

Best Cut Limited
(formerly Integrear Limited),
(Incorporated in the Republic of South Africa)
(Registration number: 1989/001319/06
JSE Code: BCH ISIN: ZAE000105391
("Best Cut" or "the company")

Condensed audited consolidated results
for the year ended 30 June 2008

Consolidated Income Statement

	Audited June 2008	Audited June 2007
	R	R
Revenue	96 827 869	-
Cost of sales	(60 491 942)	-
Gross profit	36 335 927	-
Operating expenses	(30 047 953)	(939 936)
Other income	182 444	39 563
Profit/(loss) from operations before net finance costs	6 470 418	(900 373)
Finance costs	(1 379 381)	(73 248)
Finance income	44 345	57 004
Net profit/(loss) before tax	5 135 382	(916 617)
Taxation	(1 606 864)	-
Net profit/(loss) after tax	3 528 518	(916 617)
Earnings per share (cents)	2,99	(1,02)
Headline earnings per share (cents)	2,99	(1,06)
Weighted average number of shares in issue	118 017 494	90 000 000
Reconciliation of earnings and headline earnings		
Earnings	3 528 518	(916 617)
Profit on disposal of PPE	-	(39 563)
Headline earnings	3 528 518	(956 180)

Consolidated balance sheet

	Audited June 2008	Audited June 2007
	R	R
ASSETS		
Non-current assets	41 527 466	-
Property, plant and equipment	37 885 066	-
Intangible assets	3 642 400	-
Current assets	29 507 843	673 755
Trade and other receivables	14 755 541	244 235
Loans	8 333 929	-
Inventories	4 918 966	-
Cash and cash equivalents	1 499 407	429 520
TOTAL ASSETS	71 035 309	673 755
EQUITY AND LIABILITIES		

Share capital and reserves	25 747 990	(691 076)
Share capital	177 793	125 642
Share premium	27 593 927	4 735 530
Non-distributable reserves	828 000	828 000
Capital redemption reserve fund	48 558	48 557
Accumulated loss	(2 900 288)	(6 428 805)
Non-current liabilities	22 677 966	1 072 917
Long-term borrowings:	21 174 419	1 072 917
Deferred taxation liabilities	1 503 547	-
Current liabilities	22 609 353	291 914
Trade payables and accruals	12 893 280	279 924
Short-term borrowings	7 786 561	-
Provisions	561 994	-
Current tax liability	103 317	-
Bank overdraft	1 264 201	11 990
TOTAL EQUITY AND LIABILITIES	71 035 309	673 755
Net asset value per share (cents)	20,2	(0,8)
Net tangible asset value per share (cents)	17,4	(0,8)
Number of shares in issue	127 356 658	90 000 000

Consolidated cash flow statement

	Audited June 2008 R	Audited June 2007 R
Cash generated/(utilised) from operating activities	7 984 738	(781 268)
Cash receipts from customers	95 993 844	-
Cash paid to suppliers and employees	(89 174 070)	(765 024)
Cash generated/(utilised) from operations	6 819 774	(765 024)
Finance costs	(1 379 381)	(73 248)
Finance income	44 345	57 004
Cash flows from investing activities	(28 430 615)	-
Purchases of equipment - expanding operations	(5 288 214)	-
Intangible assets	(3 642 401)	-
Acquisition of subsidiaries	(19 500 000)	-
Cash flows from financing activities	22 763 553	(2 450 000)
Issue of shares	10 184 198	-
Listing costs	(6 974 779)	-
Increase in loans	(8 333 929)	-
Repayment of share premium	-	(3 450 000)
Increase in borrowings	27 888 063	1 000 000
Net decrease in cash and cash equivalents	(182 324)	(3 231 268)
Cash and cash equivalents at beginning of the year	417 530	3 648 798
Cash and cash equivalents at end of the year	235 206	417 530

Consolidated Statement of changes in equity

Non-
distri-

	Share capital R	Share premium R	butable reserve R
Balance at 1 July 2006	125 642	685 530	828 000
Net loss for the period			
Repayment of capital		(3 450 000)	
Investment written off		7 500 000	
Balance at 30 June 2007	125 642	4 735 530	828 000
Shares issued	52 151	29 833 176	
Listing costs		(6 974 779)	
Net profit for the period			
Balance as at 30 June 2008	177 793	27 593 927	828 000

	Capital redemption fund R	Accumu- lated (loss)/ profits R	Total R
Balance at 1 July 2006	48 558	2 014 553	3 702 283
Net loss for the period		(916 617)	(916 617)
Repayment of capital			(3 450 000)
Investment written off		(7 526 741)	(26 741)
Balance at 30 June 2007	48 558	(6 428 805)	(691 075)
Shares issued			29 885 327
Listing costs			(6 974 779)
Net profit for the period		3 528 518	3 528 518
Balance as at 30 June 2008	48 558	(2 900 287)	25 747 990

Commentary on results

NATURE OF BUSINESS

Best Cut operations are located in Richards Bay and Empangeni in KwaZulu-Natal. The operations comprise an abattior operation, biltong factory, meat processing and wholesale operation as well as retail outlets. The processed products are distributed in KwaZulu-Natal, Mpumalanga and Gauteng. The Group is focused on establishing a national footprint in South Africa, and have established a distribution warehouse in Olifantsfontein (Gauteng). The Group now supplies 66 Checkers stores and 20 Spar stores in Gauteng.

FINANCIAL REVIEW

The results as presented consolidate the operations of the Best Cut Group for a 9 month period, from 1 October 2007 to 30 June 2008. Earnings per share and headline earnings per share were 72% below the forecast in the revised listings particulars and 69% below the revised forecast included in an announcement dated 11 January 2008. This decrease in earnings and headline earnings can be attributed to a significant increase in costs of raw materials, which the Group was unable to pass on to customers due to market resistance to price increases and the fact that the Group's planned geographic expansion was met by lower volumes than expected.

Factors specifically impacting the Group's performance are:

- Production in the abattoir came on-line later than anticipated. The abattoir was forecast to make a reasonable contribution to the Group's profits which did not materialise.
- The economic downturn had a negative effect on sales volumes.
- The proposed expansion into Gauteng and Mpumalanga, although underway, is progressing slower than planned due to market trading conditions which resulted in lower volumes than expected and price resistance.

The Group is confident that the market will improve and is focused on establishing a national footprint from which it will be able to increase brand awareness and expand sales volumes thereby increasing its market share. Specific focus is being placed on expanding through acquisition in the Eastern and Western Cape. In the current financial year, management will also be focussing on improving operational efficiencies in all Group operations. Included in long-term borrowings of R21 174 419 are shareholder's loans amounting to R11 182 620. The shareholder has agreed not to claim payment in the next 12 months.

SEGMENTAL ANALYSIS

The primary segment is defined as those business units providing products that are subject to risks and returns that are different from those in other business segments. The segments identified are meat processing and retail. The secondary segment is the geographical segment, which at this point, is still predominantly focussed in KwaZulu-Natal.

	Meat processing	Retail	Other	Total
Revenue				
- External	74 674 506	22 153 363	-	96 827 869
- Inter segment	21 638 140	9 894 344	-	31 532 485
- Eliminated	(21 638 140)	(9 894 344)	-	(31 532 485)
	74 674 506	22 153 363	-	96 827 869
Operating profit	4 269 632	2 018 342	-	6 287 974
Operating assets	51 336 485	8 708 515	10 990 310	71 035 309

BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") and the presentation disclosure requirements of IAS 34 - Interim Financial reporting, the JSE Listings Requirements and the South African Companies Act.

The accounting policies applied in these condensed consolidated financial statements are in terms of IFRS and consistent with those applied in the circular to shareholders issued on 4 October 2007 and the revised listing particulars.

The condensed consolidated financial statements were approved by the board of directors on 26 September 2008.

AUDIT OPINION

The condensed consolidated financial statements have been audited by Van Dyk & Associates. The unqualified audit report is available for inspection at the company's registered office.

CORPORATE GOVERNANCE

The Group subscribes to the principles of, and implements where possible, the recommendations of the King II Code on Corporate Governance.

DIVIDENDS

No dividend has been declared.

BUSINESS COMBINATIONS

On 1 October 2007, 100% of the businesses of the Best Cut Group were acquired and reverse listed into the Integrear Limited cash shell.

Details of the net assets acquired are as follows;

Property, plant and equipment	34 192 950
Inventories	4 320 926
Trade and other receivables	13 494 836
Trade payables and accruals	(12 807 586)
	39 201 126
Purchase consideration	39 201 126
Cash	19 500 000
Shares issued	19 701 126

The results of the Group as presented are entirely attributable to the acquisition for the period 1 October 2007 to 30 June 2008. The vendor was issued 24 626 408 shares in Best Cut at a price of 80 cents per share.

CONTINGENCIES AND COMMITMENTS

There are no significant contingencies or commitments.

SUBSEQUENT EVENTS

There were no significant events after the balance sheet date.

STATEMENT ON GOING CONCERN

The financial statements have been prepared on the going-concern basis since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

For and on behalf of the Board

M Tshishonga

Chairperson

30 September 2008

CORPORATE INFORMATION

Non executive directors: M Tshishonga (Chairperson), NF Serfontein

Executive directors: TJ Hill (Chief Executive Officer),
R Donald (Financial Director)

Registered address: 24A 18th Street, Menlo Park 0081

Postal address: PO Box 397, Menlyn, 0063

Company secretary: Morestat Corporate Services (Pty) Limited

Transfer secretaries: Computershare Investor Services (Pty)
Limited

Auditors: Van Dyk & Associates

Sponsor: Vunani Corporate Finance

www.bestcut.co.za