

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2010

- Revenue increased by 14%;
- HEPS increased by 177%; and
- Gearing (net of cash) 3%.

Consolidated Statement of Comprehensive Income

	Unaudited Six months ended 30 Jun 2010 R'000	Unaudited Six months ended 30 Jun 2009 R'000	Audited Year ended 31 Dec 2009 R'000
Revenue	244 066	213 679	587 072
Cost of goods sold	(186 105)	(169 483)	(421 309)
Gross profit	57 961	44 196	165 763
Other income	1 718	721	323
Operating expenses	(35 932)	(32 046)	(93 148)
Profit from operations	23 747	12 871	72 938
Interest received	3 407	6 802	16 863
Interest paid	(4 492)	(9 925)	(16 693)
Profit before taxation	22 662	9 748	73 108
Taxation	(6 365)	(3 771)	(22 034)
Profit for the period	16 297	5 977	51 074
Other comprehensive income	–	–	–
Total comprehensive income for the period	16 297	5 977	51 074
Attributable to:			
Equity holders of the parent	16 155	5 977	51 074
Minority interest	142	–	–
	16 297	5 977	51 074
Number of shares in issue ('000)	448 419	448 912	448 419
Weighted average number of shares in issue ('000)	448 419	448 912	448 863
Earnings per share (cents)*	3,6	1,3	11,4
Headline earnings per share (cents)*	3,6	1,3	11,4

* There are no dilutionary instruments in issue.

Consolidated Statement of Financial Position

	Unaudited As at 30 Jun 2010 R'000	Unaudited As at 30 Jun 2009 R'000	Audited As at 31 Dec 2009 R'000
ASSETS			
Non-current assets	230 308	208 478	211 946
Property, plant and equipment	26 215	13 754	18 563
Intangible assets	202 862	193 184	192 064
Deferred taxation	1 231	1 540	1 319
Current assets	315 792	342 081	331 046
Inventories	97 414	87 247	87 047
Trade and other receivables	123 142	101 593	133 622
Taxation prepaid	2 150	6 540	28
Bank and call deposits	93 086	146 701	110 349
Total assets	546 100	550 559	542 992
EQUITY AND LIABILITIES			
Capital and reserves	356 233	308 597	353 388
Share capital and share premium	139 987	153 745	153 439
Accumulated profits	216 104	154 852	199 949
Equity attributable to the equity holders of the parent	356 091	308 597	353 388
Minority interests	142	–	–
Non-current liabilities	79 599	79 690	68 803
Interest bearing liabilities	61 776	76 025	65 316
Deferred taxation	984	1 522	1 008
Other financial liabilities	16 839	2 143	2 479
Current liabilities	110 268	162 272	120 801
Trade and other payables	85 539	76 853	96 257
Current portion of:			
– interest bearing liabilities	19 757	16 791	20 714
– other financial liabilities	57	67 233	350
Taxation payable	801	1 395	3 480
Bank overdrafts	4 114	–	–
Total equity and liabilities	546 100	550 559	542 992
Number of shares in issue ('000)	448 419	448 912	448 419
Net asset value per share (cents)*	79,4	68,7	78,8
Tangible net asset value per share (cents)*	34,2	25,7	36,0

Consolidated Cash Flow Statement

	Unaudited Six months ended 30 Jun 2010 R'000	Unaudited Six months ended 30 Jun 2009 R'000	Audited Year ended 31 Dec 2009 R'000
Cash flows from operating activities	9 106	42 779	93 234
Cash generated by operations	21 294	60 239	111 785
Interest received	3 407	6 802	16 863
Interest paid	(4 492)	(9 925)	(11 119)
Taxation paid	(11 103)	(14 337)	(24 295)
Cash flows from investing activities	(10 898)	(628)	(7 816)
Additions to property, plant and equipment	(4 586)	(628)	(7 816)
Acquisition of subsidiary and business	(6 312)	–	–
Cash flows from financing activities	(19 585)	(31 026)	(110 645)
Net interest bearing liabilities repaid	(7 186)	(4 982)	(11 769)
Net other financial liabilities raised/(repaid)	1 053	(12 585)	(85 111)
Capital distribution to shareholders	(13 452)	(13 459)	(13 467)
Share buy back and expenses	–	–	(298)
(Decrease)/increase in cash resources	(21 377)	11 125	(25 227)
Cash resources at beginning of period	110 349	135 576	135 576
Cash resources at end of period	88 972	146 701	110 349

Segment Reporting

	Unaudited Six months ended 30 Jun 2010 R'000	Unaudited Six months ended 30 Jun 2009 R'000	Audited Year ended 31 Dec 2009 R'000
Revenue	244 066	213 679	587 072
– Refrigeration	128 442	106 971	291 870
– Baking Systems	115 624	106 708	295 202
Segment profit from operations	23 747	12 871	72 938
– Refrigeration	9 492	6 979	38 778
– Baking Systems	14 487	6 716	41 164
– Unallocated corporate expenses	(232)	(824)	(7 004)
Net interest (paid)/received	(1 085)	(3 123)	170
Profit before taxation	22 662	9 748	73 108

Consolidated Statement of Changes in Equity

	Share capital R'000	Share premium R'000	Accumulated profits R'000	Total equity attributable to the equity holders of the parent R'000	Minority interests R'000	Total equity R'000
Balances as at 31 December 2008	4	167 200	148 875	316 079	–	316 079
Capital distribution to shareholders	–	(13 459)	–	(13 459)	–	(13 459)
Total comprehensive income for the six month period to 30 June 2009	–	–	5 977	5 977	–	5 977
Balances as at 30 June 2009	4	153 741	154 852	308 597	–	308 597
Share buy back and expenses	–	(306)	–	(306)	–	(306)
Total comprehensive income for the six month period to 31 December 2009	–	–	45 097	45 097	–	45 097
Balances as at 31 December 2009	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
Balances as at 30 June 2010	4	139 983	216 104	356 091	142	356 233

COMMENTARY

TRADING ENVIRONMENT

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

SA food retailers remain our most significant client base and it is encouraging to see that they are still reporting reasonable results and all remain in a sound financial position. This should allow for continued capital expenditure on new as well as replacement equipment. However, the lack of property development has impacted on the availability of new sites and accordingly further store roll-outs will be limited until retail property development recovers.

FINANCIAL RESULTS

When comparing the group's financial results for the six months to 30 June 2010 ("current period") with the results for the six months to 30 June 2009 ("prior period") it should be recognised that the prior period was an extremely tough trading period where the group's trading was severely impacted by the financial crisis and global economic recession. It should also be noted that the group's trading levels have historically been seasonal with the second half of the calendar year generating approximately 60% of revenue and 65% of operating income.

Group revenue increased by 14% and headline earnings per share by 177% compared to the prior period. Operating profit margins also increased compared to the prior period in line with increased sales volumes and a better sales mix resulting in higher factory throughput. Exports, primarily into Africa, comprised approximately 20% of revenue, in line with the prior period.

Cash on hand decreased from R110 million as at 31 December 2009 to R89 million, mainly due to the acquisition of Glacier Door Systems (Pty) Limited ("Glacier"), investment in plant and equipment and the capital distribution to shareholders on 19 April 2010. In addition as a result of the increase in trading levels additional funds have been absorbed into working capital.

The group continues to be largely ungeared (net of cash) at this time.

REVIEW OF OPERATIONS

Refrigeration businesses

The refrigeration businesses increased revenue by 20% compared to the prior period (9% excluding the Glacier acquisition). The improvement in operating margins resulted from the restructuring and cost saving initiatives introduced in 2009 as well as the benefit of a relatively strong exchange rate on certain input costs.

The business is investing some R5 million in expanding its manufacturing capacity that will allow it to offer a wider range of products and to better service its customers.

Baking business

The baking business increased revenue by 8% compared to the prior period. Operating margins improved significantly as the business benefited from the relative strength of the exchange rate and from an improved sales mix with more internally manufactured product being sold.

The business successfully relocated to a new purpose built facility in May 2010 which now includes Marsden (the baking pan and tin manufacturing division) which operated from a separate facility in the past. The integration of Marsden offers many operational synergies and savings.

PROSPECTS

The first half of the year has traditionally been a difficult trading period for the group. The economic recovery this year has been slow and is expected to only gain momentum next year. Accordingly it may be some time before property development and spending on capital projects recover. Under the current uncertain conditions management finds it difficult to accurately predict trading levels over the short term, but remains confident that the group is well positioned for growth over the medium term.

ACQUISITIONS

Business and Catering Equipment (Pty) Limited ("BCE")

Universal advised in announcements dated 9 June and 29 July 2010 that it had concluded an agreement to acquire all of the shares and claims on loan account against BCE for a maximum purchase consideration of R224,2 million. BCE is Southern Africa's leading supplier of catering equipment, kitchen utensils, industrial cookware and commercial kitchen appliances, also conducting business throughout the rest of Africa and the Indian Ocean islands.

The acquisition will be funded by way of vendor funding, long-term bank funding and available cash resources and facilities within the group.

The acquisition has not yet been implemented as it is still subject to various conditions precedent including approval by Universal shareholders and the relevant Competition Authority. For more information on the BCE acquisition refer the announcements and the circular posted to shareholders on 29 July 2010.

Glacier

The group acquired a controlling interest in Glacier, effective from 1 March 2010. Glacier is a manufacturer of glass products, primarily glass doors used in the refrigeration industry. Discussions are well advanced with Anthony, the world's leading manufacturer and supplier of these products, for a technology and licence agreement that may allow the local manufacture of Anthony products utilising Glacier's plant and expertise.

The acquired business contributed revenue of R11 million and profit after tax of less than R1 million during the current period. Had the acquisition been effective from 1 January 2010 the contribution would have been R16 million to revenue and profit after tax of less than R1 million.

Details of the acquisition are as follows (R'000):

Net assets acquired ("NAV")	7 787
Goodwill and intangible assets*	11 913
Total purchase consideration	19 700
Loans acquired	13 014
Net cash on acquisition	380
Net cash outflow for Universal	6 306

*to be allocated in terms of IFRS3 within the next 12 months.

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.

BASIS OF PREPARATION

The unaudited interim results have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with IAS34 – Interim Financial Reporting, the AC500 series of interpretations, the listing requirements of the JSE 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 2009. The group's interim results have not been audited or reviewed 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
10 August 2010

D Paynter
Chief Executive Officer

CORPORATE INFORMATION

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

Non-executive directors: G Khan (Chairman), C Brayshaw, W Brett

I Essa (alternate to G Khan), A Levy

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Company Secretary: Probit Business Services (Pty) Limited

Transfer Secretaries: Link Market Services (Pty) Limited

Auditors: PKF (Jhb) Inc

Sponsor:

JAVACAPITAL

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