

## Condensed Consolidated Income Statement

for the period ended 31 August 2011

		Reviewed six months ended 31 Aug 2011	Reviewed six months ended 31 Aug 2010	% change	Audited year ended 28 Feb 2011
	Notes	R '000	R '000		R '000
Interest income		227,599	150,585	51	309,034
Interest expense		-50,529	-71,743	-30	-145,609
<b>Net interest income</b>		<b>177,070</b>	<b>78,842</b>	<b>&gt;100</b>	<b>163,425</b>
Administration and commission income		29,352	55,809	-47	87,092
Other operating income	1	9,231	35,727	-74	52,990
<b>Operating income</b>		<b>215,653</b>	<b>170,378</b>	<b>27</b>	<b>303,507</b>
Net impairment of loan advances and receivables		-26,093	-77,087	-66	-27,440
Operating expenses		-177,065	-257,056	-31	-525,271
<b>Profit/(loss) before taxation</b>		<b>12,495</b>	<b>-163,765</b>	<b>&gt;100</b>	<b>-249,204</b>
Taxation		9,320	-4,399	>100	-35,700
<b>Profit/(loss) for the period</b>		<b>21,815</b>	<b>-168,164</b>	<b>&gt;100</b>	<b>-284,904</b>
<b>Attributable to:</b>					
Equity holders of the parent		21,669	-157,882	>100	-275,559
Minority interest		146	-10,282	>100	-9,345
		<b>21,815</b>	<b>-168,164</b>	<b>&gt;100</b>	<b>-284,904</b>
<b>Per share ratios (cents)</b>	4				
Earnings/(loss) per share		0.38	(25.29)	>100	(29.59)
Headline earnings/(loss) per share		0.40	(24.87)	>100	(27.77)
Diluted earnings/(loss) per share		0.38	(25.29)	>100	(29.59)
Diluted headline earnings/(loss) per share		0.40	(24.87)	>100	(27.77)
Net asset value per share		1.13	(32.95)	>100	1.00

## Condensed Consolidated Statement of Comprehensive Income

for the period ended 31 August 2011

	Reviewed six months ended 31 Aug 2011 R '000	Reviewed six months ended 31 Aug 2010 R '000	% change	Audited year ended 28 Feb 2011 R '000
<b>Profit/(loss) for the period</b>	<b>21,815</b>	<b>-168,164</b>	<b>&gt;100</b>	<b>-284,904</b>
<b>Other comprehensive loss:</b>				
Exchange differences on translation of foreign operations	-14,061	-30,392	-54	-49,888
Other comprehensive loss for the period, net of tax	<b>-14,061</b>	<b>-30,392</b>	<b>-54</b>	<b>-49,888</b>
<b>Total comprehensive profit/(loss) for the period</b>	<b>7,754</b>	<b>-198,556</b>	<b>&gt;100</b>	<b>-334,792</b>
<b>Total comprehensive profit/(loss) attributable to:</b>				
Equity holders of the parent	17,877	-188,126	>100	-332,803
Minority interest	-10,123	-10,430	3	-1,989
	<b>7,754</b>	<b>-198,556</b>	<b>&gt;100</b>	<b>-334,792</b>

## Condensed Consolidated Statement of Financial Position

as at 31 August 2011

		Reviewed six months ended 31 Aug 2011	Audited year ended 28 Feb 2011	% change
	Notes	R '000	R '000	
<b>Assets</b>				
Cash and cash equivalents		138,969	232,299	-40
Loan advances to customers	2	683,673	544,578	26
Trade and other receivables		3,581	19,697	-82
Inventories		54	90	-40
Taxation receivable		-	504	-100
Other financial assets		441	441	-
Property, plant and equipment		57,516	66,540	-14
Deferred taxation		17,448	19,570	-11
Intangible assets		19,952	25,190	-21
Goodwill		418,552	422,093	-1
<b>Total Assets</b>		<b>1,340,186</b>	<b>1,331,002</b>	<b>1</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Share capital		1,366,034	1,366,034	-
Other deficits		-66,179	-62,011	7
Accumulated loss		-1,235,415	-1,257,460	-2
<b>Equity attributable to equity holders of parent</b>		<b>64,440</b>	<b>46,563</b>	<b>38</b>
Non-controlling interest		1,440	11,563	-88
<b>Total Equity</b>		<b>65,880</b>	<b>58,126</b>	<b>13</b>
<b>Liabilities</b>				
Bank overdraft		13,974	23,254	-40
Derivative financial liabilities		18,685	19,807	-6
Trade and other payables		196,294	230,767	-15
Taxation payable		108,852	116,621	-7
Finance lease obligations		10,908	14,002	-22
Long-term liabilities	3	921,197	862,571	7
Operating lease liabilities		1,822	1,836	-1
Deferred taxation		2,574	4,018	-36
<b>Total Liabilities</b>		<b>1,274,306</b>	<b>1,272,876</b>	<b>-</b>
<b>Total Equity and Liabilities</b>		<b>1,340,186</b>	<b>1,331,002</b>	<b>1</b>

## Condensed Consolidated Statement of Changes in Equity

for the period ended 31 August 2011

	Attributable to equity shareholders				Non-controlling interest	Total equity
	Share capital	Accumulated loss	Other deficits	Total		
	R '000	R '000	R '000	R '000		
<b>Balance at 1 March 2010 - audited</b>	<b>928,250</b>	<b>-948,107</b>	<b>445</b>	<b>-19,412</b>	<b>16,529</b>	<b>-2,883</b>
Total comprehensive loss for the period	-	-157,882	-30,244	-188,126	-10,430	-198,556
Share-based payment to employees	-	1,783	-	1,783	-	1,783
Contingency reserve	-	220	-220	-	-	-
<b>Balance at 31 August 2010 - reviewed</b>	<b>928,250</b>	<b>-1,103,986</b>	<b>-30,019</b>	<b>-205,755</b>	<b>6,099</b>	<b>-199,656</b>
<b>Balance at 1 March 2010 - audited</b>	<b>928,250</b>	<b>-948,107</b>	<b>445</b>	<b>-19,412</b>	<b>16,529</b>	<b>-2,883</b>
Total comprehensive loss for the period	-	-275,559	-57,244	-332,803	-1,989	-334,792
Share-based payment to employees	-	2,732	-	2,732	-	2,732
Issue of ordinary shares due to recapitalisation	163,000	-	-	163,000	-	163,000
Issue of ordinary shares on debt to equity conversion	271,828	-	-	271,828	-	271,828
Shortfall on convertible redeemable preference shares conversion	2,956	-2,956	-	-	-	-
Convertible instrument reserve	-	4,822	-4,822	-	-	-
Contingency reserve	-	390	-390	-	-	-
Business combinations	-	-38,782	-	-38,782	-2,977	-41,759
<b>Balance at 28 February 2011 - audited</b>	<b>1,366,034</b>	<b>-1,257,460</b>	<b>-62,011</b>	<b>46,563</b>	<b>11,563</b>	<b>58,126</b>
<b>Balance at 1 March 2011 - audited</b>	<b>1,366,034</b>	<b>-1,257,460</b>	<b>-62,011</b>	<b>46,563</b>	<b>11,563</b>	<b>58,126</b>
Total comprehensive profit for the period	-	21,669	-3,792	17,877	-10,123	7,754
Contingency reserve	-	376	-376	-	-	-
<b>Balance at 31 August 2011 - reviewed</b>	<b>1,366,034</b>	<b>-1,235,415</b>	<b>-66,179</b>	<b>64,440</b>	<b>1,440</b>	<b>65,880</b>

## Condensed Consolidated Statement of Cash Flows

for the period ended 31 August 2011

	Reviewed six months ended 31 Aug 2011	Reviewed six months ended 31 Aug 2010	% change	Audited year ended 28 Feb 2011
	R '000	R '000		R '000
<b>Cash flows from operating activities</b>				
Cash (used in)/generated from operations	-73,355	150,500	>(100)	225,577
Interest expense	-50,529	-71,743	-30	-145,609
Tax paid	-1,254	-984	27	-3,642
<b>Net cash (used in)/from operating activities</b>	<b>-125,138</b>	<b>77,773</b>	<b>&gt;(100)</b>	<b>76,326</b>
<b>Cash flows from investing activities</b>				
Purchase of non-current assets	-3,802	-1,494	>100	-7,789
Sale of non-current assets	58	3,063	-98	3,937
Other investing activities	-	2,507	-100	7,326
<b>Net cash (used in)/from investing activities</b>	<b>-3,744</b>	<b>4,076</b>	<b>&gt;(100)</b>	<b>3,474</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of ordinary shares	-	-	-	150,000
Net proceeds from/(repayment of) long-term liabilities	52,417	-29,534	>(100)	9,708
Net finance lease payments	-3,092	-1,133	>100	-4,122
<b>Net cash from/(used in) financing activities</b>	<b>49,325</b>	<b>-30,667</b>	<b>&gt;(100)</b>	<b>155,586</b>
<b>Total net cash movement for the period</b>	<b>-79,557</b>	<b>51,182</b>	<b>&gt;100</b>	<b>235,386</b>
Net cash at the beginning of the period	209,045	-22,167	>(100)	-22,167
Effect of exchange rates	-4,493	4,208	>100	-4,174
<b>Total net cash at end of the period</b>	<b>124,995</b>	<b>33,223</b>	<b>&gt;100</b>	<b>209,045</b>

Reviewed six months 31 August 2011

	Reviewed six months 31 Aug 2011											
	South Africa	Botswana	Zambia	Uganda	Tanzania	Malawi	Mauritius	Nigeria	CMA	Other	Eliminations	Consolidated
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Interest income	120,524	27,304	24,007	7,557	13,470	11,492	-225	5,390	25,316	3,950	-11,186	227,599
- External customers	119,824	15,922	23,990	7,557	13,470	11,492	-	5,390	25,316	3,950	688	227,599
- Inter - segment interest	700	11,382	17	-	-	-	-225	-	-	-	-11,874	-
Interest expense	-21,158	-12,226	-1,688	-	-	-30	-26,947	-207	-65	-	11,792	-50,529
<b>Net interest income</b>	<b>99,366</b>	<b>15,078</b>	<b>22,319</b>	<b>7,557</b>	<b>13,470</b>	<b>11,462</b>	<b>-27,172</b>	<b>5,183</b>	<b>25,251</b>	<b>3,950</b>	<b>606</b>	<b>177,070</b>
Administration and commission income	21,802	2,373	6,282	1,197	1,176	785	-	588	6,817	1,730	-13,398	29,352
- External customers	3,536	2,373	6,282	1,197	1,176	785	-	588	6,817	1,730	4,868	29,352
- Inter - segment interest	18,266	-	-	-	-	-	-	-	-	-	-18,266	-
Other operating income	9,248	1,141	-673	-6,996	-7,877	-8,349	-2,108	258	1,398	-8,472	31,661	9,231
<b>Operating income</b>	<b>130,416</b>	<b>18,592</b>	<b>27,928</b>	<b>1,758</b>	<b>6,769</b>	<b>3,898</b>	<b>-29,280</b>	<b>6,029</b>	<b>33,466</b>	<b>-2,792</b>	<b>18,869</b>	<b>215,653</b>
Net impairment of loan advances and receivables	-44,950	-5,244	433	2,237	530	-76	-	3,391	14,678	2,908	-	-26,093
Operating expenses	-86,460	-13,203	-23,357	-7,152	-7,036	-15,240	-142	-9,604	-18,770	-9,799	13,698	-177,065
<b>Management operating profit/(loss)</b>	<b>-994</b>	<b>145</b>	<b>5,004</b>	<b>-3,157</b>	<b>263</b>	<b>-11,418</b>	<b>-29,422</b>	<b>-184</b>	<b>29,374</b>	<b>-9,683</b>	<b>32,567</b>	<b>12,495</b>
<b>Segment result: Profit/(loss) before taxation</b>	<b>-994</b>	<b>145</b>	<b>5,004</b>	<b>-3,157</b>	<b>263</b>	<b>-11,418</b>	<b>-29,422</b>	<b>-184</b>	<b>29,374</b>	<b>-9,683</b>	<b>32,567</b>	<b>12,495</b>
Taxation	-3,553	-1,240	573	-8	-7	-	12,068	-	3,170	-18	-1,665	9,320
<b>Profit/(loss) after taxation</b>	<b>-4,547</b>	<b>-1,095</b>	<b>5,577</b>	<b>-3,165</b>	<b>256</b>	<b>-11,418</b>	<b>-17,354</b>	<b>-184</b>	<b>32,544</b>	<b>-9,701</b>	<b>30,902</b>	<b>21,815</b>
Net investment in foreign operation adjustment	-	-	-	-6,669	-7,680	-7,939	-	188	-	-8,043	30,143	-
<b>Management profit/(loss) after taxation</b>	<b>-4,547</b>	<b>-1,095</b>	<b>5,577</b>	<b>-9,834</b>	<b>-7,424</b>	<b>-19,357</b>	<b>-17,354</b>	<b>4</b>	<b>32,544</b>	<b>-17,744</b>	<b>61,045</b>	<b>21,815</b>
<b>Other material non-cash items included in segment profit/(loss):</b>												
Depreciation on property, plant and equipment	9,110	409	492	172	214	408	-	1,074	418	275	-	12,572
Amortisation of intangible assets	-	-	-	-	-	-	-	-	38	111	4,892	5,041
<b>Segment assets</b>	<b>710,218</b>	<b>307,687</b>	<b>157,190</b>	<b>51,585</b>	<b>57,346</b>	<b>80,355</b>	<b>293,439</b>	<b>32,236</b>	<b>178,372</b>	<b>76,402</b>	<b>-604,644</b>	<b>1,340,186</b>
<b>Segment liabilities</b>	<b>-709,216</b>	<b>-215,213</b>	<b>-73,472</b>	<b>-110,947</b>	<b>-91,310</b>	<b>-123,066</b>	<b>-733,223</b>	<b>-51,732</b>	<b>-99,927</b>	<b>-140,985</b>	<b>1,074,785</b>	<b>-1,274,306</b>
<b>Included in reportable segment assets:</b>												
Non-current assets other than financial instruments and deferred taxation	390,748	69,588	62,089	25,278	12,830	1,780	226,430	3,888	17,797	10,876	-325,284	496,020

## Segment Report

Audited year ended 28 February 2011

	Audited year ended 28 Feb 2011											
	South Africa R '000	Botswana R '000	Zambia R '000	Uganda R '000	Tanzania R '000	Malawi R '000	Mauritius R '000	Nigeria R '000	CMA R '000	Other R '000	Eliminations R '000	Consolidated R '000
Interest income	150,751	70,124	35,700	14,475	32,898	18,681	53,519	15,368	53,154	8,890	-144,526	309,034
- External customers	90,812	39,139	35,617	14,475	32,898	18,681	-	15,368	53,154	8,890	-	309,034
- Inter - segment interest	59,939	30,985	83	-	-	-	53,519	-	-	-	-144,526	-
Interest expense	-108,629	-27,437	-18,240	-17,072	-14,754	-15,038	-62,819	-4,834	-9,348	-10,699	143,261	-145,609
<b>Net interest income</b>	<b>42,122</b>	<b>42,687</b>	<b>17,460</b>	<b>-2,597</b>	<b>18,144</b>	<b>3,643</b>	<b>-9,300</b>	<b>10,534</b>	<b>43,806</b>	<b>-1,809</b>	<b>-1,265</b>	<b>163,425</b>
Administration and commission income	57,976	5,945	17,161	7,283	1,685	3,592	-	2,374	22,490	3,497	-34,911	87,092
- External customers	23,065	5,945	17,161	7,283	1,685	3,592	-	2,374	22,490	3,497	-	87,092
- Inter - segment interest	34,911	-	-	-	-	-	-	-	-	-	-34,911	-
Other operating income	74,284	15,897	-5,493	-32,681	-22,727	-8,201	8,522	-4,214	2,642	-15,363	40,324	52,990
<b>Operating income</b>	<b>174,382</b>	<b>64,529</b>	<b>29,128</b>	<b>-27,995</b>	<b>-2,898</b>	<b>-966</b>	<b>-778</b>	<b>8,694</b>	<b>68,938</b>	<b>-13,675</b>	<b>4,148</b>	<b>303,507</b>
Net impairment of loan advances and receivables	-21,835	-6,788	9,154	2,020	3,152	12,781	-	-21,226	-6,118	1,420	-	-27,440
Operating expenses	-354,025	-38,209	-45,765	-14,713	-15,819	-21,121	3,735	-21,164	-28,906	-17,361	28,077	-525,271
<b>Management operating (loss)/profit</b>	<b>-201,478</b>	<b>19,532</b>	<b>-7,483</b>	<b>-40,688</b>	<b>-15,565</b>	<b>-9,306</b>	<b>2,957</b>	<b>-33,696</b>	<b>33,914</b>	<b>-29,616</b>	<b>32,225</b>	<b>-249,204</b>
<b>Segment result: (Loss)/profit before taxation</b>	<b>-201,478</b>	<b>19,532</b>	<b>-7,483</b>	<b>-40,688</b>	<b>-15,565</b>	<b>-9,306</b>	<b>2,957</b>	<b>-33,696</b>	<b>33,914</b>	<b>-29,616</b>	<b>32,225</b>	<b>-249,204</b>
Taxation	-8,653	-6,605	-5,176	-19	-20	-305	-9,900	-91	-13,016	9	8,076	-35,700
<b>(Loss)/profit after taxation</b>	<b>-210,131</b>	<b>12,927</b>	<b>-12,659</b>	<b>-40,707</b>	<b>-15,585</b>	<b>-9,611</b>	<b>-6,943</b>	<b>-33,787</b>	<b>20,898</b>	<b>-29,607</b>	<b>40,301</b>	<b>-284,904</b>
Net investment in foreign operation adjustment	-	-	378	-28,840	-20,660	-9,580	-	-3,824	-	-13,684	76,210	-
<b>Management (loss)/profit after taxation</b>	<b>-210,131</b>	<b>12,927</b>	<b>-12,281</b>	<b>-69,547</b>	<b>-36,245</b>	<b>-19,191</b>	<b>-6,943</b>	<b>-37,611</b>	<b>20,898</b>	<b>-43,291</b>	<b>116,511</b>	<b>-284,904</b>
<b>Other material non-cash items included in segment (loss)/profit:</b>												
Depreciation on property, plant and equipment	20,990	812	1,166	387	625	963	-	2,127	1,664	1,027	-	29,761
Amortisation of intangible assets	12,833	853	333	60	57	-	-	-	176	214	-	14,526
<b>Segment assets</b>	<b>1,171,018</b>	<b>321,384</b>	<b>130,245</b>	<b>52,450</b>	<b>63,051</b>	<b>81,641</b>	<b>459,439</b>	<b>39,996</b>	<b>118,525</b>	<b>43,671</b>	<b>-1,150,418</b>	<b>1,331,002</b>
<b>Segment liabilities</b>	<b>-967,077</b>	<b>-209,391</b>	<b>-68,366</b>	<b>-112,344</b>	<b>-102,440</b>	<b>-116,005</b>	<b>-866,347</b>	<b>-51,530</b>	<b>-77,722</b>	<b>-104,043</b>	<b>1,402,389</b>	<b>-1,272,876</b>
<b>Included in reportable segment assets:</b>												
Non-current assets other than financial instruments and deferred taxation	718,135	69,899	118,362	27,232	14,222	2,336	361,189	4,407	18,303	12,472	-832,734	513,823

## Segment Report

Reviewed six months 31 August 2010

	Reviewed six months 31 Aug 2010											
	South Africa	Botswana	Zambia	Uganda	Tanzania	Malawi	Mauritius	Nigeria	CMA	Other	Eliminations	Consolidated
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Interest income	70,464	35,675	15,923	8,630	10,964	9,438	8	5,455	31,498	4,993	-42,463	150,585
- External customers	43,691	20,260	15,656	8,630	10,964	9,438	-	5,455	31,498	4,993	-	150,585
- Inter - segment interest	26,773	15,415	267	-	-	-	8	-	-	-	-42,463	-
Interest expense	-34,866	-5,944	-11,019	-10,363	-9,234	-8,428	-14,379	-3,065	-8,578	-8,330	42,463	-71,743
<b>Net interest income</b>	<b>35,598</b>	<b>29,731</b>	<b>4,904</b>	<b>-1,733</b>	<b>1,730</b>	<b>1,010</b>	<b>-14,371</b>	<b>2,390</b>	<b>22,920</b>	<b>-3,337</b>	<b>-</b>	<b>78,842</b>
Administration and commission income	51,221	5,735	9,694	3,140	6,508	2,227	-	2,275	15,707	1,329	-42,027	55,809
- External customers	9,194	5,735	9,694	3,140	6,508	2,227	-	2,275	15,707	1,329	-	55,809
- Inter - segment interest	42,027	-	-	-	-	-	-	-	-	-	-42,027	-
Other operating income	50,313	10,485	-4,524	-1,076	3,341	3,866	6,295	682	802	-509	-33,948	35,727
<b>Operating income</b>	<b>137,132</b>	<b>45,951</b>	<b>10,074</b>	<b>331</b>	<b>11,579</b>	<b>7,103</b>	<b>-8,076</b>	<b>5,347</b>	<b>39,429</b>	<b>-2,517</b>	<b>-75,975</b>	<b>170,378</b>
Net impairment of loan advances and receivables	-37,425	-14,967	1,448	-4,037	-1,618	2,020	-	-13,830	-5,961	-2,717	-	-77,087
Operating expenses	-146,896	-15,104	-19,764	-20,023	-27,023	-14,385	-2,038	-12,833	-12,596	-19,425	33,031	-257,056
<b>Management operating (loss)/profit</b>	<b>-47,189</b>	<b>15,880</b>	<b>-8,242</b>	<b>-23,729</b>	<b>-17,062</b>	<b>-5,262</b>	<b>-10,114</b>	<b>-21,316</b>	<b>20,872</b>	<b>-24,659</b>	<b>-42,944</b>	<b>-163,765</b>
<b>Segment result: (Loss)/profit before taxation</b>	<b>-47,189</b>	<b>15,880</b>	<b>-8,242</b>	<b>-23,729</b>	<b>-17,062</b>	<b>-5,262</b>	<b>-10,114</b>	<b>-21,316</b>	<b>20,872</b>	<b>-24,659</b>	<b>-42,944</b>	<b>-163,765</b>
Taxation	-2,967	-1,770	3,871	-	-3	3	-1,957	-5	-3,573	-7	2,009	-4,399
<b>(Loss)/profit after taxation</b>	<b>-50,156</b>	<b>14,110</b>	<b>-4,371</b>	<b>-23,729</b>	<b>-17,065</b>	<b>-5,259</b>	<b>-12,071</b>	<b>-21,321</b>	<b>17,299</b>	<b>-24,666</b>	<b>-40,935</b>	<b>-168,164</b>
Net investment in foreign operation adjustment	-	-	-120	-14,094	-15,972	-5,096	-	-1,910	-	-8,899	46,091	-
<b>Management (loss)/profit after taxation</b>	<b>-50,156</b>	<b>14,110</b>	<b>-4,491</b>	<b>-37,823</b>	<b>-33,037</b>	<b>-10,355</b>	<b>-12,071</b>	<b>-23,231</b>	<b>17,299</b>	<b>-33,565</b>	<b>5,156</b>	<b>-168,164</b>
<b>Other material non-cash items included in segment (loss)/profit:</b>												
Depreciation on property, plant and equipment	10,456	415	568	200	359	514	-	1,129	640	624	-	14,905
Amortisation of intangible assets	6,413	432	175	30	30	-	-	-	89	105	-	7,274
<b>Segment assets</b>	<b>216,088</b>	<b>148,280</b>	<b>114,164</b>	<b>57,360</b>	<b>63,329</b>	<b>68,305</b>	<b>344,559</b>	<b>59,741</b>	<b>125,424</b>	<b>37,374</b>	<b>16,689</b>	<b>1,251,313</b>
<b>Segment liabilities</b>	<b>-316,691</b>	<b>-206,367</b>	<b>-135,276</b>	<b>-115,830</b>	<b>-105,858</b>	<b>-103,703</b>	<b>-756,595</b>	<b>-48,178</b>	<b>-87,772</b>	<b>-107,964</b>	<b>533,265</b>	<b>-1,450,969</b>
<b>Included in reportable segment assets:</b>												
Non-current assets other than financial instruments and deferred taxation	344,725	71,738	42,489	30,824	14,682	2,424	103,874	5,460	19,415	13,081	-110,689	538,023

The Group's reportable segments are geographical business units that offer comparable business products and solutions, which are managed and measured regionally.

Blue has nine reportable segments: South Africa, Botswana, Zambia, Uganda, Tanzania, Malawi, Mauritius, Nigeria and CMA. The segments offer a variety of products and services as well as equipment sales.

"CMA" comprises the aggregated segment results and financial position of the 'Common Monetary Area' countries outside South Africa, namely Lesotho, Namibia and Swaziland.

"Other" comprises the aggregated segment information for the remainder of operations based in Kenya, Cameroon and Rwanda.

## NOTES

### BASIS OF PREPARATION

The condensed consolidated interim financial results of the Group for the six month period ended 31 August 2011, comprise the company and its subsidiaries.

These reviewed interim financial results have been prepared in accordance with the recognition and measurement criteria of IFRS, interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the AC 500 standards as issued by the Accounting Practices Board, International Accounting Standard: Interim Financial Reporting (IAS 34), the JSE Listing Requirements and the Requirements of the Companies Act of South Africa.

In the preparation of these interim financial results, the Group has applied key assumptions concerning the future and other indeterminate sources in recording various assets and liabilities.

The Group's principal accounting policies and assumptions have been applied consistently over the current and prior financial periods.

The Group has, however, where applicable adopted the following new and modified standards and interpretations, in response to changes to IFRS:

IAS 24 (revised) – Related Party Disclosure, IFRS 3 – Business Combinations/IAS 27 – Consolidated and Separate Financial Statements, IAS 1 – Presentation of Financial Statements, IFRS 7 – Financial Instruments: Disclosures, IAS 34 – Interim Financial Reporting, IFRIC 13 – Customer Royalty Programmes, IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding requirements and their Interaction, IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments and IFRIC 20 – IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine.

The adoption of the new and modified standards and interpretations has had no impact on the Group's results

	Reviewed six months ended 31 Aug 2011 R '000	Restated six months ended 31 Aug 2010 R '000	Audited 12 months ended 28 Feb 2011 R '000
<b>1. Other operating income</b>			
Net mobile revenue	1,730	5,261	11,053
Profit on disposal of loan advances	-	682	4,500
Net (loss)/profit on exchange differences	-5,719	18,996	32,457
Other	13,220	10,788	4,980
	<b>9,231</b>	<b>35,727</b>	<b>52,990</b>
<b>Net mobile revenue comprises:</b>	<b>1,730</b>	<b>5,261</b>	<b>11,053</b>
Gross mobile and related revenue	14,910	24,143	46,120
Subscriptions and cost of sales	-13,180	-18,882	-35,067
<b>Net (loss)/ profit on exchange differences comprises:</b>	<b>-5,719</b>	<b>18,996</b>	<b>32,457</b>
Profit on foreign exchange differences	20,175	39,812	81,951
Loss on foreign exchange differences*	-25,894	-20,816	-49,494

\* 'Loss on foreign exchange differences' was reclassified from 'Operating expenses' and offset on a net disclosure basis against 'Profit on foreign exchange differences' as a component of 'Other operating income'.

	Reviewed six months ended 31 Aug 2011 R '000	Audited 12 months ended 28 Feb 2011 R '000
<b>2. Loan advances to customers</b>		
Gross loan advances	1,426,918	1,167,122
Less: Deferred initiation fees	-43,010	-21,038
Less: Allowance for impairment of loan advances	-700,235	-601,506
	<b>683,673</b>	<b>544,578</b>
<b>Movement on allowance for impairment</b>		
Opening balance	-601,506	-281,236
Net charge for the period	-31,340	-49,280
Reinstatement of written-off loan advances	-69,635	-292,187
Foreign exchange movement	2,246	21,197
	<b>-700,235</b>	<b>-601,506</b>
<b>Analysis of gross loan advances by territory:</b>		
South Africa	825,913	681,759
Rest of Africa	601,005	485,363
	<b>1,426,918</b>	<b>1,167,122</b>
<b>Analysis of impairment on loan advances by territory:</b>		
South Africa	-557,845	-452,590
Rest of Africa	-142,390	-148,916
	<b>-700,235</b>	<b>-601,506</b>

### 3. Long-term liabilities

Contractual repayment profile of interest bearing debt

	Less than 1 Year	2-5 Years	+5 Years	Total
	R'000	R'000	R'000	R'000
31 Aug 2011	-140,963	-762,304	-17,931	-921,197
28 Feb 2011	-97,038	-748,237	-17,296	-862,571

Reviewed six months ended 31 Aug 2011	Audited 12 months ended 28 Feb 2011
R'000	R'000

The following related party balances were outstanding at the end of the reporting period:

Absa Bank Limited - cross currency swap	18,685	19,807
Nederlandse Financierings Maatschappij voor Ontwikkelingslanden N.V	174,614	169,818
Hlano Financial Services (Pty) Ltd	50,639	-

Reviewed six months ended 31 Aug 2011	Reviewed six months ended 31 Aug 2010	Audited 12 months ended 28 Feb 2011
R'000	R'000	R'000

#### 4. Reconciliation of headline earnings/(loss)

Earnings/(loss) attributable to ordinary equity holders of the parent entity	21,669	-157,882	-275,559
Non headline items:			
Net profit on disposal of non-current assets	-77	-226	-647
Impairment of non-current asset	1,500	-	-
Goodwill impairment	-	-	3,187
Intangible asset impairment	-	-	2,007
Settlement expense	-	-	13,000
Profit on disposal of subsidiary	-	-	-621
Headline earnings/(loss)	<b>23,092</b>	<b>-158,108</b>	<b>-258,633</b>
Number of ordinary shares in issue in millions	5,791.99	584.23	5,791.99
Weighted number of ordinary shares in issue in millions	5,791.99	584.00	931.35
Diluted weighted number of shares in issue in millions	5,803.82	627.90	943.18

### 5. Commitments and contingencies

#### Commitments

Blue Intercontinental Microfinance Bank Limited

In terms of the original shareholders agreement on the establishment of Blue Intercontinental Micro Finance Bank Limited in Nigeria, the Group had, subject to regulatory approval, an obligation to subscribe for US\$7.0 million in equity capital. In accordance with this commitment the Group had to date subscribed for US\$1.0 million in cash. Although the Group reached agreement with its fellow shareholder to reduce the remaining capital requirement for the Group to US\$1 million, a majority stake in the Group's fellow shareholder was however acquired by another financial institution subsequent to these discussions. This has caused the Group to enter into further discussions with the new effective fellow shareholder which discussions have not as yet been concluded.

#### Contingent liabilities

Various legal matters

There are certain potential claims against the Group, the outcome of which cannot at present be foreseen. The claims are not regarded as substantial either on an individual or Group basis considering their estimated probability of success and should not exceed R3.5 million (28 February 2011: R3.5 million; 2010: R5 million) in aggregate.

#### Taxation

The Group has considered all matters in dispute with the taxation authorities. Deferred taxation assets have only been recognised where it is probable that the Group will succeed in its position with the taxation authorities.

#### Warranty Claims

In terms of the Subscription Agreement concluded on 10 December 2010, the Group provided a number of warranties in favour of Mayibuye. Should the Group have breached any of these warranties during a period of up to 3 months in certain instances or up to 12 months in other instances after the Subscription Date and upon a final determination of the quantum of Mayibuye's claims, by a committee of its Board consisting only of directors who are independent of Mayibuye, or an order of court or arbitration award (Claim Amount), Mayibuye will be entitled to the issue of such number of Ordinary Shares which in aggregate would be equal to the value of the final assessed Claim Amount.

The minimum Claim Amount must exceed R5 million in aggregate and the maximum amount is capped at an amount equivalent to the Aggregate Subscription Consideration being R163 million. The foregoing maximum limitation does not apply in respect of a breach by the Group of the warranty contained in the Subscription Agreement pertaining to regulatory offences.

## NOTES

### 5. Commitments and contingencies (continued)

The Warranty Shares will be allotted and issued to Mayibuye at an issue price per Warranty Share equal to the 30-day VWAP per Ordinary Share as at 12:00 on the business day immediately preceding the date on which Mayibuye first notified the Company of the applicable claim in writing. Upon the allotment and issue of the Warranty Shares to Mayibuye, the obligation of the company to pay the Claim Amount shall be deemed to have been set off against Mayibuye's obligation to pay the subscription consideration for the Warranty Shares.

The event(s) that may give rise to a risk of warranty claims have been recorded in the prior year Group's financial statements and interim results. To the extent that the warranty claims are settled they will not have any impact on the Company's Income Statement or Net Asset Value.

A notification of warranty claims was received from Mayibuye on 9 and 10 March 2011. The following items, raised in the claim letters and subject to confirmation as described above, are based on the underlying amount of the claim event recorded in the financial statements at the reporting date:

- Pinebridge Global Emerging Markets Partners II, L.P. (Pinebridge) Agreement dated 27 October 2010 R44 million  
As result of a directive issued by the Central Bank of Nigeria, Pinebridge was required to transfer all of the shares acquired by it in the share capital of Blue Intercontinental Micro Finance Bank in Nigeria from the Group, back to the Group at the purchase price originally paid being US\$ 5 million plus interest thereon accruing at a rate of 8.5% per annum from the date the original sale agreement was concluded until the date of recapitalisation on 10 December 2010.

As a result of the restatement of the 2010 annual financial statements of the Group in respect of the financial year ended 28 February 2009, the number of shares allotted and issued to Pinebridge pursuant to the conversion of the Class C Preference Shares held by it was incorrect and consequently required the allotment and issue of an additional 22,731,279 Blue ordinary shares at 0.13c.

Pinebridge converted both these amounts into ordinary shares as part of the Groups early debt to equity conversion concluded on 25 February 2011.

#### - Taxation

The Group identified and recorded additional potential taxation obligations in the finalisation of its 2011 financial statements relating to charges levied on Group subsidiaries for shared services costs. R20 million  
The Group further continued to accrue for interest and penalties on all overdue taxes in its financial results. R17.5 million  
The Group is currently in discussions with various taxation authorities regarding the settlement of the Group taxation obligations.

- Lesotho Revenues R13 million

Following a High Court ruling in Lesotho, the Group was required to retrospectively reduce the interest rate charged to customers on loan advances.

- Other R23.3 million

### 6. Going concern:

The Group generated a net profit of R21.8 million for the period ended 31 August 2011, compared to a loss of R284.9 million for the full year ended 28 February 2011 and a loss of R168.2 million for the comparative period ended 31 August 2010.

The Group's return to profitability confirms the positive impact of the Group's turnaround strategy to date.

The Group's recapitalisation and Debt Rescheduling Agreement concluded in December 2010, the debt to equity conversion implemented in February 2011, and the turnaround strategy have laid the foundation for the Group to grow its net asset value of R65.9 million (2011: R58.1 million). The Debt Rescheduling Agreement together with the R300 million claim purchase agreement secured by the Group as part of the recapitalisation, provides access to liquidity to meet the current requirements of the Group.

As part of its turnaround plan, the Group has assessed the solvency and capital requirements of all its subsidiaries. The Group is in process of addressing any shortfalls in this regard by inter alia capitalising portions of the inter-group loan accounts between the various Group companies as well as injecting capital where required with a view to ensuring that all affected entities are suitably capitalised.

Loan advances have increased steadily from the R544.6 million at February 2011 to R683.7 million at 31 August 2011. The Group's continues to adopt a conservative approach to lending ensuring that impairment levels remain within the set targets by the Group. Included in the R 125.1 million cash utilised in operations is R 267.3 million that was employed in increasing loan advances, a positive step from which the group intends to keep extending loan advances in a controlled manner.

As described in the Note 8, the turnaround strategy has reached the halfway stage and the platform has been set to enable the Group to achieve sustainable profitability for the long term. Key to this is the ongoing management of operating costs, controlled growth in loan advances, sourcing of new funding for loan advances and settlement of pre-existing liabilities including dealing with funders not part of the debt rescheduling agreement.

The Group will continue to enhance all its business processes, internal controls and operational efficiencies.

The consolidated results have been prepared on a going concern basis.

## 7. Subsequent events:

No subsequent events were identified.

## 8. COMMENTARY ON THE RESULTS

### Nature of business:

The Group is an innovative pan-African financial services provider and the enabler of progress, upliftment and improvement in peoples' lives. The Group operates in the various jurisdictions as a registered bank, insurance company or micro finance provider. The main product lines are micro finance, business finance, housing finance, savings products, insurance and mobile.

During the period under review, the Group operated in 12 countries namely, Botswana, Ghana, Kenya, Lesotho, Malawi, Namibia, Nigeria, South Africa, Swaziland, Tanzania, Uganda and Zambia. The Group commenced operations in Ghana during February 2011. It has 219 branches and employed 1669 permanent staff and contract staff members at the reporting date.

As noted below, the Mayibuye Group acquired a majority stake in the Group on 10 December 2010, and is currently implementing a turnaround strategy. The turnaround strategy encompasses key improvements in business processes, systems, internal controls and governance that are required. These interim results and related commentary should therefore be read in context of this turnaround plan that is currently being implemented.

### Financial overview:

The Group generated a profit of R21.8 million for the period ended 31 August 2011 compared to a loss of R168.2 million for the comparable interim period. This translates into earnings per share of 0.38c and headline earnings per share of 0.40c compared to losses of 25.29c and 24.87c; respectively.

The 2012 interim financial results represent a significant improvement from those reported in 2011 and 2010.

The recapitalisation of the Group by Mayibuye and the commencement of the key phases to its turnaround strategy for the Group, have yielded positive and sustainable improvements in financial results and overall business fundamentals which provide the platform to return the Group to sustained profitability.

Pursuant to this turnaround strategy, the Group has inter alia:

- Increased its net asset value to R65.9 million from the R58.1 million at February 2011 and negative R205.8 million at 31 August 2010;
- Concluded a Debt Rescheduling Agreement with lenders to the Group comprising R746.3 million (86.5%) of the Group's total external funding obligations at the agreement date. This agreement allows for a three year stay on principal payments to lenders and remedies all related covenant breaches that existed;
- Successfully converted R274.0 million of debt to equity with shareholder approval to convert a further R50.0 million. The Group has benefitted from a reduced interest expense;
- Received a R300 million facility through a claims purchase agreement for loan advances as part of the Group's recapitalisation;
- Reduced operating expenses by R79.9 million (31.09%) from that reported in the comparable period.
- Achieved a reduction in the impairment charges on non-performing loan advances from that reported in the previous period due to focused collection efforts and improved credit scoring;
- Commenced active new lending totalling R267.3 million since March 2011. This represents a significant improvement against the full year production for the 2011 financial year which amounted to R280.7 million (90.45% improvement on an annualised basis);
- Reduced its taxation exposure emanating from past transactions by R12.1 million through a review of the underlying transactions giving rise to these exposures. This has positively impacted the taxation credit in the income statement reflected as R9.3 million (2011: R4.4 million charge).
- Reduced the extent of credit impairments on new lending due to improved credit policies; and
- Reduced the cash flow shortfall between the income from collections and that required to meet the Group's normal operating expenses and interest obligations. The elimination of this shortfall is key to ensuring that capital collected from customers is applied to advancing new loans.

In addition to the above there has been an overall improvement in the Group's operational process, governance, internal controls and business sophistication.

Loan advances have increased by 25.6% from R544.6 million in 2011 to R683.7 million at 31 August 2011. The sustained focus in reduction of operating costs, along with the cashflow made available through the Debt Rescheduling Agreement, Group recapitalisation and other funding facilities allowed for an increase in loan production and resultant loan book growth. The impact of a prudent approach to new lending is expected to be more evident in subsequent financial periods. The net impairment charge on loan advances and receivables has reduced following the focused collection efforts on the non-performing loans. The recovery of historically non-performing loans will remain a key component of the turnaround strategy until such time as the business growth and level of loan advances has reached the targetted levels. Credit impairments on gross loans and advances is 49.1% (2011: 51.5%). The Group is currently retaining its focus on government payroll deduction loans in all territories outside of South Africa where the historic credit impairments trends have been below 5%.

The Group has entered into a distribution relationship with an institution in Kenya which will see Blue increasing its distribution points in this market by a minimum of 400. The implementation is currently underway and the Group expects that these additional distribution points will be operational in November 2011. The impact of this expansion is expected to positively contribute to the Group's results in the 2013 financial year.

The Group continues to explore ways to minimise its exposure to fluctuations to foreign currencies which resulted in losses of R14.1 million on the translation of the financial results of the foreign subsidiaries during the reporting period. The Group is engaged with taxation authorities across all affected entities to address the outstanding tax obligations of the Group.

As reported in the Group's 2011 financial results, the board has launched an investigation which includes a review of the underlying reasons and causes of the restatements to its financial results in prior years. Although the investigation has already provided certain conclusions, the investigation is ongoing. The Group remains committed to providing its full co-operation to all relevant authorities regarding the findings.

## FORWARD LOOKING STATEMENT

The successful recapitalisation of the Group and turnaround strategy provides the impetus to grow the business and return it to sustainable profitability for the long term. The execution of the turnaround strategy was formulated over an 18 month period with these interim results reflecting the impact thereof after only the first 9 months. The turnaround strategy is on track and the board is confident that these actions will sustain the Group's return to profitability. The Group remains well positioned to benefit from its market position, distribution, brand and products on the continent.

**CHANGE TO THE BOARD OF DIRECTORS**

There were no changes to the board of directors for the period under review.

**DIVIDENDS**

No dividend has been declared for the period under review.

**REVIEW CONCLUSION**

The accompanying financial information of the Group up to and including note 8 has been reviewed by the Group's independent auditors, Deloitte & Touche. An unqualified review conclusion has been issued, however an emphasis of matter was added to the review conclusion expressed on the accompanying financial information as follows:

"We draw attention to the condensed consolidated financial statements which indicate that the Group realised a net profit of R21.8 million (28 February 2010: R284.9 million loss) for the period ended 31 August 2011, and to note 6 of the notes to the condensed financial information which detail the progress made on the Group's turnaround strategy and the actions taken, and still required, in maintaining sustainable profitability and to ensure its ongoing liquidity and solvency. Our opinion is not qualified in respect of this matter."

The full review opinion is available for inspection at Blue's registered office.

**Forward looking statement**

This announcement contains certain forward-looking statements with respect to the financial condition and results of operations of Blue Financial Services Limited and its group companies, which by their nature involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. Any forward-looking statement included in this announcement has not been reviewed or reported on by the Group's independent auditors.

**Preparer of financial statements**

These condensed consolidated financial statements have been prepared under the supervision of GP Oosthuizen CA(SA).

**For and on behalf of the Board**

J Meiring  
Chief Executive Officer

S Strydom  
Chief Financial Officer

31 October 2011

**Directors:**

J Meiring (CEO); S Strydom (CFO); S Twala \*(Chairman); R Emslie \*(Deputy Chairman); A Ber\*; A Couloubis\*; RM Mashishi\*; L Fine\*; T Till\*; MG Meehan\*; and J French\*#

\*non-executive # United States of America ^independent

**Registered Office:**

Mayibuye Place  
355 Kent Avenue  
Randburg  
PO Box 2731, Randburg, 2125

**Auditors:**

Deloitte & Touche

**Designated Advisor:**

Grindrod Bank Limited

**Transfer Secretaries:**

Link Market Services South Africa (Pty) Ltd, 13th floor Rennie House, 19 Ameshoff Street Braamfontein.  
(PO Box 4844, Johannesburg, 2000)

**Company Secretary:**

E Waldeck, Mayibuye Place  
355 Kent Avenue, Randburg  
elisew@blue.co.za Tel: (012) 990 4300