MICRO*mega* HOLDINGS LIMITED

Incorporated in the Republic of South Africa • Registration number 1998/003821/06
Share code MMG ISIN ZAE000034435 • "MICRO*mega*" or "the Company"

MICRO*mega*

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2008

INCREASE IN REVENUE	**68%**
INCREASE IN ATTRIBUTABLE PROFITS PER SHARE	**84%**
INCREASE IN HEADLINE EARNINGS PER SHARE	**28%**
INCREASE IN NET ASSET VALUE PER SHARE	**30%**
INCREASE IN NET TANGIBLE ASSET VALUE PER SHARE	**38%**

ABRIDGED CONSOLIDATED INCOME STATEMENT

	Unaudited Six months ended 30 June 2008 R ('000)	Unaudited Six months ended 30 June 2007 R ('000)	Audited Year ended 31 December 2007 R ('000)
Revenue	**386 314**	229 320	483 174
Operating profit	**45 342**	25 700	54 354
Net finance income	**1 083**	3 836	1 798
Share of profits of associates	**587**	123	(162)
Profit before taxation	**47 012**	29 659	55 990
Taxation expense	**(9 292)**	(8 217)	(14 400)
Profit after taxation	**37 720**	21 442	41 590
Attributable to:			
Ordinary shareholders	**36 141**	19 907	40 401
Minorities	**1 579**	1 535	1 189
Reconciliation of headline earnings			
Profit attributable to ordinary shareholders	**36 141**	19 907	40 401
Profit on disposal of property, plant and equipment	**(69)**	(52)	(114)
Profit on sale of subsidiary	**-**	(2 565)	(2 559)
Income from write off of loan accounts	**-**	-	(77)
Profit on disposal of investments	**-**	-	(464)
Impairment of intangible assets	**-**	-	122
Impairment of investments	**-**	-	32 500
Impairment of loan	**-**	1 047	(28 959)
Negative goodwill on business combination	**(13 001)**	-	-
Headline earnings	**23 071**	18 337	40 850
Headline earnings per share (cents)	**23.99**	18.81	41.91
Earnings per share (cents)	**37.57**	20.42	41.45
Diluted earnings per share (cents)	**37.18**	20.13	40.96
Weighted average number of shares	**96 184**	97 499	97 464
Diluted weighted average shares in issue	**97 211**	98 904	98 644
Total number of shares in issue	**96 759**	97 801	98 169

ABRIDGED CONSOLIDATED BALANCE SHEET

	Unaudited Six months ended 30 June 2008 R ('000)	Unaudited Six months ended 30 June 2007 R ('000)	Audited Year ended 31 December 2007 R ('000)
ASSETS			
Non-current assets	**164 194**	108 761	103 361
Property, plant and equipment	**74 637**	27 458	25 197
Intangible assets	**64 666**	57 595	59 762
Deferred tax asset	**11 378**	8 073	6 583
Investments	**8 176**	8 661	8 099
Loans receivable	**5 337**	6 974	3 720
Current assets	**247 894**	160 926	172 595
Inventories	**102 491**	41 810	39 278
Trade and other receivables	**122 801**	86 244	81 668
Current portion of loans receivable	**637**	-	168
Foreign exchange contracts	**-**	-	186
Cash and cash equivalents	**21 965**	32 872	51 295
Total assets	**412 088**	269 687	275 956
EQUITY AND LIABILITIES			
Equity	**228 876**	177 694	193 683
Equity holders' interest	**217 183**	164 777	184 476
Minorities interest	**6 407**	4 608	4 262
Non-distributable reserve	**5 286**	8 309	4 945
Non-current liabilities	**37 960**	22 539	5 812
Borrowings	**37 960**	22 539	5 812
Current liabilities	**145 252**	69 454	76 461
Taxation	**10 433**	5 427	5 868
Trade and other payables	**124 687**	61 567	57 886
Current portion of borrowings	**9 830**	910	12 257
Provisions	**302**	1 550	450
Total equity and liabilities	**412 088**	269 687	275 956
Net asset value per share (cents)	**236.54**	181.69	197.30
Net tangible asset value per share (cents)	**169.71**	122.80	136.42

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R ('000)	Share premium R ('000)	Share-based payment reserve R ('000)	Revaluation reserve R ('000)	Foreign currency translation reserve R ('000)	Deal differences reserve R ('000)	Minority interest R ('000)	Accumu-lated (loss) / earnings R ('000)	Total R ('000)
Balance at 1 January 2007	**963**	**187 168**	**806**	**1 793**	**-**	**-**	**3 073**	**(49 045)**	**144 758**
Foreign currency translation difference					2				2
Revaluation of property, plant and equipment				866					866
Deferred tax effect on revaluation of property, plant and equipment				(169)					(169)
Creation of non-distributable reserve - deal differences						1 000		(1 000)	-
Employee share options - value of services provided		45	647						692
Issue of shares	12	3 391							3 403
Share issue expenses		(9)							(9)
Treasury shares sold	7	2 543							2 550
Recognised directly in equity	982	193 138	1 453	2 490	2	1 000	3 073	(50 045)	152 093
Net profit for the year							1 189	40 401	41 590
Balance at 31 December 2007	**982**	**193 138**	**1 453**	**2 490**	**2**	**1 000**	**4 262**	**(9 644)**	**193 683**
Foreign currency translation difference					(2)				(2)
Movement in minority interests on business combination							566		566
Employee share options - value of services provided		39	343						382
Issue of shares	8	1 401							1 409
Share issue expenses		(12)							(12)
Treasury shares repurchased	(22)	(4 848)							(4 870)
Recognised directly in equity	968	189 718	1 796	2 490	-	1 000	4 828	(9 644)	191 156
Net profit for the period							1 579	36 141	37 720
Balance at 30 June 2008	**968**	**189 718**	**1 796**	**2 490**	**-**	**1 000**	**6 407**	**26 497**	**228 876**

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 30 June 2008 R ('000)	Unaudited Six months ended 30 June 2007 R ('000)	Audited Year ended 31 December 2007 R ('000)
Cash generated by operations	**38 064**	27 260	56 696
Movement in working capital	**(15 506)**	(18 904)	(17 748)
Net finance income	**1 174**	3 959	1 711
Taxation paid	**(7 146)**	(8 697)	(13 396)
Net cash from operating activities	**16 586**	3 618	27 263
Net cash used in investing activities	**(22 606)**	(21 099)	(33 739)
Loans raised	**-**	-	11 227
Loans repaid	**(18 440)**	(10 835)	(11 667)
Treasury shares (repurchased)/sold	**(4 870)**	5 527	2 550
Net cash used in finance activities	**(23 310)**	(5 308)	2 110
Net (decrease) in cash and cash equivalents	**(29 330)**	(22 789)	(4 366)
Represented as follows:			
Cash and cash equivalents at beginning of the year	**51 295**	55 661	55 661
Cash and cash equivalents at end of the period	**21 965**	32 872	51 295
Net (decrease) in cash and cash equivalents	**(29 330)**	(22 789)	(4 366)

COMMENTARY ON RESULTS

We are pleased to report a 28% increase in headline earnings per share to 24 cents, a 68% increase in revenue and an 84% increase in attributable profit per share. The group's balance sheet continues to strengthen with an increase of 30% in net asset value to 237 cents per share and an increase of 38% in net tangible asset value to 170 cents per share.

During the period under review the group incurred expenditure to invest in the start up of two new businesses namely, Stable-Net and MICRO*mega* Technologies. The investment in these two operations had a negative impact on headline earnings for the period of 3 cents per share. Without these start up costs our growth in headline earnings per share would have been 44%. We are confident that the establishment costs on these two new operations will generate strong revenues and more importantly profit during the remainder of this financial year.

Trading conditions have been significantly tougher than previous periods and we have experienced continuous pressure on our operating margins. Taking into consideration our investment in our two start-up operations we are pleased to report that we have managed to maintain an 8% after tax margin from current operations. This is in line with last year's performance for the same period under review.

Our diversification strategy has worked well both in terms of preserving our profit margins and ensuring that we have the ability to grow our earnings base.

Our balance sheet strength and our significantly under-geared position will allow us to continue to grow at the current rate by investing in the scalability of our current operations and in the acquisition of complementary businesses. We are confident that whilst the global economy is currently under pressure we have secured good market share though a portfolio of businesses that hold a unique strategic position in their markets. Our philosophy is one of "owning" a hundred percent of one percent of a market rather than being a marginal supplier in a large market where we would have little capacity to influence our price point.

We recognise that trading conditions are not likely to improve materially during the remaining half of the year but we are confident that our operations are robust enough to continue to deliver good earnings growth for our shareholders.

By order of the Board

Directors: I G Morris (Chairman), D M Carson (Non-executive), P V Henwood (Non-executive), R C Lewin (Non-executive), J E Newbury (Executive)

Company Secretary: D J Case

Transfer Secretaries: Computershare Investor Services 2004 (Pty) Ltd

External Auditors: KPMG Inc.

Sponsor: Investec Bank Limited

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The abridged unaudited consolidated results for the six months ended 30 June 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS).

The accounting policies used are consistent with those used in the annual financial statements for the year ended 31 December 2007.

2. Negative goodwill

The group purchased the entire share capital of Kolbenco (Proprietary) Limited, effective 1 February 2008 for a total amount of R8 083 767. The fair value of the net tangible assets of Kolbenco (Proprietary) Limited at that date was as follows:

Property, plant and equipment	48 331 877
Deferred tax	2 393 666
Inventories	24 711 814
Trade and other receivables	17 317 427
Borrowings	(40 268 627)
Trade and other payables	(22 565 206)
Cash and cash equivalents	(8 835 699)
	21 085 252

In terms of IFRS3, where the fair value of the assets exceed the purchase Consideration, then the resulting gain needs to be recognised immediately in profit or loss on the acquisition date. The resulting gain recognised was R13 001 495.

If the operations of Kolbenco had been consolidated since the start of the financial period, namely 1 January 2008, then the consolidated profit after taxation of the group would have decreased by R762 480 together with an increase in turnover of R12 059 000.

3. Profit after taxation

The group's profit after tax was negatively affected by the losses of the start-up entities, namely Stable-Net (Proprietary) Limited and MICRO*mega* Technologies (Proprietary) Limited. The combined loss after tax of these two operations for the first 6 months of 2008 was R3 045 104.

If these two operations had not been commenced then the group's profit after taxation would have been as follows:

	R ('000)
- On a fully consolidated basis	37 720
- Add back of the two start-up operations	3 045
Profit after taxation excluding the start-up operations	40 765

Further the salient financial information for the income statement would have been as follows:

	Including Start-up Operations	**Excluding Start-up Operations**	**6 Months Ended 30 June 2008**
Headline earnings per share	23.99	27.15	18.81
Attributable earnings per share	37.57	40.74	20.42
Diluted earnings per share	37.18	40.31	20.13

Based on the numbers provided above, excluding start-up operations, headline earnings per share would have increased by 44% together with an increase of 100% in the attributable earnings per share.

The MICRO*mega* Group: