

PSV increases revenue despite tough trading conditions

PSV Holdings Limited (“PSV” or “the Group”)

PSV Holdings, the diversified industrial engineering Group, released results today for the six months ended 31 August 2010, with Abie da Silva, Chief Executive Officer of PSV, indicating that, “PSV Holdings experienced its toughest six months trading period since listing in April 2006”.

Financial review:

Despite the harsh economic climate, the Group’s turnover increased by 3.5% compared to the six months period ended 31 August 2009. Although turnover increased, the gross profit margin declined to 23.2% from 26.8% in the previous period. Management decided to maintain infrastructural capacity at pre-recessionary levels, resulting in pre impaired operating margins declining to 4.8% (2009: 9.4%) and headline earnings per share declining to 1.30 cents per share (2009: 2.92 cents per share).

Da Silva said, “PSV generated over R7 million from operating activities, but pressure on working capital, negatively affected cash flows.”

Operational Review:

PSV comprises of three operating business segments:

- Pumps, spares and valves;
- Engineering linings and general industrial supplies; and
- Specialised services (including petrochemical and cryogenic activities).

The **Pumps, Spares and Valves segment** had a tough year experiencing a sharp decline in turnover, gross margins and profitability for the six months ending 31 August 2010. Da Silva, said, “We are confident that we will notice an improvement in high margin refurbishment and maintenance work on water pumps, as the rainy season approaches.”

Da Silva was pleased with the **Engineering Linings and General Industrial Supplies segment** performance, contributing 46% of the company’s consolidated revenue. As a result of Groupline Projects’, the glass and ceramic lining business, outstanding performance for the six months under review, revenue for this segment increased to R89.6 million (2009: R55.2 million).

“This company is in the fortunate position of carrying an order book that is full until October 2011 and has already exceeded its entire actual turnover for 2010 financial year in just six months,” said Da Silva.

Omnirapid Mining & Industrial Supplies, exceeded budgetary expectations once again.

Despite posting a decline in revenue from R70.4 million to R56.5 million, the **Specialised Services segment** gross margin increased from 16.5% to the current level of 21.2 % on the back of the company’s petrochemical business, which has benefitted from a restructuring process.

Press release – PSV Holdings Limited

Acquisition of Turbo Agencies:

PSV, has acquired from Earthwise Services (Proprietary) Limited, Keith and Carol Parry, the entire issued share capital and loan accounts of Turbo Agencies (Proprietary) Limited, Turbo Agencies Zambia Limited and Turbo Agencies (DRC) SPRL, for a purchase consideration of R24 million.

Turbo Agencies supplies tooling and equipment to the mining, engineering and automotive industries in Botswana, Zambia and the Democratic Republic of Congo.

Da Silva said that, "The acquisition of Turbo Agencies fits perfectly with our business plan to strategically focus expansion, outside the borders of South Africa." He continued, "The most exciting attribute of the deal for PSV will be the ability to leverage off Turbo Agencies' customer network with PSV's range of products."

This transaction becomes effective on 1 March 2011.

Changes to the Board:

On 16 July 2010, Tony Dreisenstock, the current Financial Director of PSV, assumed the role of interim Company Secretary, following the resignation of Megan Saayman. A permanent candidate is being evaluated and an announcement will be made in due course.

Prospects:

"With an order book of R113 million and prospects in the pipeline to the value of R225 million, we are looking forward to the next six months with enthusiasm," concludes Da Silva.

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