

REBSEERVE

HOLDINGS LIMITED

(Incorporated in the Republic of South Africa) (Registration number 1995/004153/06)
("Rebserve")

UNAUDITED INTERIM REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2003 AND CAUTIONARY ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Fully diluted headline earnings per share of 56,7 cents
- Revenue up 11% to R1 743 million
- Interim dividend of 15 cents per share declared
- Cash generated from operations up 34% to R177 million

The following are the unaudited results of Rebserve and its subsidiaries ("the group") for the six months ended 31 December 2003 with comparative figures.

SUMMARISED GROUP INCOME STATEMENT

	Unaudited 6 months ended 31 December 2003 R'000	% change	Unaudited 6 months ended 31 December 2002 R'000	Audited year ended 30 June 2003 R'000
Revenue	1 743 467	11	1 569 583	3 189 576
Profit from operations	131 594	(9)	145 344	276 394
Net investment income	6 465		20 067	24 117
Net profit before taxation and exceptional items	138 059 (7 923)		165 411 (7 042)	300 511 (15 024)
Net profit before taxation	130 136		158 369	285 487
Taxation	(29 535)		(38 977)	(66 598)
Net profit after taxation	100 601		119 392	218 889
Net profit attributable to outside shareholders	(7 570)		(12 368)	(25 189)
Net profit attributable to ordinary shareholders	93 031	(13)	107 024	193 700
Number of shares in issue (after share buybacks) (000)	177 615		176 720	176 209
Weighted average number of shares in issue (000)	177 615		182 540	179 604
Earnings per share (cents)	52,4		58,6	107,8
Headline earnings per share (cents)	56,8	(9)	62,5	116,2
Fully diluted headline earnings per share (cents)	56,7	(7)	60,8	114,0
Pro forma fully diluted headline earnings per share (cents)	56,7		56,6	110,5
Dividend/distribution per share (cents)	15,0		-	35,0

SUMMARISED GROUP BALANCE SHEET

	Unaudited 6 months ended 31 December 2003 R'000	Unaudited 6 months ended 31 December 2002 R'000	Audited year ended 30 June 2003 R'000
ASSETS			
Non-current assets	709 909	674 645	691 596
Fixed assets	636 065	567 336	590 116
Investments and loans	25 041	60 232	55 685
Deferred taxation	48 803	47 077	45 795
Current assets	1 082 866	1 157 112	1 121 579
Liquid funds	482 492	502 187	491 912
Other current assets	600 374	654 925	629 667
TOTAL ASSETS	1 792 775	1 831 757	1 813 175
EQUITY AND LIABILITIES			
Capital and reserves	955 674	873 531	969 478
Share capital and reserves	916 726	792 020	875 769
Amounts due to vendors	34 993	62 940	62 467
Outside shareholders' interest	3 955	18 571	31 242
Non-current liabilities	151 277	223 214	168 454
Interest bearing liabilities	137 667	213 868	160 211
Non-interest bearing liabilities	3 880	-	-
Deferred taxation	9 730	9 346	8 243
Current liabilities	685 824	735 012	675 243
Interest bearing liabilities	99 435	68 569	65 986
Non-interest bearing liabilities	586 389	666 443	609 257
TOTAL EQUITY AND LIABILITIES	1 792 775	1 831 757	1 813 175
Net asset value per share (cents)	534,1	470,6	522,1
Net tangible asset value per share (cents)	356,2	305,1	355,7

SUMMARISED GROUP CASH FLOW STATEMENT

	Unaudited 6 months ended 31 December 2003 R'000	Unaudited 6 months ended 31 December 2002 R'000	Audited year ended 30 June 2003 R'000
Profit from operations	131 594	145 344	276 394
Non-cash items	53 158	38 473	88 595
Working capital changes	(7 270)	(50 946)	(76 626)
Cash generated from operations	177 482	132 871	288 363
Net investment income	6 465	20 067	23 987
Taxation paid	(25 569)	(59 919)	(84 169)
Dividends paid	-	(55 081)	(55 081)
Cash available from operating activities	158 378	37 938	173 100
Cash effects of investing activities	(84 680)	(20 515)	(90 700)
Cash effects of financing activities	(83 118)	(256 665)	(331 917)
Net movement in liquid funds	(9 420)	(239 242)	(249 517)
Net liquid funds at the beginning of the period	491 912	741 429	741 429
Net liquid funds at the end of the period	482 492	502 187	491 912

STATEMENT OF CHANGES IN EQUITY

	Unaudited 6 months ended 31 December 2003 R'000	Unaudited 6 months ended 31 December 2002 R'000	Audited year ended 30 June 2003 R'000
Balance at the beginning of the period	938 236	863 017	863 017
Shares acquired	-	(52 333)	(55 260)
Acquisition of subsidiaries and businesses	(17 493)	(7 668)	(8 140)
Net profit attributable to ordinary shareholders	93 031	107 024	193 700
Distribution/dividend	(62 055)	(55 080)	(55 081)
Balance at the end of the period	951 719	854 960	938 236

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

	Unaudited 6 months ended 31 December 2003 R'000	% change	Unaudited 6 months ended 31 December 2002 R'000	Audited year ended 30 June 2003 R'000
Net profit attributable to ordinary shareholders	93 031		107 024	193 700
Goodwill amortised	7 923		7 042	14 347
Impairment of a loan account	-		-	677
Headline net profit attributable to ordinary shareholders	100 954	(11)	114 066	208 724

SEGMENTAL INFORMATION

	Unaudited 6 months ended 31 December 2003 R'000	% change	Unaudited 6 months ended 31 December 2002 R'000	Audited year ended 30 June 2003 R'000
REVENUE				
Facilities management and professional services	590 261		523 234	1 138 491
Mining and technical services	357 456		351 590	696 970
Food services	420 231		384 188	738 087
Support services	375 519		310 571	616 028
	1 743 467	11	1 569 583	3 189 576

PROFIT FROM OPERATIONS

Facilities management and professional services	50 793	50 442	100 124
Mining and technical services	27 718	44 027	81 400
Food services	24 885	27 916	47 965
Support services	28 198	22 959	46 905
	131 594	(9)	145 344

COMMENTARY

Overall Performance

Trading conditions in certain of the group's businesses were, during the period under review, amongst the most challenging which Rebserve has experienced. As anticipated, the continued strength of the rand against the US dollar impacted negatively on the group's mining services division in particular, with severe pressure on margins as a result of cost-cutting initiatives implemented by most of the major mining houses in the wake of their own deteriorating financial results. Expansion and development projects in the mining industry were also scaled back as industry players consolidated their positions in the context of their earnings being adversely affected by the strong rand.

TFMC continued to achieve savings in expenditure for Telkom, resulting, as anticipated, in decreased revenue and flat profit from operations in TFMC, relative to the comparable period.

Following the payment of the balance of the Molope purchase consideration in December 2002 and the decrease in call interest rates, net investment income decreased by 68% from R20 million to R6 million.

Fully diluted headline earnings per share at 56,7 cents per share was flat compared to the pro forma fully diluted headline earnings per share for the comparable period, and 5% up on the pro forma fully diluted headline earnings per share for the six months ended 30 June 2003 of 53,9 cents, which pro forma figures were calculated on the assumption that the balance of the Molope purchase consideration had been paid on 1 July 2002 and at an assumed interest rate of 10% per annum.

During the period under review Atkins plc disposed of its 38,25% effective interest in TFMC, with Rebserve having acquired 13,25% of this effective interest, and the remaining 25% having been earmarked for acquisition by a BEE partner.

Financial Results

Revenue increased by 11% to R1 743 million. Although satisfactory growth was achieved in profit from operations in the support services and food services divisions, overall profit from operations decreased to R132 million as a result of the adverse conditions experienced in the mining services division. Net investment income, which comprises net interest and dividends received, decreased to R6 million following the decrease in interest rates, the payment of the balance of the Molope purchase consideration of R188 million (on which amount interest had been earned in the comparable period), and share buybacks concluded in the previous financial year. Net profit attributable to outside shareholders decreased following the reduction in the minority shareholder's effective interest in TFMC to 25%.

Headline net profit attributable to ordinary shareholders was R101 million. The weighted average number of shares in issue decreased to 177,6 million as a result of share buybacks concluded during the previous financial year. Headline earnings per share was 56,8 cents. Fully diluted headline earnings per share of 56,7 cents (which is based on 178,2 million shares after taking into account the number of shares still to be issued pursuant to historic acquisitions) was 7% below the fully diluted headline earnings per share for the comparable period of 60,8 cents.

Cash generated from operations of R177 million was up 34% on the comparable period, and equates to 135% of profit from operations. Working capital management remains a priority across all group companies and the net increase in working capital of only R7 million in this trading environment is notable. Free cash flow for the period was R80 million. Liquid funds decreased from R492 million at 30 June 2003, to R482 million at 31 December 2003.

Divisional Performance

Facilities Management and Professional Services

TFMC's performance was in line with expectations, albeit flat in relation to the comparable period. The initial evaluation of TFMC's performance under the Telkom contract, relating to the first three years of such contract, takes place after March 2004. This evaluation is expected to confirm that TFMC

has exceeded the guaranteed savings levels to Telkom over this period. No account has been taken in these results of any amount due to TFMC for having exceeded such guaranteed savings.

The new facilities management contract awarded by the DTI to Rebserve Facilities Management in August 2003 is still in its initial phase of development. Financial benefits from this contract will only accrue in the next financial year.

The group continues to seek new large scale facilities management and outsourcing contracts locally and internationally. Transnet's decision on whether to proceed with the establishment of a joint venture facilities management entity in relation to Propnet is still awaited.

Mining and Technical Services

The severe decline in profitability amongst all of the major clients of the mining and technical services division has inevitably had a corresponding impact on the profitability of this division.

The performance of the JIC Mining Services business was disappointing and reflects the adverse impact which the strong rand has had on the mining sector generally. Certain unviable contracts have already been terminated and steps have been taken to close other contracts, down-size certain contracts and restructure this business in order to improve operating efficiencies and reduce overhead costs.

Trollope Mining performed well in the context of an underperforming sector. Despite strong growth in turnover, operating margins came under pressure as clients drove down selling rates and competition in the market increased with the availability of surplus equipment.

Food Services

Stamford Sales performed in line with expectations and above the previous six months ended 30 June 2003. Changes have been made to the operating structures and methodologies in order to better equip the business to meet the challenges it faces in continuing the good growth which it has achieved historically.

Royal Food Services performed well during the period under review, achieving increases in turnover and operating margins. A new specialist division, which provides catering services for large corporate and similar functions, was successfully established. MRS performed in line with expectations despite adverse conditions in the mining industry.

Support Services

Coin Security and Protea Security continued to deliver good performances with all divisions contributing to the growth in these businesses. In conjunction with international technology partners, opportunities to expand the group's security interests in southern and west Africa are being pursued. These are likely to include the provision of guarding and assets in transit services mainly to the banking sectors in these countries.

Rebserve Cleaning Services performed in line with expectations. The investment in sales and marketing initiatives, particularly in the Gauteng region, slowed the growth in operating profits. Benefits from these initiatives will only be seen in the new financial year.

The performance of the freight forwarding business was below expectations as a direct result of the stronger rand, which impacted materially on the revenue of this business, despite volumes being maintained.

Accounting Policies

The results for the period ended 31 December 2003 have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The accounting policies used are consistent in all respects with the accounting policies applied in the financial statements for the year ended 30 June 2003.

Dividend Policy and Declaration

Given the strongly cash generative nature of the group's businesses, the directors have resolved to revert to a policy of declaring an interim dividend as well as a final dividend. The directors have accordingly resolved to declare a cash dividend (No. 9) of 15 cents per share to shareholders. The last day to trade "cum" the dividend in order to participate in the dividend is Thursday, 18 March 2004. The shares of Rebserve will commence trading "ex" the dividend from the commencement of business on Friday, 19 March 2004 and the record date will be Friday, 26 March 2004. The dividend will be paid to shareholders on Monday, 29 March 2004. Share certificates may not be dematerialised or rematerialised between Friday, 19 March 2004 and Friday, 26 March 2004, both days inclusive.

Prospects

Rebserve expects the present difficult trading conditions in the mining services division to continue for at least the remainder of the current financial year. In the current environment of a strong rand and the continued underperformance of the mining sector generally, prospects for a recovery in the performance of the group's mining services division, in the short term, are remote. Growth in the facilities management division remains dependent on the winning of major new facilities management contracts. The other group divisions continue to trade reasonably.

Cautionary Announcement

Shareholders are advised that Rebserve is at present engaged in negotiations aimed at finding a strategic BEE partner/s for Rebserve which, if successfully concluded, could affect the price of Rebserve shares.

Shareholders are therefore advised to exercise caution when dealing in Rebserve shares until a further announcement is made.

SM Levenberg

Chairman

23 February 2004
Sandton

WJ Paskins
Chief Executive

Directors:

SM Levenberg (Chairman), WJ Paskins (Chief Executive), MH Brodie *,
KD Dlamini *, L Mojela *, RM Patel *, CD Stein *, BC Till (* non-executive)

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Share code: RBV

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

www.rebserve.co.za

BCF JONSSONS