

IQuad Group Limited  
Registration Number 2004/025177/06)  
Share Code: IQG ISIN: ZAE000101622  
(IQuad or the Company)

Change statement, audited abridged reports and notice of Annual  
General Meeting

1. Change statement

Shareholders are advised that the Annual Report will be posted to shareholders on 2 June 2008. This report contains the audited abridged annual financial statements for the year ended 29 February 2008 and contains certain modifications, as indicated in the notes, to the preliminary report which was published on 27 March 2008.

2. Audited condensed reports

Condensed income statement for the year ended 29 February 2008

	2008 Audited R'000	2007 Audited R'000
Revenue	62,353	47,636
Operating profit	24,049	18,607
Profit before taxation	25,019	18,009
Taxation	7,797	4,459
Profit after taxation	17,222	13,550
Attributable to:		
Minority shareholders	305	716
Equity shareholders of the company	16,917	12,834
Basic earnings per share (cents)	65.5	56.1
Headline earnings per share (cents)	65.5	56.0
Reconciliation of Basic and headline earnings		
Basic earnings	16,917	12,834
Profit on disposal of property, plant and equipment	(5)	(12)
Impairment of property, plant and equipment	7	-
Headline earnings	16,919	12,822
Dividends per share(cents)		
Interim	10.0	9.0
Final (Proposed)	20.0	11.0
Total	30.0	20.0
Number of shares: (excl treasury shares)(`000)		
In issue	27,396	22,937
Weighted average	25,842	22,872

Condensed balance sheet as at 29 February 2008

		2008 Audited R'000	2007 Audited R'000
	Notes		
Assets			
Non-current assets	1	111,785	88,643
Current assets	2	36,900	17,055
Total assets		148,685	105,698
Equity and liabilities			
Equity and reserves	3	130,297	90,705
Non-current liabilities	4	300	42
Current liabilities	5	18,088	14,951
Total equity and liabilities		148,685	105,698

Net asset value per share (cents)	461.4	391.7
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Net tangible asset value per share (cents)	128.2	8.7
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Condensed cash flow statement as at 29 February 2008

		2008	2007
		Audited	Audited
	Notes	R'000	R'000
Cash flows from operating activities	6	10,841	6,364
Cash flows from investing activities	7	(23,931)	2,300
Cash flows from financing activities	8	22,598	(5,469)
Increase in cash and cash equivalents		9,518	3,195
Cash and cash equivalents at the beginning of the year		6,897	3,702
Cash and cash equivalents at the end of the year		16,415	6,897

Condensed statement of changes in equity for the year ended 29 February 2008

	Notes	Attributable ordinary shareholders R'000	Minority share-holders R'000	Total Equity R'000
Balance at 1 March 2006				
- Audited	9	23,709	298	24,007
Net profit for the year		12,834	716	13,550
Issue of share capital	10	55,384	-	55,384
Dividends		(2,064)	(118)	(2,182)
Decrease in minority interest on business combinations		-	(54)	(54)
Balance at 1 March 2007				
- Audited	11	89,863	842	90,705
Net profit for the year		16,917	305	17,222
Foreign exchange difference		(168)	(263)	(431)
Total income and		16,749	42	16,791

expenses recognised				
Issue of share capital	12	33,668	-	33,668
Treasury shares		(3,584)	-	(3,584)
Share buy-back		(4,605)	-	(4,605)
Dividends		(5,681)	(500)	(6,181)
Increase in minority interest on business combinations	13	-	3,503	3,503
Balance at 29 February 2008				
- Audited	14	126,410	3,887	130,297

### 3. Notes to modifications

The changes relate to the re-classification of certain balance sheet and cash flow items and did not result in any change to total assets or total liabilities. The changes can best be illustrated as follows:

Reference	Line item	Previous R'000	Modified R'000	Variance R'000
1	Non-current assets	111,898	111,785	(113)
2	Current assets	36,787	36,900	113
3	Equity and reserves	127,105	130,297	3,192
4	Non-current liabilities	3,562	300	(3,262)
5	Current liabilities	18,018	18,088	70
6	Cash flows from operating activities	16,493	10,841	(5,652)
7	Cash flows from investing activities	(30,242)	(23,931)	6,311
8	Cash flows from financing activities	23,267	22,598	(669)
9	Balance at 1 March 2006	24,008	24,007	(1)
10	Issue of share capital	55,385	55,384	(1)
11	Balance at 1 March 2007	90,707	90,705	(2)

12	Issue of share capital	33,667	33,668	1
13	Increase in minority interest on business combination	310	3,503	3,193
14	Balance at 29 February 2008	127,105	130,297	3,192

Item 1 and 2 is the re-classification of a loan to an associate company from non-current assets to current assets. Item 3, 4, 5, 13 and 14 relates to the re-classification of loans from minority shareholders to equity and current liabilities. Changes to the cash flow, items 6, 7 and 8 are a result of the reclassifications in the balance sheet and further reallocation of cashflows.

#### 4. Basis of preparation and accounting policies

These audited abridged annual financial statements have been compiled in accordance with International Financial Reporting Standards (IFRS), and the disclosure requirements in terms of IAS 34. 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 2007, unless stated otherwise.

The unmodified audit reports of PKF (PE) Inc on the annual financial statements for the year ended 29 February 2008 and the audited abridged annual financial statements contained herein are available for inspection at the registered office of the Company.

#### 5. Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of the members of the Company will be held at 15 Mangold Street Port Elizabeth, on 26 June 2008 at 11h00, to transact the business as stated in the Notice of the Annual General Meeting which is included as part of the Annual Report released today.

#### 6. Selected explanatory notes:

##### Share capital

On 8 August 2007 the Company issued 6 000 000 ordinary shares of R0,0001 each. The issue was by way of a private placement. The total premium on the share issue, less share issue expenses, amounted to R33 667 284.

During the period August to October 2007 the company repurchased 852,616 of its own shares. These shares were subsequently delisted and cancelled.

#### Material subsequent events

On 1 March 2008 the company purchased a 60% interest in Entrepreneurs Survival Solutions (Pty) Ltd (ESS). The acquisition was done by way of a subscription for shares (13%) and by way of a sale of share (47%) from the existing shareholders. The total consideration payable is R7,8 million. The transaction is subject to certain conditions being met in respect of the audited annual financial statements for the year ended 29 February 2008, which at the date of publication of this report had not yet been finalised.

#### Property, plant and equipment

During the current period, property was acquired at a cost of R4,8 million which has been partly financed by an Absa bond and the balance by the Company's cash resources.

#### Inventory

During the year the Group adopted a new accounting policy for the measurement of work in progress. The Group has implemented a new customer management system, which enables management to measure the extent of deferred cost.

#### Dividends

The directors of IQuad are pleased to announce that they have declared a final dividend of 20 cents per share (interim 10 cents) on 27 March 2008. The final dividend was paid on 21 April 2008 with a record date of 18 April 2008.

#### Segment report

The Group is divided into four main operational segments:

- Investment Incentives
- Global Trade Services (previously Treasury Risk Management)
- Business Development (previously Business Optimisation)
- Verification Services

	Segment revenue	Segment profit before taxation	Segment assets
Segment reports:	R'000	R'000	R'000
For the period ended 29 February 2008			
Investment incentives	34,787	16,632	17,569

Global trade services	20,473	6,378	19,028
Business development	1,226	(611)	13,924
Verification services	5,867	2,887	4,774
	62,353	25,286	55,295

For the period ended 28  
February 2007

Investment incentives	26,478	11,234	13,112
Global trade services	17,915	6,618	10,494
Business development	813	9	500
Verification services	2,430	1,117	2,209
	47,636	18,978	26,315

29 Feb 08      28 Feb 07

Reconciliation of segment  
profit

		R'000	R'000
Total segment profit before taxation		25,286	18,978
Unallocated losses		(267)	(979)
Net profit before taxation		25,019	18,009

Note: The segment report as published in the SENS announcement on 27 March 2008, disclosed the holding company as a separate segment. This segment has been removed in the audited annual financial statements. We believe the segment information presented above is more informative and aligned to management reporting. The segment revenue for the holding company as previously reported was (R'000): Segment revenue- internal customers 5,260 ; Segment profit before taxation 16,215; Segment assets 121,151.

The Group has changed the composition of its reportable segments to correspond with the change in internal management reporting segments. Previously the investment incentives, business development and verification services segments were grouped together as a single segment, namely 'consulting'. The comparative information has been restated.

Related party transactions

The following transactions were carried out with related parties during the year:

	2008	2007
	R'000	R'000
Consulting fee income - associates	885	-
Management fee expense - major shareholder	101	180

Other operating expenses - associates	122	-
Other operating expenses - related party of key personnel	17	-

#### Business combinations

During the year the Group acquired a controlling interest in a number of companies as follows:

On 1 March 2007 the Group acquired 74.9% of the issued shares of IQuad Global Finance Solutions (Pty) Ltd for R90 cash. On the same day IQuad Global Finance Solutions (Pty) Ltd acquired 57.5% of the issued shares in Forex Management Specialists (Pty) Ltd, a company registered in Australia, for R13,481 cash. Goodwill on this transaction is attributable to the expertise and skills in the company already proven valuable in South Africa.

On 1 March 2007 the Group acquired the remaining 40% minority interest of an existing subsidiary, namely Indevco Business Consultants (Human Capital) (Pty) Ltd, for a cash consideration of R131,243. The purchase consideration was provisionally determined and will be finalised once the financial statements of the company are approved. Goodwill that arose is attributable to the potential revenue earning ability of the company.

On 1 May the Group acquired a 94,9% interest in the issued shares of IQuad Technologies (Pty) Ltd for R9,318,610 in cash. IQuad Technologies (Pty) Ltd owns a 30% interest in Global Vision Information Technology (Pty) Ltd. An amount of goodwill arose on the transaction which can be attributed to the support offered by Iquad Technologies (Pty) Ltd to the Group.

On 1 January 2008, the Group purchased a 50% controlling interest in IDEC Consulting Services (Pty) Ltd for a cash consideration of R2,640,422. Goodwill arose as a result of the increased national footprint which the transaction enabled.

The book and fair values of the net assets acquired, the consideration paid and goodwill arising on these transactions were:

	IDEDEC Consulting Services (Pty) Ltd R'000	IQuad Techno- logies (Pty) Ltd R'000	Other R'000	Total R'000
Property plant and equipment	58	-	217	275
Intangible assets	-	-	158	158
Investments in associates	-	9,809	80	9,889
Trade and other receivables	58	-	1,590	1,648
Cash and cash equivalents	412	-	49	461
Minority interest (Note)	-	(500)	(2,118)	(2,618)
Long-term liabilities	(528)	-	-	(528)
Trade and other payables	-	-	(234)	(234)
Net assets acquired	-	9,309	(258)	9,051
Goodwill	2,640	10	403	3,053
Purchase consideration	2,640	9,319	145	12,104
Cash and cash equivalents	(411)	-	(50)	(461)
Cash out/(in)flow on acquisition	2,229	9,319	95	11,643

The following results were earned since acquisition:

Revenue	820	286	363	1,469
Profits/(losses) after tax	208	(44)	(2,637)	(2,473)

Note: As a result of the reclassification of shareholders loans from long term liabilities to equity, minority interests was previously reported as (R309) and long term liabilities as (R2,836).

Had all transactions occurred at 1 March 2007, the Group would have recognised revenue of R66,454,222 and profit attributable to equity shareholders of R18,434,671. The amounts include the results of the acquired companies, depreciation and amortisation of the acquired fixed assets and intangible assets recognised on acquisition. The information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, not is it necessarily indicative of the future results from operations of the combined companies.

It is impracticable to disclose the fair values of the net assets acquired and goodwill arising on the acquisition of Entrepreneurs Survival Solutions (Pty) Ltd, as up to the date of this report the financial statements of the company had not yet been finalised.

2 June 2008

Registered office: 5 Mangold Street, Newton Park, Port Elizabeth, 6045

Directors: TB Hayter (CEO), A Da Costa (Chairman)#\*, P Malan #, DM Edwards, JM Whittle^, FJ Botha, KK Combi #, PAG Wiese#.

# Non executive \* Independent ^Alternative to DE Edwards

Transfer Secretaries: Computershare Investor Services(Pty)Ltd

Auditors: PKF PE Inc

Designated Advisor: PSG Capital (Pty) Ltd