

Think Efficient. Realise potential.

UNAUDITED INTERIM FINANCIAL RESULTS

For the six months ended 28 February 2013

HIGHLIGHTS

- * 40% Increase in Revenue
- * HEPS increased from 0.32 to 5.69 cents

The Group reports a loss after tax of R 248 000 for the six months ended 28 February 2013 ("the reporting period"), compared with a profit of R 133 000 for the six months ended 29 February 2012 ("comparative period"), as a result of the impairment of the investment in Thebe Stockbroking (Pty) Ltd, as disclosed in more detail in the business segmental results.

Fund management results continue to improve due to consistent results achieved through the application of the embedded investment philosophy and process.

The successful rollout of the distribution business through Efficient Advise continues to improve the financial results of the financial services business, and the good returns achieved on surplus funds improved the overall performance of the Group.

The Group reports headline earnings of R 2.3 million for the reporting period (R 129 000 for the comparative period).

1. FINANCIAL RESULTS

Statement of Comprehensive Income:

Revenue increased by 40% during the six months ended 28 February 2013. The increase in revenue is mainly a result of the growth in the distribution network (114% increase relative to the comparative period) and higher performance fees (41% increase relative to the comparative period) earned by the asset management division. Fixed fees earned during the reporting period from asset management and administration are 2% lower than the fees earned in the comparative period due to lower assets under management.

Variable expenses consist mainly of commissions paid to our financial advisors and asset administration costs. The increase in these expenses is attributable to and in line with the expansion of the distribution network.

The increase in *fixed expenses* signifies the Group's investment in infrastructure to support the growth in distribution, investment in the brand and realignment of the asset management division.

Non-cash flow expenses relate to the amortisation of intangible assets and depreciation of equipment. The depreciation charges for the reporting period were lower than the charges for the comparative period.

Operating expenses consist of:

R'000	Unaudited Six Months ended 28-Feb-13	Unaudited Six Months ended 28-Feb-12	% Change	Audited Year ended 31-Aug-12
Operating expenses	(34 837)	(26 078)	34%	(58 516)
- Variable expenses	(10 942)	(5 377)	103%	(13 213)
- Fixed expenses	(21 723)	(18 409)	18%	(40 871)
- Non cash flow expenses	(2 172)	(2 292)	(5%)	(4 432)

The Group invested surplus cash in one of the unit trust funds managed by the asset management division. The unrealised fair value adjustment on this investment resulted in an increased return on surplus funds.

The Group's share of comprehensive losses from associates and the further impairment of the investment in Thebe Stockbroking had a negative impact on the profit for the reporting period.

The Group reported a loss of R 248 000 for the six months ended 28 February 2013.

Statement of Financial Position:

The terms of a loan to one of the Group's associates were amended to a loan with no fixed repayment terms. This loan now forms part of the equity accounted investments whereas it was previously disclosed as a long-term receivable.

The net tangible asset value per share is 62.07 cents for the reporting period compared to the net tangible asset value per share of 59.94 cents for the year ended 31 August 2012.

The statement of financial position as at 29 February 2012 was restated due to a prior year error as disclosed in the annual financial statements for the year ended 31 August 2012.

Cash flow:

The Group generated cash of R 4.3 million from operations as a result of profits generated and the decrease in accounts receivable. An amount of R 1 million was utilised for investment activities, including business acquisitions, increased loans to associates and acquisition of equipment.

2. BUSINESS SEGMENTAL RESULTS

The Group consists of three divisions namely Asset Management and -Administration, Financial Services and Asset Finance.

Asset Management and Administration:

The focus of the asset management division, Efficient Select, 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, fund performance relative to fund benchmarks, and where applicable, a high watermark. Efficient Select is currently reviewing and implementing a number of changes to product fee structures in order to align with local and international best practices and market trends.

Efficient Select has R 2 544 million under management.

The administration of assets comprises liability- and asset administration. Efficient Collective Investments administrates assets totalling R 2 275 million, of which R 161 million are external funds.

This division reported revenue of R 22.3 million for the period under review, an increase of 14% to the comparative period. Following the outsourcing of a component of the private share portfolio management, margins were lower than during the comparative period, and fixed expenses increased by 33% resulting from the realignment project within the asset management division. The division posted a profit after tax of R 4.3 million for the reporting period, compared to a profit of R 5.2 million for the comparative period.

Financial 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 46 registered representatives, complimented by a highly skilled support structure.

The financial services division reported revenue growth of 93% when compared to the comparative period. This increase is directly linked to the expansion of the distribution network. Variable costs increased in line with the growth in revenue and 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 (excluding stockbroking).

Part of the financial services offering is stockbroking through an associate, Thebe Stockbroking. This associate reported a loss for the reporting period of R 282 000, increasing the loss after tax reported by Efficient Advise.

EFG and Thebe Investment Corporation (Pty) Ltd, as joint shareholders in Thebe Stockbroking, explored various avenues regarding the possibility of incorporating the stockbroking business under the Efficient brand, unfortunately without success. The EFG Board, in the absence of exercising control over Thebe Stockbroking or a change in the strategic direction of that company, is not convinced that the future economic benefits from Thebe Stockbroking will exceed the carrying value of this investment. The investment was accordingly impaired, which further increased the loss of this division.

At the end of February 2013, Efficient Advise had R 2 105 million in Assets under Advice compared to R 1 323 million at the end of August 2012.

Asset Finance:

Efficient Asset Finance offers an asset finance intermediary service to the Efficient Advise distribution channel as well as other markets. This division reported revenue of R 1.5 million at a gross margin of 34%. Fixed expenses amounted to R 589 000 for the reporting period, and the division posted an after tax loss of R 68 000.

3. ACQUISITION ACTIVITIES

As part of the extension of the financial services distribution network, Efficient Financial Services (Pty) Ltd acquired various financial advisory client bases for R 437 000. The transactions were effective at various dates during the reporting period and the purchase prices are paid /payable in cash up to 12 months after the effective dates.

4. STRATEGY

The Group's strategy is focused on:

- Enhancing distribution through the development of the distribution network;
- Increasing assets under management, administration and advice;
- Expanding the current product offering of the asset finance division to other related services and products;
- Integrating the various media channels utilised in our communications with clients and the market to ensure a focused and cohesive brand strategy.

UNAUDITED INTERIM FINANCIAL RESULTS

For the six months ended 28 February 2013

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 can be paid.

6. 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 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 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.

7. CHANGE TO THE BOARD OF DIRECTORS

Mickey Giles and Ronald Paterson resigned as directors and Jerry Mabena joined the board during this period.

Steve Booyesen
Chairman

Heiko Weidhase
Chief Executive Officer

25 April 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Unaudited Six Months ended 28-Feb-13	Unaudited Six Months ended 29-Feb-12	% Change	Audited Year ended 31-Aug-12
Revenue	36 880	26 304	40%	55 433
Asset Management fees				
- Fixed fees	11 832	12 059	(2%)	23 983
- Performance fees	10 425	7 411	41%	13 917
Financial Services income	14 374	6 722	114%	17 007
Other	249	112	122%	526
Operating expenses	(34 837)	(26 078)	34%	(58 516)
Operating profit/(loss)	2 043	226	804%	(3 083)
Finance Income	721	729	(1%)	1 537
Finance Cost	(10)	(24)	58%	(26)
Profit on sale of equipment	-	-	-	436
Realised fair value adjustment of investment designated at fair value through profit or loss	-	247	100%	247
Unrealised fair value adjustment of investment designated at fair value through profit or loss	786	-	-	285
Remeasurement of long-term liability	305	-	-	316
Other Income / (expenses)	90	(2)	4600%	(3)
Impairment of investment in associates	(2 555)	-	-	(6 010)
Share of comprehensive losses from associates	(574)	(559)	3%	(1 983)
Profit/(loss) before taxation	806	617	31%	(8 284)
Taxation	(1 054)	(484)		(147)
Profit/(loss) for the period	(248)	133	(286%)	(8 431)
Other comprehensive income:				
Realised fair value adjustment of available-for-sale financial assets	-	(6)	(100%)	(6)
Unrealised fair value adjustment of available-for-sale financial assets	35	97	(64%)	48
Total comprehensive income for the period	(213)	224	(195%)	(8 389)
<i>Profit/(loss) for the period attributable to:</i>				
Equity holders of the parent	(234)	133	(276%)	(8 407)
Non-controlling interest	(14)	-	-	(24)
	(248)	133	(286%)	(8 431)
<i>Total Comprehensive income/(loss) for the period attributable to:</i>				
Equity holders of the parent	(199)	224	(189%)	(8 365)
Non-controlling interest	(14)	-	-	(24)
	(213)	224	(195%)	(8 389)
Number of shares in issue ('000)	40 760	40 760		40 760
Weighted average number of shares ('000)	40 760	40 760		40 380
Diluted weighted average number of shares ('000)	40 760	40 730		40 380
Earnings/(loss) per share (cents)	(0.57)	0.33	(276%)	(20.82)
Diluted earnings/(loss) per share (cents)	(1.11)	0.33	(441%)	(21.38)
Headline earnings per share (cents)	5.69	0.32	1699%	(6.71)
Diluted headline earnings per share (cents)	5.15	0.32	1527%	(7.28)
<i>Headline earnings/(loss) are calculated as follows:</i>				
Profit for the period attributable to equity holders of the parent	(234)	133		(8 407)
Impairment of investment in associate	2 555	-		6 010
Profit on disposal of equipment	-	-		(436)
Taxation on profit on disposal of equipment	-	-		122
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/loss	2 321	129		(2 711)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Unaudited as at 28-Feb-13	Unaudited as at Restated 29-Feb-12	Audited as at 31-Aug-12
Non-current assets			
Equipment	720	2 344	649
Goodwill	23 617	23 494	23 494
Intangible assets	19 364	20 854	20 784
Investments	6 446	384	5 625
Equity accounted investments	5 654	10 119	6 865
Long-term receivable	1 871	2 387	2 902
Deferred taxation asset	260	337	256
	57 932	59 919	60 575
Current assets			
Trade and other receivables	7 366	10 566	9 583
Cash and cash equivalents	19 210	24 291	15 861
Short-term portion of long-term receivables	725	-	1 042
Taxation receivable	390	-	19
	27 691	34 857	26 505
Total assets	85 623	94 776	87 080
Equity			
Total equity attributable to equity holders of the parent	68 281	79 263	68 480
Share capital and share premium	58 657	58 657	58 657
Shares to be issued	-	2 214	-
Treasury Shares	(149)	(149)	(149)
Fair-value adjustment reserve	74	88	39
Retained earnings	9 699	18 453	9 933
Non-controlling interest	(58)	-	(44)
Total Equity	68 223	79 263	68 436
Non-current liability	5 972	7 806	7 152
Long-term liabilities	1 994	2 400	2 298
Deferred taxation liability	3 978	5 406	4 854
Current liabilities	11 428	7 707	11 492
Trade and other payables	9 092	6 736	9 615
Short-term portion of long-term liability	1 250	-	1 250
Taxation payable	1 086	971	627
Total equity and liabilities	85 623	94 776	87 080
Net asset value per share (cents)	167.52	194.46	169.59
Net tangible asset value per share (cents)	62.07	85.66	59.94

SEGMENTAL ANALYSIS

R'000	Asset Management and Administration	Financial Services	Asset Finance	Other	Total
For the six months ended 28 February 2013					
Revenue - External	22 257	12 833	1 541	249	36 880
Profit for the period	4 257	(4 065)	(68)	(372)	(248)
Net asset value	28 051	(3 151)	(38)	43 361	68 223
For the six months ended 29 February 2012					
Revenue - External	19 512	6 634	88	71	26 305
Profit for the period	5 241	(201)	(64)	(4 843)	133
Net asset value	27 925	1 595	(163)	49 906	79 263
For the year ended 31 August 2012					
Revenue	45 097	18 641	992	(2 183)	62 547
- External	45 097	16 016	992	442	62 547
- Inter-segment	-	2 625	-	(2 625)	-
Profit for the year	1 603	(8 552)	(121)	(1 361)	(8 431)
Net asset value	23 761	632	(220)	44 263	68 436

Other consists of consolidation entries, amortisation of intangible assets and Efficient Capital.

The comparative figures were restated due to the change in the composition of the reporting segments.

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-11	57 221	-	(149)	(3)	22 938	69	80 076
Issue of share capital	1 436	-	-	-	-	-	1 436
Shares to be issued	-	2 214	-	-	-	-	2 214
Acquisition of minority interest in Efficient Financial Services (Pty) Ltd	-	-	-	-	(3 580)	(69)	(3 649)
Realised fair value adjustment of available-for-sale financial asset	-	-	-	(6)	-	-	(6)
Total comprehensive income for the period	-	-	-	97	133	-	230
Dividend paid	-	-	-	-	(1 038)	-	(1 038)
Balance at 29-Feb-12 (Restated)	58 657	2 214	(149)	88	18 453	-	79 263
Shares to be issued transferred to long-term liability	-	(2 214)	-	-	-	-	(2 214)
Disposal of 20% of the investment in Efficient Asset Finance (Pty) Ltd	-	-	-	-	20	(20)	-
Total comprehensive income for the period	-	-	-	(49)	(8 540)	(24)	(8 613)
Balance at 31-Aug-12	58 657	-	(149)	39	9 933	(44)	68 436
Total comprehensive income for the period	-	-	-	35	(234)	(14)	(213)
Balance at 28-Feb-13	58 657	-	(149)	74	9 699	(58)	68 223

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Unaudited Six Months ended 28-Feb-13	Unaudited Six Months ended 29 Feb-12	Audited year ended 31-Aug-12
Cash flows from operating activities			
Cash generated from operations	5 745	(1 252)	1 241
Finance income	536	729	1 537
Finance cost	(10)	(24)	(26)
Dividends paid	-	(1 038)	(1 038)
Tax paid	(1 968)	(358)	(1 154)
Net cash flow from operating activities	4 303	(1 943)	560
Cash flows from investing activities			
Acquisition of business	(188)	(134)	(2 453)
Long-term loan to associate	(526)	-	(2 265)
Decrease/(Increase) in long-term receivable	144	(467)	(1 624)
Acquisition of available-for-sale financial asset	-	-	(5 000)
Proceeds on disposal of available-for-sale financial asset	-	3 247	3 247
Acquisition of non-controlling interest	-	-	-
Proceeds on disposal of equipment	-	-	1
Acquisition of equipment	(384)	(1 482)	(1 675)
Net cash outflow from investing activities	(954)	1 164	(9 769)
Movement in cash and cash equivalents for the period	3 349	(779)	(9 209)
Cash and cash equivalents at the beginning of the period	15 861	25 070	25 070
Cash and cash equivalents at the end of the period	19 210	24 291	15 861

Non-executive directors: S Booysen*, Z Cele*, L Taylor*, J Mabena, M Cassim. (* Independent)

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

JAVACAPITAL

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

Tel: +27(0)12 460 9580 / Fax: +27(0)12 346 6135 81 Dely Road, Hazelwood, Pretoria, 0081

www.efgroup.co.za