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Financial results

This interim financial report has not been reviewed or audited by the Group's auditors.

Reclassification adjustment

Where necessary, August comparative information has been adjusted to conform with changes in presentation affected to the 28 February 2009 annual report. The following changes were made to comparative amounts:

- Trade and other receivables amounting to R400 000 have been reclassified as available-for-sale financial assets. This amount represents a loan to National Money Transfer (Pty) Limited and is considered to be part of the investment.
- Certain amounts have been reclassified out of revenue and operating expenses to cost of services rendered in the income statement.

| | Unaudited 31 Aug 09 | Unaudited 31 Aug 08 | Audited 28 Feb 09 |
|---------------------------------------|------------------------|------------------------|----------------------|
| | R000 | R000 | R000 |
| 1. Trade and other receivables | | | |
| Trade debtors, net of impairment | 14 212 | 18 830 | 14 023 |
| Incentive receivables | 10 400 | - | 5 944 |
| Sundry debtors | 1 985 | 795 | 1 934 |
| | <u>26 597</u> | <u>19 625</u> | <u>21 901</u> |

2. Non-current assets held for sale and discontinued operations

The Group's investment in associate, Afropulse 366 (Pty) Limited, was sold for its carrying amount as at 1 March 2009.

The assets, performance and cash flows associated with these discontinued operations are summarised below.

| | Unaudited 31 Aug 09 | Unaudited 31 Aug 08 | Audited 28 Feb 09 |
|----------------------------------|------------------------|------------------------|----------------------|
| | R000 | R000 | R000 |
| Non-current assets held for sale | | | |
| Investment in associate | - | - | 10 000 |

Analysis of the results of discontinued operations

| | | | |
|--|-------------|----------------|----------------|
| Revenue | - | - | 1 279 |
| Impairment of carrying value of associate | - | (1 144) | (1 486) |
| Equity-accounted profits/(losses) of associates | - | - | (1 244) |
| Investment income | - | - | 222 |
| Finance costs | - | - | (100) |
| Administrative expenses | (12) | - | (3 204) |
| Net loss before tax | (12) | (1 144) | (4 533) |
| Tax | - | 49 | 51 |
| Loss for the period from discontinued operations | <u>(12)</u> | <u>(1 095)</u> | <u>(4 482)</u> |

Cash flows associated with discontinued operations

| | | | |
|----------------------|----------|----------|----------------|
| Operating cash flows | - | - | (802) |
| Investing cash flows | - | - | (1 362) |
| Financing cash flows | - | - | 532 |
| | <u>-</u> | <u>-</u> | <u>(1 632)</u> |

| | Unaudited 31 Aug 09 | Unaudited 31 Aug 08 | Audited 28 Feb 09 |
|--|------------------------|------------------------|----------------------|
| | R000 | R000 | R000 |
| 3. Notes to the statement of cash flow | | | |
| 3.1 Cash generated by operations | | | |
| Profit before tax, including discontinued operations | 6 545 | 9 529 | 18 111 |
| Non-cash adjustments | 543 | 2 245 | 4 173 |
| Working capital changes: | | | |
| Work in progress | 518 | (350) | (585) |
| Trade and other receivables | (4 700) | (3 726) | (1 313) |
| Trade and other payables | (2 691) | (1 624) | (6 698) |
| | <u>215</u> | <u>6 074</u> | <u>13 688</u> |

HEADLINE EARNINGS, DIVIDEND AND NET ASSET VALUE PER SHARE

| | Unaudited 31 Aug 09 | Unaudited 31 Aug 08 | Audited 28 Feb 09 |
|--|------------------------|------------------------|----------------------|
| | Cents | Cents | Cents |

| | | | |
|---|-------------|-------------|-------------|
| Headline and diluted earnings per share | | | |
| Headline earnings per share from continuing operations | 16.8 | 23.7 | 56.4 |
| Headline earnings per share from discontinuing operations | - | (3.3) | (6.0) |
| Total headline earnings per share | <u>16.8</u> | <u>20.4</u> | <u>50.4</u> |

Dividend per share

| | | | |
|--------------------------|------------|-------------|-------------|
| Interim | 8.0 | 11.0 | 11.0 |
| Final | - | - | 14.0 |
| Total dividend per share | <u>8.0</u> | <u>11.0</u> | <u>25.0</u> |

| | | | |
|--|--------|--------|--------|
| Number of ordinary shares in thousands (weighted and issued) | 27 979 | 28 085 | 27 979 |
|--|--------|--------|--------|

| | R000 | R000 | R000 |
|---|-------|---------|---------|
| Headline earnings reconciliation | | | |
| Continuing operations | 4 689 | 6 628 | 14 478 |
| Discontinued operations | (12) | (1 095) | (4 432) |

| | | | |
|--|--------------|--------------|---------------|
| Basic earnings attributable to ordinary shareholders | 4 677 | 5 533 | 10 046 |
| Loss/(profit) on disposal of property, plant and equipment | 29 | (10) | 31 |
| Impairment of goodwill | - | 163 | 3 935 |
| Impairment of investments | - | 181 | - |
| Profit on disposal of investments | - | (129) | (186) |
| Impairment of intangible assets | - | - | 460 |
| Share of associate revaluation of investment property | - | - | (181) |
| Continuing operations | 4 718 | 6 653 | 15 788 |
| Discontinued operations | (12) | (915) | (1 683) |
| Headline earnings | <u>4 706</u> | <u>5 738</u> | <u>14 105</u> |

Net asset value per ordinary share

| | | | |
|-------------------------|-------|-------|-------|
| Total assets (cents) | 470.8 | 460.4 | 468.2 |
| Tangible assets (cents) | 116.4 | 118.6 | 115.8 |

SEGMENT REPORT

The Group has four reportable segments:

Investment incentives

Include consulting services aimed at enabling clients to obtain the maximum benefits and refunds from Government and Department of Trade and Industry (DTI) incentive programmes.

Global trade services

Offer import and export business solutions, process automation, customs consulting, rebate administration, interest rate and foreign currency risk management.

Business development

Provides management systems implementation, SME development and business process automation.

Verification services

Conduct quality assurance, VAT and customs audits, verify BEE compliance and provide critical certification to qualifying companies.

| | Segment revenue – internal | Segment revenue – external | Segment profit before taxation | Segment assets |
|--|----------------------------------|----------------------------------|---|-------------------|
| | R000 | R000 | R000 | R000 |
| Operating segments | | | | |
| For the period ended 31 August 2009 – unaudited | | | | |
| Investment incentives | 180 | 15 831 | 6 006 | 18 999 |
| Global trade services | - | 12 225 | 4 754 | 21 630 |
| Business development | 366 | 5 516 | (1 218) | 11 509 |
| Verification services | - | 1 393 | (883) | 1 493 |
| Total | <u>546</u> | <u>34 965</u> | <u>8 659</u> | <u>53 631</u> |

| | | | | |
|--|----------|---------------|--------------|---------------|
| For the period ended 31 August 2008 – unaudited | | | | |
| Investment incentives | - | 15 165 | 6 550 | 12 373 |
| Global trade services | - | 14 435 | 4 410 | 13 392 |
| Business development | - | 4 472 | (1 315) | 17 634 |
| Verification services | - | 1 861 | 113 | 1 832 |
| Total | <u>-</u> | <u>35 933</u> | <u>9 758</u> | <u>45 231</u> |

| | | | | |
|--|--------------|---------------|---------------|---------------|
| For the period ended 28 February 2009 – audited | | | | |
| Investment incentives | 179 | 32 621 | 14 444 | 17 162 |
| Global trade services | - | 31 095 | 12 076 | 17 134 |
| Business development | 1 056 | 12 325 | (3 496) | 8 856 |
| Verification services | - | 5 277 | (10) | 1 926 |
| Total | <u>1 235</u> | <u>81 318</u> | <u>23 014</u> | <u>45 078</u> |

| | Unaudited 31 Aug 09 | Unaudited 31 Aug 08 | Audited 29 Feb 09 |
|--|------------------------|------------------------|----------------------|
| | R000 | R000 | R000 |
| Reconciliation of segment profit | | | |
| Total profit before tax for reportable segments | 8 659 | 9 758 | 23 014 |
| Unallocated profits/(losses) | 3 195 | (327) | 17 720 |
| Elimination of intersegment profits | (5 309) | 98 | (22 623) |
| Discontinued operations disclosed separately | 12 | 1 144 | 4 533 |
| Group profit before tax as per statement of comprehensive income | <u>6 557</u> | <u>10 673</u> | <u>22 644</u> |

Transactions with individual clients did not amount to 10% or more of the Group's total revenue.

8 October 2009
Designated Advisor
PSG Capital (Pty) Limited

DIVIDENDS

The directors of IQuad are pleased to announce that they declared a dividend of 8 cents per share on 7 October 2009 and wish to ensure that shareholders receive payment thereof as expeditiously as possible in terms of the JSE Listings requirements.

The salient dates for the payment of this dividend are set out below:

| | |
|--------------------------------|-------------------------|
| Last day to trade cum-dividend | Friday, 23 October 2009 |
| Trading ex-dividend commences | Monday, 26 October 2009 |
| Record date | Friday, 30 October 2009 |
| Payment date | Monday, 2 November 2009 |

Share certificates may not be dematerialised or rematerialised between Monday, 26 October 2009 and Friday, 30 October 2009, both days included.

www.iquad.co.za

UNAUDITED
ABRIDGED
INTERIM
RESULTS

for the period ended 31 August 2009



IQuad Group Limited

(Incorporated in the Republic of South Africa)
 Registration number: 2004/025177/06
 Share code: IQG
 ISIN: ZAE000101622
 ("IQuad" or "the Company" or "the Group")

UNAUDITED ABRIDGED INTERIM RESULTS FOR THE PERIOD ENDED 31 AUGUST 2009**General comments and prospects**

Income from our core businesses during the six months under review has been under pressure due largely to uncontrollable macro factors, but we have managed to offset this reduction in earnings to some extent by accruing new clients and gaining market share. As in previous years, due to seasonal factors, we expect performance in the second half to exceed that of the six months under review.

While we believe that the economic environment is stabilising, we do not anticipate a significant recovery of the general market over the next six months.

Organic growth prospects

Over the past six months market share across all key areas of our business has increased. We will continue to focus on client retention and the development of existing and new strategic alliances to gain further market share. Our cross-selling initiatives are also bearing fruit and we expect this trend to continue.

Acquisitive growth prospects

No material acquisitions were made in the past six months as we have focused on consolidating market dominance in our niche business areas. We remain mindful of considering only acquisitions that will add meaningfully to our earnings per share. Our focus on this growth area will increase in the coming months as we believe current market conditions are favourable to adding value through acquisitions.

We have specific goals to expand our exposure in Gauteng through organic and acquisitive growth and will be strengthening our marketing resources in this area.

DIVISIONAL/SEGMENT REPORT**Investment Incentives**

Incentives benefited from improved claims processing by the Department of Trade & Industry (DTI) related to the Small Medium Enterprise Development Programme (SMEDP) in the latter part of the period. Although revenue has increased by 10% when compared with the comparative period, the division has not performed as expected.

There has been a slower than expected uptake of the new Enterprise Investment Programme (EIP), largely due to depressed investor sentiment, but we are satisfied with the 95 projects secured during the period. We expect uptake of EIP to accelerate as investor confidence increases.

We look forward to evaluating opportunities related to the launch of two new investment incentives, namely the Automotive Investment Scheme (AIS) and an additional wear and tear allowance under S121 of the Income Tax Act for Industrial Policy Projects.

As a result of the economic slowdown there has been a decline in our income from the administration of the Motor Industry Development Programme (MIDP), and we do not expect any significant improvement over the next six months. Income from this programme lags the actual market by approximately six months. However, some of the negative impact experienced has been offset by the accrual of new clients for MIDP administration and Import Rebate Credit Certificate (IRCC) trading.

Global trade services

The general downturn in global trade activity as well as the recent strength in the Rand has had a negative impact on earnings as most of our fees are based on Rand turnover.

We have however managed to counter a reduction in earnings through our aggressive marketing efforts over the last six months, which has resulted in building up a sizeable

pipeline of new clients, particularly in terms of duty optimisation services. We believe that the global trend to trade protectionism will create further opportunities in this area of our business.

We are pleased to have finalised a joint-venture agreement with International Trade Institute Southern Africa (ITRISA) in a new training venture. We intend using our joint skills and resources to expand our network of clients and strategic alliances, thereby further enhancing the Group's reputation of providing value-adding services.

Audit and verification

Our BEE Verification business became one of 22 accredited agencies in April this year, stimulating the demand for verification certificates to the extent that new contracts signed during the period has increased by more than 70% year on year.

In response to the increasing demand, we will continue to invest in capacity. We expect demand to accelerate when Government implements the Preferential Procurement Policy, which will compel companies to become verified should they want to do business with Government directly or indirectly. Investment in our national infrastructure remains a priority, further enhancing our status as the only agency with a national footprint.

Business development

The recent merger of the Umsobomvu Youth Fund (UYF) and the National Youth Council, into the National Youth Development Agency, has resulted in funding problems for its programmes, causing a substantial reduction in the issue of service vouchers for budding entrepreneurs. This has resulted in a sudden and unexpected reduction in opportunities to provide services to entrepreneurs in terms of these programmes.

To counter this challenge, more emphasis is being placed on opportunities related to Government's broad-based BEE objectives of developing black entrepreneurs and upskilling those who were previously disadvantaged. An increasing number of corporates in South Africa are being pressured to focus on the enterprise development and skills development elements of BBBEE compliance, affording us the opportunity to assist them in achieving their required BBBEE status.

SUSTAINABILITY**Market share**

Due to the slower market conditions we intensified our marketing efforts and we have succeeded in retaining existing clients and acquiring new clients across all business segments. We will continue with this strategy to grow market share.

Cash flow

The Group's ability to generate cash has continued to be strong. Cash generated from operations, before working capital changes amounts to R7.16 million. The increase in working capital relates mainly (R4.5 million) to an increase in Incentive receivables. Incentive receivables are tradable assets consumed in the Group's normal business activities.

Our cash position could be further enhanced should we succeed in selling a part or the whole of our interest in IQuad Property Investment (Pty) Limited. Our BEE partners in this venture have not to date been able to fund their portion of the capital investment. They are, however, likely to be in a position to contribute a portion of their commitment in the near term.

Human resources

We have over the past six months managed to redeploy resources from areas with excess capacity, thereby retaining our skilled and experienced employees which will stand us in good stead when the market recovers.

For and on behalf of the board


 Trevor Hayter
 Chief Executive Officer


 Frans Botha
 Financial Director

CONDENSED STATEMENT OF FINANCIAL POSITION

| | Unaudited 31 Aug 09 | Unaudited 31 Aug 08 | Audited 28 Feb 09 |
|--|------------------------|------------------------|----------------------|
| | Notes | R000 | R000 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 141 368 | 114 110 |
| Goodwill | | 37 668 | 2 313 |
| Intangible assets | | 95 746 | 95 711 |
| Investments in associates | | 3 429 | 277 |
| Available-for-sale financial assets | | 391 | 13 522 |
| Deferred tax assets | | 401 | 401 |
| | | 3 733 | 1 886 |
| Current assets | | | |
| Work in progress | | 34 247 | 43 878 |
| Current tax assets | | 3 565 | 3 848 |
| Amount owing by associates | | – | – |
| Trade and other receivables | 1 | 131 | 17 866 |
| Loan receivable | | 26 597 | 19 625 |
| Cash and cash equivalents | | 1 404 | – |
| | | 2 550 | 2 539 |
| Non-current asset held for sale | 2 | – | – |
| | | – | 10 000 |
| Total assets | | 175 615 | 157 988 |
| EQUITY AND LIABILITIES | | | |
| Equity and reserves | | | |
| Issued ordinary capital | | 136 296 | 132 142 |
| Foreign currency translation reserve | | 103 867 | 103 810 |
| Accumulated profits | | 30 | (168) |
| Attributable to equity shareholders of the Company | | 27 832 | 25 663 |
| Minority interest | | 131 729 | 129 305 |
| | | 4 567 | 5 124 |
| Non-current liabilities | | | |
| Operating lease liabilities | | 20 083 | – |
| Deferred tax liabilities | | 476 | – |
| Borrowings | | 702 | – |
| | | 18 905 | – |
| Current liabilities | | | |
| Current tax liabilities | | 19 236 | 25 846 |
| Trade and other payables | | 2 691 | 2 874 |
| Provisions | | 8 195 | 13 261 |
| Borrowings | | 373 | 498 |
| Dividend payable | | 7 977 | 9 213 |
| | | – | – |
| | | – | 572 |
| Total equity and liabilities | | 175 615 | 157 988 |

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

| | Unaudited 31 Aug 09 | Unaudited 31 Aug 08 | Audited 28 Feb 09 |
|--|------------------------|------------------------|----------------------|
| | R000 | R000 | R000 |
| Continuing operations | | | |
| Revenue | 35 142 | 35 366 | 80 051 |
| Cost of services rendered | (16 266) | (16 205) | (36 974) |
| Gross profit | 18 876 | 19 161 | 43 077 |
| Other operating income | 476 | 596 | 125 |
| Administrative expenses | (12 831) | (10 789) | (23 598) |
| Operating profit | 6 521 | 8 968 | 19 604 |
| Investment income | 1 243 | 2 221 | 4 417 |
| Share of profits/(losses) of associates | (36) | (147) | 44 |
| Finance costs | (1 171) | (369) | (1 421) |
| Profit before taxation | 6 557 | 10 673 | 22 644 |
| Taxation | (2 425) | (4 271) | (8 074) |
| Profit for the period from continuing operations | 4 132 | 6 402 | 14 570 |
| Discontinued operations | | | |
| Loss for the period from discontinued operations | (12) | (1 095) | (4 482) |
| Profit for the period | 4 120 | 5 307 | 10 088 |
| Other comprehensive income: | | | |
| Exchange differences on translation of foreign operation | – | – | 338 |
| Income tax thereon | – | – | – |
| Total comprehensive income for the period, net of tax | 4 120 | 5 307 | 10 426 |
| Profit attributable to: | | | |
| Minority interest | (557) | (226) | 42 |
| Owners of the parent | 4 677 | 5 533 | 10 046 |
| | 4 120 | 5 307 | 10 088 |
| Total comprehensive income attributable to: | | | |
| Minority interest | (557) | (226) | 182 |
| Owners of the parent | 4 677 | 5 533 | 10 244 |
| | 4 120 | 5 307 | 10 426 |
| Basic and diluted earnings per ordinary share (cents) | | | |
| Continuing operations | 16.8 | 23.6 | 51.7 |
| Discontinued operations | – | (3.9) | (15.8) |
| Total basic earnings per share | 16.8 | 19.7 | 35.9 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Owners of the parent R000 | Minority interests R000 | Total equity R000 |
|--|------------------------------|----------------------------|----------------------|
| Balance at 1 March 2008 – audited | 126 410 | 3 887 | 130 297 |
| Treasury shares utilised in business combinations | 2 979 | – | 2 979 |
| Total comprehensive income for the period | 5 533 | (226) | 5 307 |
| Dividends | (5 617) | (1 794) | (7 411) |
| Increase in minority interest on business combinations | – | 970 | 970 |
| Balance at 31 August 2008 – unaudited | 129 305 | 2 837 | 132 142 |
| Total comprehensive income for the period | 4 711 | 408 | 5 119 |
| Dividends | (3 089) | (572) | (3 661) |
| Treasury shares | 57 | – | 57 |
| Increase in minority interest on business combinations | – | 2 451 | 2 451 |
| Balance 1 March 2009 – audited | 130 984 | 5 124 | 136 108 |
| Total comprehensive income for the period | 4 677 | (557) | 4 120 |
| Dividends | (3 932) | – | (3 932) |
| Balance 31 August 2009 – unaudited | 131 729 | 4 567 | 136 296 |

CONDENSED STATEMENT OF CASH FLOWS

| | Unaudited 31 Aug 09 | Unaudited 31 Aug 08 | Audited 28 Feb 09 |
|---|------------------------|------------------------|----------------------|
| | Notes | R000 | R000 |
| Cash flows from operating activities | | (2 746) | 4 407 |
| Cash generated from operations | 3.1 | 215 | 6 074 |
| Investment income | | 1 243 | 2 221 |
| Finance costs | | (1 171) | (369) |
| Taxation paid | | (3 033) | (3 519) |
| Cash flows from investing activities | | 2 057 | (6 586) |
| Acquisition of property, plant and equipment | | (6 710) | (1 099) |
| Proceeds on disposal of property, plant and equipment | | – | – |
| Acquisition of intangible assets | | (683) | – |
| Proceeds on disposal of intangible assets | | – | – |
| Proceeds on disposal of associate | | – | – |
| Proceeds on disposal of non-current asset held for sale | | 9 450 | – |
| Investment in subsidiaries | | – | (5 487) |
| Investment in associate | | – | – |
| Cash flows from financing activities | | 2 577 | (20 910) |
| Minority shareholders' loans advanced | | – | (521) |
| Amounts advanced to associate | | (46) | – |
| Amounts received from associate | | – | – |
| Loans receivable advanced | | (741) | (12 978) |
| Loans payable advanced | | 7 868 | – |
| Dividends paid | | (4 504) | (7 411) |
| Increase/(decrease) in cash and cash equivalents | | 1 888 | (23 089) |
| Cash and cash equivalents at beginning of period | | (7 285) | 16 415 |
| Cash and cash equivalents at end of period | | (5 397) | (7 285) |

SELECTED EXPLANATORY NOTES**Basis of preparation and accounting policies**

This interim financial report has been compiled in accordance with International Financial Reporting Standards (IFRS) and complies with IAS 34: Interim Financial Reporting.

The accounting policies and critical accounting estimates and judgements applied to these financial statements are consistent with those applied for the year ended 28 February 2009.

Registered office: 56 Mangold Street, Newton Park, Port Elizabeth, 6045
Directors: TB Hayter (CEO), A da Costa (Chairman)*, DM Edwards, FJ Botha, ZL Combi*, M Shaik Amod*, F Swart#, S Totarem# # Non-executive * Independent
Transfer secretaries: Computershare Investor Services (Pty) Ltd **Designated advisor:** PSG Capital (Pty) Ltd