EFFICIENT GROUP

Think Efficient. Realise potential.

EFFICIENT GROUP LIMITED
Incorporated in the Republic of South Africa
(Registration nr: 2006/036947/06)
Share code: EFG
ISIN: ZAE 000151841
("EFG" or "the Group")

UNAUDITED INTERIM FINANCIAL RESULTS
For the six months ended 29 February 2012

OVERVIEW

During the six months ended 29 February 2012 ("the reporting period"), a 13% improvement of the JSE All Share Index (ALSI) compares with 19% growth of the ALSI for the six months ended 28 February 2011 ("comparative period"). Fund management results continue to be directly affected by market performance. The successful rollout of the distribution business through Efficient Advise continues to improve the financial results of the financial services business.

1. FINANCIAL RESULTS

Statement of Comprehensive Income:

During the reporting period Group revenue increased marginally by 1%. The expansion of the distribution network resulted in a 61% increase in revenue generated from financial services. The decrease in assets under management, a consequence of the cancellation of a significant external fund management mandate, resulted in a decrease in fixed fees earned by the asset management business. Asset management benefited from the positive market movement (ALSI 13%) resulting in slightly lower performance fees during the reporting period, compared to the comparative period (ALSI 19%). Despite the decrease in assets under management margins were maintained in the asset management and asset administration division.

Variable costs increased in line with expectations as a result of the growth in the distribution network. Fixed expenses increased by 10% signifying the investment in the expansion of the distribution network, the increase in corporate governance and compliance expenses, and expenses related to the diversification strategy.

The non-cash flow expenses consist of the amortisation of intangible assets and depreciation of equipment and systems. The increase in non-cash flow expenses resulted from the growth of the distribution network through business combinations and the investment in information technology.

Higher interest received and return on investments (23%) countered the lower operating profit achieved in the reporting period. The Group's share of comprehensive loss from associates had a negative impact on the profit for the reporting period. The Group reported a profit for the period of R 133 000.

Statement of Financial Position:

The increase in Plant and Equipment is a result of the investment in Information Technology. Market leading technology systems are of strategic importance for the success of the Group. The increase in goodwill relates to the acquisition of a financial services business. Loans receivable and long-term liability relate to financing of the balance of the Financial Advisory client base acquired during the reporting period. See acquisition activities below. Working capital increased marginally in line with the increase in business activity.

Cash flow:

The R 1.3 million cash utilised by operations is a result of higher accounts receivable due to an increase in turnover for February 2012, all of which are in accordance with normal business cycles. Cash of R 134 000 was utilised for the acquisition of Financial Advisory client books and R 1.5 million for the purchase of equipment and software development.

2. BUSINESS SEGMENTAL RESULTS

The Group consists of four divisions namely asset management, asset administration, financial services and asset finance.

Asset Management:

The focus of the asset management division, Efficient Select, is to deliver returns in line with investment objectives whilst complying with investable benchmarks. The assets are managed through unit trust funds, unit trust funds of funds (both local and international) and private client portfolios.

The contribution from the asset management division is dependent on the amount of assets under management, fund performance relative to fund benchmarks and where applicable, a high watermark.

Improved fund performance added R 341 million to assets under management which offset most of the negative effect of the net outflows of R 454 million for the six months ended 29 February 2012. At the end of the reporting period Efficient Select had R 2.9 billion of assets under management.

Performance fees were 7% lower than the performance fees earned in the comparative period. Fixed expenses decreased by 7% due to savings on employee related costs and other operational cost savings.

Efficient Select reported a R 3.6 million profit for the period under review.

Asset Administration:

Efficient Collective Investments (ECI) is responsible for the administration of approximately 60% of the unit trusts under the Group's management. Administration of assets includes liability administration and asset administration.

Efficient Collective Investments had approximately R 1.8 billion (14% increase) of assets under administration on 29 February 2012.

Revenue was 33% higher than the comparative period due to the increase in assets under administration. Margins were maintained and fixed expenses are at an acceptable level. The Collective Investment company reported a R1.6 million profit for the period under review.

Financial Services:

A comprehensive range of financial services is delivered through Efficient Financial Services trading as Efficient Advise. Financial services include financial planning, investment advice and risk cover, including short-term insurance and medical aid. A full range of employee benefits is offered as well as cash management, stock broking, asset finance, and fiduciary services.

Efficient Advise is focused on establishing a distribution network throughout southern Africa. The distribution network now consists of six branches and 15 Independent Financial Advisers on the Adviser Model.

The financial services division reported revenue growth of 61% when compared to the comparative period. This increased activity is the result of the successful implementation of the expansion of the distribution network, improved financial services systems and an extended product range. The increase in variable costs is a direct result of the growth in revenue. Fixed expenses increased by 34% due to the increase in expenses relating to the expansion of the distribution network. The financial services division reported a profit for the period of R 413 000.

Part of the financial services offering is stockbroking through an associate. This associate reported a loss for the reporting period of R 614 000, eroding the profit after tax generated by Efficient Advise.

At the end of February 2012 Efficient Advise had R 977 million of Assets under Advice compared to R 582 million at the end of August 2011.

Asset Finance:

The Asset Finance division offers an asset finance intermediary service to the Efficient Advise distribution channel as well as other markets. Efficient Asset Finance was created during the previous financial reporting period and recently concluded agreements with a number of large financial institutions. These agreements have enabled this division to commence its operational activities.

This division reported a minor loss for the reporting period.

Support Services:

To ensure efficient service delivery, optimise cost structures and increase client focus, Efficient Group provides shared services solutions to all business divisions. With standardised processes for finance, compliance, economic research, human resources, information technology, marketing, corporate finance and administration on a national basis, we are able to provide support for the multiple business subsidiaries.

As a unit, shared services' contribution in delivering the Group strategy resulted in a 6% increase in expenses. In addition to the 6% increase the Group established a corporate finance division increasing the cost base by another 10%. A portion of the expenses is financed through fees recovered from economic research and presentations.

3. ACQUISITION ACTIVITIES

As part of the extension of the financial services distribution network Efficient Financial Services (Pty) Ltd:

- with effect from 10 October 2011, acquired a 20% share in a Financial Advisory client base for R 610 000 which is payable in cash over a 24 month period. An Independent Financial Adviser was appointed to service the acquired client base. The aforementioned Independent Financial Adviser is also the beneficial owner of the balance of this client base.

- acquired a 20% share in another two Financial Advisory client bases for R 34 000. The transactions were effective from October 2011 and February 2012 respectively and the purchase prices were settled in cash.
- expanded its financial services offering into Namibia. A branch was opened in partnership (50% partnership) with BDO (Namibia), a leading international auditing firm. Initially this transaction will only require working capital. The partnership is effective from 13 October 2011 and is expected to be in operation from 1 April 2012.

Efficient Capital acquired a 50% share in an Information Technology company. The maximum acquisition price is R 5.6 million and will be settled in cash (R3.5 million) and the balance by transferring software developed by Efficient Group. The effective date of this transaction was extended to 1 April 2012. The cash portion of the acquisition price will be utilised to expand the IT business. This is a strategic acquisition and significant to support our information technology needs and the commercialisation of investment and reporting software.

As part of the Group's initiative to incentivise senior personnel at a Group level rather than at subsidiary level, the Group acquired the non-controlling share of 10% held in Efficient Financial Services (Pty) Ltd from the managing director of the company. The total acquisition price is R 3.6 million and will be settled by issuing 2 085 500 Efficient Group Limited shares. The acquisition price will be adjusted based on the performance of Efficient Financial Services (Pty) Ltd over the next three years, relative to the performance of the Group. The effective date of the transaction is 1 September 2011. An acquisition price of R 9.6 million was adjusted to R 3.6 million since the Group's Integrated Report.

4. STRATEGY

The Group's strategy is focused on:

- Enhancing distribution through the development of the distribution network, a focused sales approach and brand building;
- Expanding the asset management product offering to include both fixed income and alternative investments, and increasing assets under management;
- Commercialising the investment and reporting software to create an additional income stream;
- Expanding the current product offering of the asset finance division to other related services and products.

5. DIVIDENDS

The company's dividend policy is to declare dividends biannually at the discretion of the board of directors, determined by the financial position of the Group and equal to 80% of free cash flow of the Group. Free cash flow is calculated after making provision for cash reserves equal to three months' operating expenses, capital expenditure and budgeted acquisitions. Based on this policy the directors determined that no interim dividend will be paid.

6. BASIS OF PREPARATION

The interim results are presented on a consolidated basis and are prepared in accordance with the International Financial Reporting Standards, the requirements of IAS 34 (Interim Financial Reporting), the JSE Listings Requirements, and the Companies Act of South Africa and the AC 500 series of Interpretation as issued by the APB. The accounting policies applied are consistent with those applied in the previous interim period and previous financial year-end, except for the change in the allocation of support services charges. 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, PKF (Jhb) Inc. The condensed unaudited interim financial results are prepared by Anton de Klerk, the Chief Financial Officer of Efficient Group.

7. CHANGE TO THE BOARD OF DIRECTORS

No changes to the board of directors took place during the reporting period.

Steve Booysen	**Heiko Weidhase**
Chairman	Chief Executive Officer

29 March 2012

UNAUDITED INTERIM FINANCIAL RESULTS

For the six months ended 29 February 2012

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

R'000	Unaudited Six Months ended 29-Feb-12	Unaudited Six Months ended 28-Feb-11	% Change	Audited Year ended 31-Aug-11
Revenue	**26 304**	**26 092**	**1%**	**48 782**
Asset Management fees				
- Fixed fees	6 483	9 544	(32%)	18 553
- Performance fees	7 411	7 991	(7%)	12 090
Asset Administration fees	5 576	4 184	33%	8 581
Financial Services fees	6 722	4 167	61%	8 916
Other	112	206	(46%)	642
Operating expenses	**(26 078)**	**(22 412)**	**(16%)**	**(45 190)**
- Variable expenses	(5 377)	(3 483)	(54%)	(7 535)
- Fixed expenses	(18 409)	(16 790)	(10%)	(33 466)
- Non-cash flow expenses	(2 292)	(2 139)	(7%)	(4 189)
Operating profit	**226**	**3 680**	**94%**	**3 592**
Finance income	729	791	(8%)	1 451
Dividends received	-	-		110
Finance cost	(24)	(98)	(76%)	(165)
Realised fair value adjustment of available-for-sale financial assets	247	-		-
Other income / (expenses)	(2)	-		48
Share of losses from associates	(559)	(203)	175%	(241)
Profit before taxation	**617**	**4 170**	**(85%)**	**4 795**
Taxation	(484)	(1 439)		(1 704)
Profit for the period	**133**	**2 731**	**(95%)**	**3 091**
Other comprehensive income:				
Realised fair value adjustment of available-for-sale financial assets	(6)	-		-
Fair value adjustment of available-for-sale financial assets	97	49		(22)
Total comprehensive income for the period	**224**	**2 780**	**(92%)**	**3 069**
Profit for the period attributable to:				
Equity holders of the parent	133	2 717		3 104
Non-controlling interest	-	14		(13)
	133	2 731		3 091
Total Comprehensive income for the period attributable to:				
Equity holders of the parent	224	2 764		3 082
Non-controlling interest	-	16		(13)
	224	2 780		3 069
Number of shares in issue ('000)	40 760	39 939		39 939
Weighted average number of shares ('000)	40 760	39 939		39 939
Earnings per share (cents)	0.33	6.80	(95%)	7.77
Headline earnings per share (cents)	0.32	6.80	(95%)	7.77
Dividend per share	2.60	-		7.85
Reconciliation of earnings to headline earnings				
Profit for the period attributable to equity holders of the parent	133	2 717		3 104
Realised fair value adjustment of available- for- sale financial assets through profit and loss	(6)	-		-
Less: Taxation on realised fair value adjustment of available-for-sale financial assets through profit and loss	2	-		-
Headline earnings	**129**	**2 717**		**3 104**

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

R'000	Unaudited as at 29-Feb-12	Unaudited as at 28-Feb-11	Audited as at 31-Aug-11
Non-current assets			
Plant and equipment	2 344	1 507	1 418
Investments	384	3 063	3 297
Equity accounted investments	10 119	10 716	10 678
Other intangible assets	20 854	25 302	21 803
Goodwill	21 731	20 259	21 731
Loans receivable	2 387	-	-
Deferred tax asset	337	985	250
	58 156	**61 832**	**59 177**
Current assets			
Trade and other receivables	10 566	8 391	5 137
Cash and cash equivalents	24 291	22 639	25 070
	34 857	**31 030**	**30 207**
Total assets	**93 013**	**92 862**	**89 384**
Equity			
Share capital and share premium	56 894	55 458	55 458
Treasury shares	(149)	(7 200)	(149)
Fair value adjustment reserve	88	66	(3)
Shares to be issued	2 214	-	-
Non-controlling interest	-	565	69
Accumulated earnings	18 453	31 322	22 938
	77 500	**80 211**	**78 313**
Non-current liability			
Long-term liability	2 400	-	-
Deferred taxation liability	5 406	6 796	5 721
	7 806	**6 796**	**5 721**
Current Liabilities			
Trade and other payables	6 736	5 567	5 078
Tax payable	971	288	272
	7 707	**5 855**	**5 350**
Total equity and liabilities	**93 013**	**92 862**	**89 384**
Net asset value per share (cents)	190.14	199.42	195.91
Net tangible asset value per share (cents)	85.66	85.34	86.91

SEGMENTAL ANALYSIS

R'000	Asset Management	Asset Administration	Financial Services	Asset Finance	Other	Total
For the six months ended 29 February 2012 (Unaudited)						
Revenue	13 894	8 821	6 634	88	(3 133)	26 304
- External	10 691	8 821	6 634	88	70	26 304
- Inter-segment	3 203	-	-	-	(3 203)	-
Profit for the period	3 609	1 632	(201)	(64)	(4 843)	133
Net asset value	24 296	3 629	1 595	(163)	48 143	77 500
For the six months ended 28 February 2011 (Unaudited)						
Revenue	17 535	8 056	4 167	-	(3 666)	26 092
- External	13 702	8 056	4 167	-	167	26 092
- Inter-segment	3 833	-	-	-	(3 833)	-
Profit for the period	5 849	790	329	-	(4 237)	2 731
Net asset value	20 017	910	1 594	-	57 690	80 211
For the year ended 31 August 2011 (Audited)						
Revenue	30 644	15 943	8 916	-	(6 721)	48 782
- External	23 363	15 943	8 916	-	560	48 782
- Inter-segment	7 280	-	-	-	(7 280)	-
Profit for the year	9 418	1 906	296	-	(8 529)	3 091
Net asset value	20 590	2 002	1 116	-	54 605	78 313

Other consists of consolidation entries, amortisation of intangible assets and support services expenses.
Management review the operating results of the operating segments before the allocation of support services expenses. The comparative figures were restated due to the change in the composition of the reportable segments.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

R'000	Share capital and Share premium	Treasury shares	Fair value adjustment for available-for-sale assets reserve	Shares to be issued	Non-controling interest	Accu-mulated earnings	Total equity
Balance at 31-Aug-10	**54 189**	**(7 200)**	**19**	**-**	**672**	**30 699**	**78 379**
Issue of share capital	1 269	-	-	-	-	-	1 269
Change in ownership	-	-	47	-	16	2 717	2 780
Total comprehensive income for the period	-	-	-	-	(123)	(2 094)	(2 217)
Balance at 28-Feb-11	**55 458**	**(7 200)**	**66**	**-**	**565**	**31 322**	**80 211**
Shares repurchase by the Share Incentive Trust	-	(149)	-	-	-	-	(149)
Change in ownership	-	-	-	-	(492)	(3 141)	(3 633)
Cancellation of treasury shares	-	7 200	-	-	-	(7 200)	-
Dividend paid	-	-	-	-	(114)	(3 241)	(3 355)
Total comprehensive income for the period	-	-	(69)	-	110	5 198	5 239
Balance at 31-Aug-11	**55 458**	**(149)**	**(3)**	**-**	**69**	**22 938**	**78 313**
Issue of share capital	1 436	-	-	-	-	-	1 436
Shares to be issued	-	-	-	2 214	-	-	2 214
Change in ownership	-	-	-	-	(69)	(3 580)	(3 649)
Realised fair value adjustment of available-for-sale financial assets	-	-	(6)	-	-	-	(6)
Total comprehensive income for the period	-	-	97	-	-	133	230
Dividend paid	-	-	-	-	-	(1 038)	(1 038)
Balance at 29-Feb-12	**56 894**	**(149)**	**88**	**2 214**	**-**	**18 453**	**77 500**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

R'000	Unaudited Six Months ended 29-Feb-12	Unaudited Six Months ended 28-Feb-11	Audited year ended 31-Aug-11
Cash (utilised by)/generated from operations	(1 252)	3 962	8 722
Finance income	729	791	1 451
Finance cost	(24)	(98)	(165)
Dividends received from associates	-	-	110
Dividends paid	(1 038)	(2 217)	(3 355)
Tax paid	(358)	(525)	(742)
Net cash (outflow)/inflow from operating activities	**(1 943)**	**1 913**	**6 021**
Acquisition of business		-	(1 193)
Increase in Loans Receivable	(467)	-	-
Disinvestment/(acquisition) of available-for-sale financial assets	3 247	(1 994)	(2 300)
Acquisition of non-controlling interest	-	-	(900)
Acquisition of intangible assets	(134)	(1 205)	-
Purchase of equipment	(1 482)	(438)	(772)
Net cash inflow/(outflow) from investing activities	**1 164**	**(3 637)**	**(5 165)**
Share repurchase by the Share Incentive Trust	-	-	(149)
Net cash outflow from financing activities	**-**	**-**	**(149)**
Movement in cash and cash equivalents for the period	**(779)**	**(1 724)**	**707**
Cash and cash equivalents at the beginning of the period	25 070	24 363	24 363
Cash and cash equivalents at the end of the period	24 291	22 639	25 070

Non-executive directors: S Booysen*, MJ Giles*,Z Cele*,L Taylor*, L Gadd, M Cassim and R Paterson. (* Independent) **Alternate non-executive directors:** L Whitfield and RS Mogototoane **Executive directors:** DD Roodt, H Weidhase, AT de Klerk **Company secretary:** Adv Rudi Barnard **Transfer secretaries:** Link Market Services South Africa (Pty) Ltd **Sponsor:** Java Capital (Pty) Ltd

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