future throughout the world, the group's operations traded well during the current period with most of the business units reporting encouraging enquiry and order intake levels. The inclusion of BCE for a full year will continue to impact significantly on earnings in the second half of the financial year, despite tough trading conditions in the catering and kitchen equipment industry. Although the second half of the year's order in-take looks promising, the future is very unpredictable and the gloomy economic outlook makes it difficult to foresee future performance.

### DIVIDENDS AND/OR DISTRIBUTIONS TO SHAREHOLDERS

Universal has adopted an annual distribution policy, thus no interim distribution has been declared.

### CAPITAL COMMITMENTS

The group has capital commitments of some R8 million for plant and equipment, which will be financed from banking facilities and internal cash flow.

### PROPOSED SCHEME OF ARRANGEMENT AND DELISTING

Shareholders are referred to the announcement released on SENS on 29 July 2011 and published in the press on 1 August 2011, advising of a firm intention received from Ethos and certain existing shareholders ("the Offeror") to propose a scheme of arrangement that will result in the Offeror acquiring the entire shareholding of Universal and the subsequent delisting of the Company.

Further details will be included in a circular to be sent to Universal shareholders, to be posted on or about 30 August 2011.

### BASIS OF PREPARATION

The unaudited interim results have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with IAS 34 – Interim Financial Reporting, the AC 500 series of interpretations, the Listings Requirements of the JSE Limited and the requirements of the Companies Act of South Africa. The accounting policies used are consistent with those applied to the audited financial statements for the year ended 31 December 2010. The group's interim results have not been reviewed or reported on by the group's auditors.

### APPRECIATION

The Board extends its thanks to management, employees and the non-executive directors for their ongoing efforts.

By order of the Board

G Khan  
Chairman

D Paynter  
Chief Executive Officer

17 August 2011

### CORPORATE INFORMATION

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

**Non-executive directors:** G Kahn (Chairman), C Brayshaw, W Brett I Essa (alternate to G Khan), A Levy, D Vlok

**Registered address:** 16 Precision Street, Kya Sand, Randburg, 2194

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**Telephone:** 011 462 2130

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**Company Secretary:** Proby Business Services (Pty) Limited

**Transfer Secretaries:** Link Market Services South Africa (Pty) Limited

**Auditors:** PKF (Jhb) Inc

**Sponsor:**

JAVACAPITAL

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