

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS
For the six months ended 28 February 2014

HIGHLIGHTS

- * **63% Increase in base fees**
- * **EPS of 5.61 cents compared to a LPS of 0.57 cents**
- * **HEPS of 4.86 cents**

1. Nature of business

Efficient Group is the holding company of Efficient Advise, Efficient Select, Efficient Invest and Efficient Capital. The Group's divisions operate in the financial services sector and provide products and services relating to financial planning, asset management, asset consulting and asset finance to a diverse client base across southern Africa.

2. Business segments

The Group consists of the following business segments:

- a. Investments
 - i. Efficient Select for Asset Management,
 - ii. Efficient Invest consisting of Boutique Investment Partners ("BIP") for Investment Consulting and Multi Management, and Boutique Collective Investments ("BCI") for Collective Investment Management,
- b. Efficient Advise for Financial Advisory Services, and
- c. Efficient Asset Finance for Asset Finance intermediary services.

3. Key developments

The appointment of Robert Walton and the establishment of Efficient Invest

Efficient Group appointed Robert Walton on 12 August 2013 as an Executive Director of Efficient Group and Chief Executive Officer of our new business unit, Efficient Invest, which business is intended to significantly strengthen our collective investment, investment consulting and multi-management capabilities.

Efficient Invest includes BCI (previously known as Efficient Collective Investments) and BIP. The vision of BCI is to become the partner of first choice for all independent South African boutique fund of fund managers by providing collective investment products, administration, retail distribution and support services.

The acquisition of Verso Investment Services (Pty) Ltd ("VIS") ("VIS Acquisition")

Efficient Group acquired all the shares in VIS. The transaction

was effective 1 December 2013 and the purchase price was settled in cash of R 45.7 million and the balance by way of allotment and issue of 16.4 million Efficient Group shares. The transaction only became unconditional on 7 March 2014 ("implementation date"), therefore VIS was not consolidated at the end of February 2014.

VIS is a financial advisory business with 19 financial planners servicing more than 5 000 clients through offices in Cape Town, Port Elizabeth and Gauteng. VIS has R 4.5 billion in assets under advice. Verso Multi Managers ("VMM"), a subsidiary of VIS, is a multi-manager managing R 5.3 billion in assets in eight unit trust portfolios. VIS will be integrated within the financial services division and VMM within the asset management and asset administration divisions.

The Efficient Group client base now exceeds 12 000 clients across southern Africa, serviced by a large team of professional financial planners who receive support services such as economics, administration, technology and compliance through a group shared service structure.

4. Financial results

+ Statement of Comprehensive Income

The Group generated a net profit after tax of R 2.7 million for the six months ended 28 February 2014 ("the reporting period"), compared to an after tax loss of R 0.25 million for the six months ended 28 February 2013 ("comparative period").

Base fees were enhanced by the newly established BIP and the synergies from the VIS acquisition.

The implementation of best market practices at Efficient Select resulted in the restructuring of the fee structures of a number of investment portfolios. The change in fee structures resulted in lower performance fees but supports more sustainable base fees when the portfolios perform at benchmark.

The Group reports headline earnings of R 2.5 million for the reporting period (R 2.3 million for the comparative period).

Revenue increased by 24% to R 46 million during the six months ended 28 February 2014. The increase in revenue is a result of the growth in the distribution network (46% increase relative to the comparative period), the revenue generated by BIP and as a result of synergies that were unlocked in the asset management and administration divisions following the VIS acquisition.

As expected, performance fees decreased by 45% primarily as a result of the changes in the asset management fee structures.

Operating expenses consist of:

| R'000 | Unaudited Six Months ended 28-Feb-14 | Unaudited Six Months ended 28-Feb-13 | % Change | Audited Year ended 31-Aug-13 |
|--------------------------|---|---|----------|---------------------------------|
| Operating expenses | (44 760) | (34 837) | 28% | (76 772) |
| - Variable expenses | (15 734) | (10 942) | 44% | (23 766) |
| - Fixed expenses | (26 610) | (21 723) | 22% | (48 697) |
| - Non-cash flow expenses | (2 416) | (2 172) | 11% | (4 309) |

Variable expenses consist mainly of commissions paid to our financial advisors, who deliver products and services to a retail and corporate client base, and asset and liability administration costs of BCI. The increase in these expenses is attributable to, and in line with our expansion plans.

The increase in fixed expenses relates to the newly established BIP and BCI.

Non-cash flow expenses relate to the amortisation of intangible assets and depreciation of equipment.

The Group's strategic investment in an Information Technology business was profitable and the Group's share of comprehensive income from associates amounted to R 0.2 million for the reporting period.

+ Statement of Financial Position

The notable increase in working capital is attributable to the increase in business activity, predominantly as a result of the asset consulting team joining the Group and the expansion to increase assets under administration.

The net tangible asset value per share increased from 62.07 cents per share for the comparative period, to 104.95 cents per share for the reporting period, primarily as a result of the subscription for 10 689 299 ordinary shares at a price of R1.53 per share in Efficient Group by Robert Walton. In addition to this share issue, 1 997 661 shares were issued to senior employees at a price of R 1.53 per share, as part of the share incentive scheme. The company funded 75% of the subscription price. The outstanding balance bears interest at the official interest rate and is included in long-term receivables.

+ Cash flow

The Group generated cash of R 3.5 million from operations as a result of profits generated before taking into account the movement in working capital.

5. Business segmental results

+ Investments

This business segment reported revenue of R 32 million for the period under review, an increase of 13%, mainly as a result of the new investment consulting activities and synergies from the VIS acquisition. Margins increased during the comparative period and are in-line with the increase in activities in this segment. The increase in fixed expenses relates to the cost of the BIP team and the incremental cost to increase assets under administration. Although some benefits of the increase in fixed expenses are included in the profit for the period under review, the full effect is expected to follow only in the next 6 to 12 months.

This business segment posted a profit after tax of R 3.9 million for the reporting period compared to a profit of R 4.3 million for the comparative period.

+ Efficient Select

The focus of the asset management division is to deliver consistent returns in line with specified investment objectives through a defined Quality Investment Philosophy and disciplined investment process. Assets are managed in a streamlined and competitive product range consisting of unit trust investments (local and international) and private client share portfolios.

The contribution from the asset management division is dependent on the amount of assets under management and fund performance relative to fund benchmarks. Efficient Select had R 2.7 billion (2013: R 2.5 billion) under management.

+ Efficient Invest

BCI administers assets totalling R 2.2 billion (2013: R2.2 billion).

BIP has R 17.7 billion of assets under management (2013: nil).

+ Financial Advisory Services

The core business of Efficient Financial Services trading as Efficient Advise entails the delivery of comprehensive financial planning and investment management expertise for the benefit of individual and corporate clients. This is achieved through the provision of an integrated financial planning solution to appropriately address clients' requirements for financial planning, investment management, risk cover (including short-term insurance and medical aid), employee benefit structures, cash management, stockbroking, asset finance and fiduciary services.

Efficient Advise is focused on establishing a distribution network throughout southern Africa. The distribution network consists of a national branch and advisory infrastructure comprising 65 (2013: 46) registered representatives, complimented by a highly skilled support structure.

The financial services division reported revenue growth of 46% for the period. This increase is directly linked to the expansion of the distribution network. Variable costs increased in line with the growth in revenue. The increase in fixed expenses is as a result of the greater support infrastructure. This division reported a loss after tax of R 1.2 million, akin to the R 1.2 million loss reported in 2013 (excluding stockbroking).

The Group sold its 25.1% stake in Thebe Stockbroking in September 2013 and realised a profit of R 0.5 million.

At the end of February 2014, Efficient Advise had R 2.9 billion of assets under advice compared to R 2.1 billion at the end of February 2013.

6. Acquisition activities

Efficient Group acquired all the shares in VIS at a purchase price of R 72 million. Please refer to the section titled Key Developments for full detail.

In January 2014 Efficient Invest became a 30% shareholder in Rudiarius Capital Management (Pty) Ltd, an African equity specialist manager. Efficient Invest contributed R 30 to share capital and granted a working capital loan of R 1 million. It is expected that this company will start operations in April 2014.

7. Subsequent Events

In March 2014 BCI increased assets under administration from R 2.2 billion to more than R 5 billion with the addition of 11 co-named portfolios.

If the VIS acquisition had occurred on 1 September 2013 the contribution to group revenue would have been R 22 million and the contribution to profit after tax R 6 million. The profit from VIS would have increased HEPS with 12.26 cents.

With the acquisition of VIS, the Group, for the first time, introduced gearing to the statement of financial position.

8. Strategy

With its expansionary and progressive strategy, as outlined in the company's previous Integrated Report for the year ended 31 August 2013, the Efficient Group remains well positioned for future growth.

A key focus for the group for the next 6 to 12 months will be to ensure the successful roll out of Efficient Invest and the integration of VIS into the Efficient Group.

9. Dividends

Considering the Group's acquisition, investment and growth strategy, the board resolved to not declare a dividend.

10. Basis of preparation

The interim results are presented on a consolidated basis and are prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards and presentation and disclosure requirements of IAS 34 (Interim Financial Reporting), the JSE Listings Requirements, and the Companies Act of South Africa and the SAICA Financial Reporting Guides as issued by the Accounting Practices Board. The accounting policies applied are consistent with those applied in the previous interim period and previous financial year-end, except where indicated differently. No material events occurred after the interim period which requires an adjustment to the financial information. These interim results have not been audited or reviewed by the Group's auditors, KPMG Inc. The condensed unaudited interim financial results are prepared by Anton de Klerk, the Chief Financial Officer of Efficient Group.

11. Change to the board of directors

Christo Burger was appointed as executive director to the board of Efficient Group from 7 March 2014 and Fred Liedtke as his alternate.

On 8 April 2014 Mariam Cassim changed her board member status from non-executive director to alternate director for Jerry Mabena and she has also resigned as a member of the Remuneration, Ethics and Social Committee. Jerry Mabena was appointed as a member of the Remuneration, Ethics and Social Committee.

Steve Booyens
Chairman

Heiko Weidhase
Chief Executive Officer

9 April 2014

UNAUDITED INTERIM FINANCIAL RESULTS

For the six months ended 28 February 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| R'000 | Unaudited Six Months ended 28-Feb-14 | Unaudited Six Months ended 28-Feb-13 | % Change | Audited Year ended 31-Aug-13 |
|--|---|---|-----------------|---------------------------------------|
| Revenue | 45 888 | 36 880 | 24% | 79 012 |
| Asset Management fees | | | | |
| - Base fees | 19 277 | 11 832 | 63% | 25 195 |
| - Performance fees | 5 722 | 10 425 | (45%) | 22 446 |
| Financial Services income | 20 448 | 14 374 | 42% | 30 876 |
| Other | 441 | 249 | 77% | 495 |
| Operating expenses | (44 760) | (34 837) | (28%) | (76 772) |
| Operating profit/(loss) | 1 128 | 2 043 | (45%) | 2 240 |
| Dividends received | | | | 88 |
| Finance Income | 979 | 721 | 36% | 1 284 |
| Finance Cost | - | (10) | 100% | (12) |
| Profit on sale of equipment | - | - | - | 60 |
| Realised fair value adjustment of available-for-sale financial assets | - | - | - | 51 |
| Unrealised fair value adjustment of investment designated at fair value through profit or loss | 697 | 786 | (11%) | 1 301 |
| Remeasurement of liabilities | - | 305 | (100%) | 2 222 |
| Remeasurement of loan to associate | - | - | - | 500 |
| Other Income/(expenses) | 38 | 90 | (58%) | (3) |
| Impairment of investment in associates | - | (2 555) | 100% | (2 837) |
| Share of profit/(losses) from associates | 201 | (574) | >100% | (1 091) |
| Profit on sale of shares | 527 | - | - | - |
| Profit/(loss) before taxation | 3 570 | 806 | >100% | 3 803 |
| Taxation | (904) | (1 054) | 14% | (1 302) |
| Profit/(loss) for the period | 2 666 | (248) | >100% | 2 501 |
| Other comprehensive income: | | | | |
| Realised fair value adjustment of available-for-sale financial assets | - | - | - | (51) |
| Unrealised fair value adjustment of available-for-sale financial assets | - | 35 | - | 77 |
| Total comprehensive income/(loss) for the period | 2 666 | (213) | | 2 527 |
| <i>Profit/(loss) for the period attributable to:</i> | | | | |
| Equity holders of the parent | 2 866 | (234) | | 2 520 |
| Non-controlling interest | (200) | (14) | | (19) |
| | 2 666 | (248) | | 2 501 |
| <i>Total comprehensive income/(loss) for the period attributable to:</i> | | | | |
| Equity holders of the parent | 2 866 | (199) | | 2 546 |
| Non-controlling interest | (200) | (14) | | (19) |
| | 2 666 | (213) | | 2 527 |
| Number of shares in issue ('000) | 53 446 | 40 760 | | 40 760 |
| Weighted average number of shares ('000) | 51 132 | 40 760 | | 40 760 |
| Diluted weighted average number of shares ('000) | 51 132 | 40 760 | | 40 760 |
| Earnings/(loss) per share (cents) | 5.61 | (0.57) | | 6.18 |
| Diluted earnings/(loss) per share (cents) | 5.61 | (1.11) | | 6.18 |
| Headline earnings per share (cents) | 4.86 | 5.69 | | 13.04 |
| Diluted headline earnings per share (cents) | 4.86 | 5.15 | | 13.04 |
| <i>Headline earnings is calculated as follows:</i> | | | | |
| Profit for the period attributable to equity holders of the parent | 2 866 | (234) | | 2 520 |
| Impairment of investment in associate | - | 2 555 | | 2 837 |
| Profit on disposal of share in associate | (527) | - | | - |
| Taxation on profit on disposal of share in associate | 148 | - | | - |
| Profit on disposal of equipment | - | - | | (60) |
| Taxation on profit on disposal of equipment | - | - | | 17 |
| Headline earnings | 2 487 | 2 321 | | 5 314 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| R'000 | Unaudited as at 28-Feb-14 | Unaudited as at 28-Feb-13 | Audited as at 31-Aug-13 |
|---|---------------------------------|---------------------------------|-------------------------------|
| Non-current assets | | | |
| Equipment | 1 702 | 720 | 658 |
| Goodwill | 23 726 | 23 617 | 23 703 |
| Intangible assets | 15 779 | 19 364 | 17 821 |
| Investments | 5 228 | 6 446 | 9 252 |
| Equity accounted investments | 6 481 | 5 654 | 6 313 |
| Long-term receivable | 6 134 | 1 871 | 1 518 |
| Deferred taxation asset | 2 014 | 260 | 1 344 |
| | 61 064 | 57 932 | 60 609 |
| Current assets | | | |
| Trade and other receivables | 19 271 | 7 366 | 8 565 |
| Cash and cash equivalents | 28 816 | 19 210 | 19 260 |
| Short-term portion of long-term receivables | 725 | 725 | 915 |
| Taxation receivable | 366 | 390 | 302 |
| | 49 178 | 27 691 | 29 042 |
| Total assets | 110 242 | 85 623 | 89 651 |
| Equity | | | |
| Total equity attributable to equity holders of the parent | 93 170 | 68 281 | 71 026 |
| Share capital and share premium | 77 935 | 58 657 | 58 657 |
| Treasury Shares | (149) | (149) | (149) |
| Fair-value adjustment reserve | 65 | 74 | 65 |
| Retained earnings | 15 319 | 9 699 | 12 453 |
| Non-controlling interest | (213) | (58) | (13) |
| Total Equity | 92 957 | 68 223 | 71 013 |
| Non-current liability | 3 701 | 5 972 | 3 932 |
| Long-term liabilities | 992 | 1 994 | 715 |
| Deferred taxation liability | 2 709 | 3 978 | 3 217 |
| Current liabilities | 13 584 | 11 428 | 14 706 |
| Trade and other payables | 11 014 | 9 092 | 13 460 |
| Short-term portion of long-term liability | 482 | 1 250 | 482 |
| Taxation payable | 2 088 | 1 086 | 764 |
| Total equity and liabilities | 110 242 | 85 623 | 89 651 |
| Net asset value per share (cents) | 182.21 | 167.52 | 174.25 |
| Net tangible asset value per share (cents) | 104.95 | 62.07 | 72.38 |

SEGMENTAL ANALYSIS

| R'000 | Asset Management, Consultation and Administration | Financial Services | Asset Finance | Other | Total |
|---|---|-----------------------|---------------|----------|--------|
| For the six months ended 28-Feb-14 | | | | | |
| Revenue | 31 972 | 18 731 | 1 989 | (6 803) | 45 889 |
| - External | 25 046 | 18 561 | 1 989 | 293 | 45 889 |
| - Inter-segment | 6 926 | 170 | - | (7 096) | - |
| Profit for the period | 3 893 | (1 195) | (551) | 520 | 2 667 |
| Net asset value | 30 749 | (2 379) | (616) | 60 022 | 87 776 |
| For the six months ended 28-Feb-13 | | | | | |
| Revenue | 28 336 | 12 833 | 1 541 | (5 830) | 36 880 |
| - External | 22 257 | 12 833 | 1 541 | 249 | 36 880 |
| - Inter-segment | 6 079 | - | - | (6 079) | - |
| Loss for the period | 4 257 | (4 065) | (68) | (372) | (248) |
| Net asset value | 28 051 | (3 151) | (38) | 43 361 | 68 223 |
| For the year ended 31-Aug-13 | | | | | |
| Revenue | 60 912 | 30 000 | 2 848 | (14 748) | 79 012 |
| - External | 47 712 | 28 028 | 2 848 | 424 | 79 012 |
| - Inter-segment | 13 200 | 1 972 | - | (15 172) | - |
| Profit for the year | 8 145 | (1 815) | (96) | (3 733) | 2 501 |
| Net asset value | 31 934 | (1 184) | (66) | 40 329 | 71 013 |

Other consists of consolidation entries, amortisation of intangible assets of Efficient Capital and Efficient Group
Transactions between segments take place at arm's length.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| R'000 | Share capital and Share premium | Shares to be issued | Treasury Shares | Fair-value adjustment reserve | Retained earnings | Non-controlling interest | Total equity |
|---|---------------------------------|---------------------|-----------------|-------------------------------|-------------------|--------------------------|---------------|
| Balance at 31-Aug-12 | 58 657 | - | (149) | 39 | 9 933 | (44) | 68 436 |
| Total comprehensive loss for the period | - | - | - | 35 | (234) | (14) | (213) |
| Balance at 28-Feb-13 | 58 657 | - | (149) | 74 | 9 699 | (58) | 68 223 |
| Non-controlling interest share of the issue of the share capital by Efficient Asset Finance (Pty) Ltd | - | - | - | - | - | 50 | 50 |
| Total comprehensive income for the period | - | - | - | (9) | 2 754 | (5) | 2 740 |
| Balance at 31-Aug-13 | 58 657 | - | (149) | 65 | 12 453 | (13) | 71 013 |
| Issue of share capital | 19 278 | - | - | - | - | - | 19 278 |
| Total comprehensive income for the period | - | - | - | - | 2 866 | (200) | 2 666 |
| Balance at 28-Feb-14 | 77 935 | - | (149) | 65 | 15 319 | (213) | 92 957 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| R'000 | Unaudited Six Months ended 28-Feb-14 | Unaudited Six Months ended 28 Feb-13 | Audited year ended 31-Aug-13 |
|---|--------------------------------------|--------------------------------------|------------------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | (9 646) | 5 745 | 11 751 |
| Finance income | 652 | 536 | 1 280 |
| Finance cost | - | (10) | (12) |
| Tax paid | (845) | (1 968) | (4 398) |
| Net cash flow from operating activities | (9 839) | 4 303 | 8 621 |
| Cash flows from investing activities | | | |
| Acquisition of business | (42) | (188) | (382) |
| Long-term loan (repayment from)/advance to associate | 33 | (526) | (1 059) |
| Decrease/(Increase) in long-term receivable | (4 099) | 144 | 123 |
| Acquisition of available-for-sale financial asset | - | - | (2 596) |
| (Decrease)/Increase in long-term liabilities | 277 | - | (1 250) |
| Proceeds on disposal of available-for-sale financial asset | 4 721 | - | 441 |
| Proceeds on disposal of client base | 298 | - | 63 |
| Proceeds on disposal of interest in associate | 527 | - | - |
| Acquisition of equipment | (1 599) | (384) | (612) |
| Net cash inflow/(outflow) from investing activities | 117 | (954) | (5 272) |
| Cash flows from financing activities | | | |
| Issue of share capital | 19 278 | - | - |
| Increase in subsidiary share capital-non-controlling interest portion | - | - | 50 |
| Net cash inflow from financing activities | 19 278 | - | 50 |
| Movement in cash and cash equivalents for the period | 9 556 | 3 349 | 3 399 |
| Cash and cash equivalents at the beginning of the period | 19 260 | 15 861 | 15 861 |
| Cash and cash equivalents at the end of the period | 28 816 | 19 210 | 19 260 |

Non-executive directors: S Booysen, Z Cele*, L Taylor*, J Rosen*, J Mabena, A du Preez (* Independent)

Alternate directors: T du Preez, F Liedtke, M Cassim

Executive directors: DD Roodt, H Weidhase, AT de Klerk, R Walton, C Burger. **Company secretary:** Adv Rudi Barnard

Transfer secretaries: Link Market Services South Africa (Pty) Ltd

Sponsor: Java Capital

JAVACAPITAL

Efficient Group Ltd is a JSE-listed financial services company.

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