FINBOND GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2001/015761/06)
Share code: “FGL” ISIN: ZAE00013895
(“Finbond” or “the Company” or “the Group")

UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2015

Executive Overview

The directors are pleased to present the financial results of the Finbond Group for the six months ended 31 August 2015.

During the six months under review, Finbond delivered another good set of results, increasing Net Profit after Tax by 40%, Headline Earnings per share by 45% and total active loan customers by 43%. These solid results were achieved in difficult and challenging market conditions.

We made further good progress with regard to the realization of our vision: *“to be the leading emerging market community Bank in South Africa, improving the quality of life of our clients by offering them access to unique value- and solution-based savings, credit, transactional and insurance solutions tailored around depositor and borrower requirements that empower, develop and uplift our clients”.*

This included the following achievements and significant developments:

* Headline earnings per share increased 45% to 4.8c (Aug 2014: 3.3c).
* Basic earnings per share increased by 45% to 4.8c (Aug 2014: 3.3c).
* Profit for the period attributable to owners of the company increased by 40% to R28.2 million (Aug 2014: R20.2 million).
* Earnings before interest, taxation, depreciation and amortization (EBITDA) increased by 45% to R90.8 million (Aug 2014: R62.7 million).
* Revenue from continuing operations increased by 39% to R269.9 million (Aug 2014: R194.1 million).
* Total assets increased by 3% to R1.235 billion (Aug 2014: R1.205 billion).
* Value of loans advanced increased by 18% to R414.1 million (Aug 2014: R351.6 million).
* Cash received from customers increased by 21% to R599 million (Aug 2014: R494.8 million)

* Branch Network increased by 40 branches to 321 branches (Aug 2014: 281).
* Cost to income ratio improved by 6% to 51% (Aug 2014: 57%).
* Finbond successfully rolled out the Finbond Debit Card, Internet Banking and Transactional Banking products, issuing 31,591 active cards by August 2015.
* Finbond won the 2015 Sustainability Data Transparency Index awards for the Integrated Annual Report, achieving the highest score in the sector: “Financials – Other”, and the most improved score, awarded by Integrated Reporting and Assurance Services (IRAS) , coming seventh overall.

Finbond continues to manage for the long term and to invest in people, training, information technology, banking systems, compliance systems, as well as in enhanced collection strategies and systems, in order to build a sustainable, professional business.

We remain focused on executing the Group’s five-year strategy and top business priorities, namely optimal capital utilization, earnings growth, conservative risk management, strict upfront credit scoring, good quality sales, effective collections, cost containment, expanding bank product ranges, diversifying income streams, consumer education and training, and development of staff members. This enabled us to achieve overall strong operational results, despite the current difficult and challenging business environment.

Finbond Group Limited

Finbond Group Limited, with its 1,079 staff members (August 2014: 866) and 321 branches, specializes in the design and delivery of unique value- and solution-based savings, credit, transactional and insurance solutions tailored around depositor and borrower requirements, rather than institutionalized policies and practices. We exist to improve and transform the lives and livelihoods of our clients, by making available modern inclusive banking products and services that benefit and empower them.

Finbond Group Limited conducts its business through four divisions, focused on:

1. Short and Medium Term Micro Credit Products;
2. Investment and Savings Products;
3. Transactional Banking Products; and
4. Insurance Products.

Micro Credit, Transactional and Insurance Solutions are offered nationally to the under banked and underserved emerging banking market actively seeking credit and banking solutions, but remaining largely unattended and underserviced due to the traditional banks' concentration on the higher income brackets of the population.

Our Investment and Savings products, which offer a superior above-average rate of return, are offered nationally to investors and pensioners looking for guaranteed higher fixed income in the current environment of depressed low yields.

Unsecured Lending Portfolio

The overall gross unsecured loan book reflected continued growth of 15%, ending the six-month period at R386.9 million (Aug 2014: R336.3 million), while the related provisions outpaced this growth, increasing year-on-year by 23% to R28.2 million at the end of the half-year (Aug 2014: R23 million).

Total segment revenue from Finbond's Micro Finance activities, made up of interest, fee and insurance income (portfolio yield) increased by 32% to R239.5 million (Aug 2014: R181.6 million).

During the period under review, Finbond offered 1 – 24 month micro-loans from R100 - R20,000, with an average loan size of R1,472 and an average tenure of 3.5 months. Given the short-term nature of Finbond's products, Finbond's loan portfolio is cash flow generative and a good source of internally generated liquidity. The whole loan portfolio turns 3.5 times a year. This is a key differentiator from longer term lenders. By way of example: If a longer term lender's average tenure is 36 months with a book size of R372 million, that lender will collect R124 million cash per year and R372 million over three years. Finbond's gross book of R387 million will turn 3.5 times, resulting in collections of approximatelyR1.4 billion in cash per year and more than R4.1 billion in cash over three years.

For the six months ended 31 August 2015, Finbond granted R414.1 million worth of loans and received cash payments of R599 million from customers. Cash receipts from the loan book increased by 21%, while cash granted increased by 18% and the gross loan book increased by 15%. This points to both good Asset Quality in the loan portfolio and the cash generative nature of the loan book which is, to a large extent, self-funding.

Finbond's average loan period is significantly shorter than that of our larger competitors and our average loan size, significantly smaller. Given this conservative approach, Finbond does not have any exposure to the 36 – 84 month, R30,000 – R180,000 long-term unsecured lending market as experienced elsewhere in the banking sector that saw disproportionate growth over the past 30 - 48 months and that caused significantly increased write-offs and bad debts, for those other lenders exposed to these loans. In Finbond's experience shorter term loans offer lower risk, as consumers are more likely to pay them back, as opposed to longer term loans.

Furthermore, Finbond's micro-credit portfolio is also not exposed to any concentration risk and does not have any significant exposure to any specific employer or industry.

Strict Upfront Credit Scoring

Over the past six months, Finbond has continued to apply strict upfront credit scoring and affordability criteria. The credit scores on the various products are monitored on a monthly basis and detailed affordability calculations are also performed, prior to extending any loans in order to determine whether clients can, in fact, afford the loan repayments. In line with our conservative approach, additional expense buffers are included in all affordability assessments.

Finbond has been consistently conservative and rejection or decline rates remain higher than that of our major competitors, even after their recent tightening of lending criteria. Rejection rates stood at between 34% and 61% for our 3 – 6 month product range (August 2014: 36% - 58%) and 81% - 93% for our 12 – 24 month product range at the end of August 2015 (August 2014: 82% - 94%).

Impairments

Conservative lending practices and strict upfront credit scoring supported by robust collection strategies and processes, ensured better-than-industry bad debts.

Notwithstanding an increase in impairments, the loan loss reserve, also referred to as the risk coverage ratio (impairment provision/Portfolio at Risk: 90 days in arrears and longer), which is an indication of a micro-finance institution's ability to cope with estimated loan losses, remained relatively constant at the end of August 2015 at 95.7% (Aug 2014: 97.7%). The maintenance of such a high coverage ratio is a direct result of continued, consistent and conservative provisioning against future loan losses undertaken by management. The 30-day arrears coverage ratio (impairment provision/Portfolio at Risk: 30 days in arrears and longer), reflects an improvement in short-term arrears coverage, being recorded at 55.9% at the half-year-end, which increased from a ratio of 51.5% at the end of August 2014. A leading global, independent, external assurance and advisory firm have reviewed the Group's impairment provisions at 31 August 2015, and independently concluded that Finbond's impairment provisioning methodology is appropriate and that provisions are adequate.

Finbond recorded an increase in impairments in the year-on-year comparison as it continued to apply the write-off policy which has maintained high quality assets in the portfolio. Finbond's adjusted loan loss ratios trended slightly higher during the reporting period with Net Impairment as a percentage of expected instalments amounting to 7.3% (Aug 2014: 5.8%), and Net Impairment as a percentage of cash received (which is more conservative than instalments due) of 8.6% at the end of August 2015 (August 2014: 7.8%). These adjusted measures are a more appropriate reflection of the impairment cost related to a short-term loan portfolio than traditional balance sheet ratios. The best measurement of arrears and impairments on the short-term products is against instalments due and not outstanding balances, because a large part of a short-term loan is repaid before month-end/year-end and is, therefore, not reflected on the balance sheet. Thus, computations based on the outstanding balance distort this ratio on short-term products.

Loan loss reserve, also referred to as the risk coverage ratio (impairment provision/Portfolio at Risk: 90 days plus in arrears) is slightly less conservative at 95.7% (August 2014: 97.7%), which is an indication of a financial institution's ability to cope with estimated loan losses.

The write-off vintages show that Finbond's 1 - 6 month product range write-off ranges between 3% and 13%.

Collection rates averaged 84% of expected receipts for the six months ended 31 August 2015 (August 2014: 82%), following an improving trend, which ended at 87% for the month of August 2015.

Insurance

Total Insurance Revenue for the period under review amounted to R62.1 million (Feb 2014: R46.3 million), reflecting 34% growth.

On 10 June 2015, the NCR applied to the South African National Consumer Tribunal ("Tribunal") to, inter alia, order Finbond to:

- refund five consumers whom the NCR believes Finbond overcharged in respect of credit life insurance;
- do an audit to determine how many other customers have been charged more than the industry average since commencing its credit life business, and to refund those customers; and
- pay an administrative fine of R1 million.

The NCR alleges that Finbond Mutual Bank customers, when taking out a short-term unsecured loan, are required to pay unreasonable premiums for the provision of credit life insurance, in contravention of Section 106 (2) of the National Credit Act ("NCA") and that the commission charged for this insurance is not properly disclosed.

Finbond takes its obligations under the NCA seriously and respects the authority of the NCR. **Finbond is however confident that it at all times complied with all relevant laws and regulations and that the NCR application does not have legal merit and will be dismissed. The insurance premium rates of the Credit Life Insurance Products that Finbond Mutual Bank sells to consumers are risk based, product specific, value adding, fully justified and not unreasonable nor at an unreasonable cost to the consumer and Finbond will demonstrate this to the Tribunal.**

Finbond has investigated the allegations and has taken legal advice, and believes the matter will be satisfactorily resolved in Finbond's favour through due legal process.

Liquidity

Finbond's liquidity position at the end of August 2015 reflects R78.6 million cash in bank (Aug 2014: R100.5 million). Cash, cash equivalents and liquid investments decreased by 27% to R362.8 million (Aug 2014: R499.8 million).

Cash Received (including capital repaid, fees and interest) as a percentage of Cash Granted for the period from March 2015 to August 2015, averaged 145% (August 2014: 141%).

At the end of August 2015 the deposit book remained relatively unchanged at R819.2 million (August 2014: R830.7 million), as the Group deliberately slowed the rate of deposit-taking in order to prudently manage levels of surplus funding. The average deposit size increased by 3.9% from R327,770 to R340,416, the average term increased from 27.6 months to 29.5 months, and the average interest rate increased from 9.2% to 9.5%. This gave rise to an overall decline in Net Cash from Operating Activities for the six months.

Finbond is not exposed to the uncertainty that accompanies the use of corporate call deposits as a funding mechanism, since Finbond only accepts 6 – 72 month fixed and indefinite term deposits, recently adding a 32-day call deposit product to the product offering, which had no impact on liquidity in the period ending August 2015. Given the long-term nature of Finbond's liabilities (fixed term deposits with an average term of 29.5 months) and short-term nature of its assets (short-term micro loans with an average term of 3.5 months), Finbond possesses a low-risk liquidity structure with a positive liquidity mismatch.

Finbond funds itself through approximately 2,344 individual fixed long-term deposits, resulting in a smooth debt maturity profile with no (0%) dependence on large funders or the debt capital markets and no concentration risk.

Capital Position

Finbond follows a conservative approach to capital management and holds a level of capital which supports its business, while also growing its capital base ahead of business requirements.

Finbond's Capital position remains strong. Finbond Mutual Bank remains well in excess of its minimum regulatory capital requirements, with an excess of R124.5 million over and above the R250 million required by the Registrar of Banks and an excess of R297.2 million over and above the normal DI 400 required minimum for mutual banks.

Although Finbond as a Mutual Bank is not subject to the Basel III requirements, Finbond already complies with and significantly exceeds all Basel III requirements set for 2018 and 2019.

As at 31 August 2015 Finbond's:

- liquidity coverage ratio % was 314% [214% more than required from 2019]
- net stable funding ratio % was 517% [417% more than required from 2018]
- capital adequacy ratio % was 35.9% [25.9% more than required from 2018].

Increasing Footprint

Finbond currently operates through 321 branches in South Africa, of which 97 are located in Gauteng, 58 in KwaZulu-Natal, 66 in the Western Cape, 46 in the Eastern Cape and 54 in the Free State and North West.

During the period under review, we increased our branch network by 40 branches and intend to increase it by between 40 - 80 branches per year for the next five years.

Growing Market Share

Given that we are growing from a small base, we can keep on growing for a long time, despite the current difficult environment in the unsecured lending market.

Finbond is well positioned for the implementation of its strategic growth plans to provide inclusive financial and banking services in South Africa, and has significant growth opportunities over the next five to ten years.

Strategic Initiatives

Strategic initiatives under way include the following:

- Rolling out Finbond Mutual Bank's Transactional Bank Accounts and Savings Accounts to all our micro-credit clients;
- Rolling out a MasterCard Debit Card product to all our micro-credit clients;
- Rolling out Internet and Cell Phone Banking Products and Applications; Growing market share through the increased sale of short- and medium-term products, specifically the ,30-day, 90-day, six-month and 12 – 24 month products;
- Further refining, developing and improving all information technology systems and processes in all divisions;
- Further diversifying revenue generation through the conservative roll-out of a new, secured home loan product;
- Selective strategic acquisitions.

Prospects

It is not expected that the challenging macro-economic environment will improve, nor will the adverse market conditions within which Finbond operates, abate in the short and medium term.) However, we remain confident that we have the required resources, and depth at Executive Management and Board level, to successfully confront and overcome these various challenges.

We remain positive about our prospects for the future due to the following:

- Improvement achieved in earnings and profitability, despite difficult market conditions;
- Improvement achieved in cash generated from operating activities;
- Management expertise and Board guidance;
- Strong Cash Flow;
- Strong Liquidity and surplus cash position;
- Uniquely positioned 321 Branch Network;
- Superior Asset Quality;
- Access to funding;
- Ability to leverage the existing cost platform, while diversifying income streams;
- Conservative Risk Management; and
- Growth potential in the underserviced lower end of the banking market.

Finbond’s strong capital position, significant surplus cash, robust liquidity and funding profile, together with its conservative approach to risk management, position the business well both in adverse market conditions and as markets improve.

References to future financial performance included anywhere in this announcement have not been reviewed or reported on by the Group’s external auditors.

Dividend

No interim dividend has been declared.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at

Rand Thousand	Interim unaudited 31 August 2015	Interim unaudited 31 August 2014	% Growth	Full year audited 28 February 2015

Assets				
Cash and cash equivalents	78,623	100,476	(22%)	197,500
Other financial assets	284,179	399,368	(29%)	372,772
Loans and other advances to customers	310,178	261,178	19%	290,715
Other receivables	94,344	26,358	258%	57,553
Inventories	2,305	-	100%	2,567
Current tax receivable	2,071	2,037	2%	2,532
Property, plant and equipment	52,191	31,908	64%	46,044
Investment property	264,605	244,818	8%	248,820
Goodwill	139,808	115,313	21%	120,034
Intangible Assets	171	-	100%	171
Deferred tax	6,670	23,168	(71%)	10,545
Total Assets	**1,235,145**	**1,204,624**	**3%**	**1,349,253**
Equity				
Equity attributable to equity holders of parent				
Share capital & premium	183,868	205,234	(10%)	201,523
Reserves	4,586	6,273	(27%)	3,428
Retained income	149,936	107,213	40%	141,777
Equity attributable to owners of the Company	**338,390**	**318,720**	**6%**	**346,728**
Non-controlling interest	(824)	(824)	0%	(824)
Total Equity	**337,566**	**317,896**	**6%**	**345,904**
Liabilities				
Trade and other payables	17,354	16,712	4%	26,299
Fixed and Notice deposits	819,237	830,710	(1%)	921,933
Transactional deposits	2,601	-	100%	69
Current tax payable	25	3	733%	2
Finance lease obligation	1,181	1,355	(13%)	1,533

Loans from shareholders	18,000	-	100%	15,000
Deferred tax	39,181	37,948	3%	38,513
Total Liabilities	**897,579**	**886,728**	**1%**	**1,003,349**
Total Equity and Liabilities	**1,235,145**	**1,204,624**	**3%**	**1,349,253**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended

Rand Thousand	**Six Months ended** Interim unaudited 31 August 2015	**Interim unaudited 31 August 2014**	**% Growth**	**Full Year audited 28 February 2015**
Interest income	78,978	69,103	14%	145,457
Interest expense	(42,658)	(35,289)	(21%)	(76,137)
Net interest income	**36,320**	**33,814**	**7%**	**69,320**
Fee income	98,338	75,653	30%	170,128
Management fee income	16,724	13,725	22%	27,766
Other micro-finance income	76,304	20,674	269%	79,686
Operating (loss)/profit from Cell Captive arrangement	(131)	16,152	(101%)	30,612
Fair value adjustments	(422)	(1,206)	65%	1,790
Net commission expense	(1,911)	(1,402)	(36%)	(3,384)
Net impairment charge on loans and advances	(47,885)	(23,697)	(102%)	(60,137)
Operating expenses	(135,187)	(109,001)	(24%)	(242,418)
Profit before taxation	**42,150**	**24,712**	**71%**	**73,363**
Taxation	(13,932)	(4,552)	(206%)	(22,496)
Total profit and comprehensive income for the year	**28,218**	**20,160**	**40%**	**50,867**
Profit attributable to:				
Owners of the parent	28,218	20,160	40%	50,867
Non-controlling interest	-	-	-	-

- Continuing operations				
Basic earnings/ (loss) per share (cents)	4.8	3.3	45%	8.6
Earnings per share:				
Basic earnings per share (cents)	4.8	3.3	45%	8.6
Headline earnings per share (cents)	4.8	3.3	45%	8.6
Diluted earnings per share (cents)	4.8	3.3	45%	8.6
Total number of ordinary shares outstanding	570,103	605,025	(6%)	589,614
Weighted average number of ordinary shares outstanding	587,224	605,025	(3%)	593,308
Net profit attributable to ordinary equity holders of the parent	28,218	20,160	40%	50,867
Adjusted for:				
(Loss)/ profit on disposal of property, plant and equipment	-	(105)	(100%)	123
Revaluation of investment properties	-	-	-	(4,002)
Fair value adjustment of investment properties included in basic earnings	-	-	-	(4,683)
Tax effect on re-measurement of items of a capital nature included in earnings in the current period	-	-	-	8,876
Headline profit	28,218	**20,055**	**41%**	**51,181**

CONSOLIDATED STATEMENT OF CASH FLOW
for the period ended

Rand Thousand	**Six Months ended Interim unaudited 31 August 2015**	**Interim unaudited 31 August 2014**	**% Growth**	**Full Year audited 28 February 2015**

Cash flows from operating activities				
Cash generated from operations	(115,080)	100,575	(214%)	161,166
Tax paid	(8,906)	(988)	(801%)	(8,543)
Net cash from operating activities	**(123,986)**	**99,587**	**(225%)**	**152,623**
Cash flows from investing activities				
Purchase of property, plant and equipment	(12,404)	(14,550)	15%	(31,947)
Sale of property, plant and equipment	254	2,520	(90%)	1,741
Purchase of investment property	(15,785)	(2,198)	(618%)	(2,198)
Purchase of other intangible assets	(19,774)	(52,717)	62%	(57,608)
Purchase of financial assets	(116,426)	(125,571)	7%	(589,187)
Sale of financial assets	204,597	139,924	46%	660,977
Net cash from investing activities	**40,462**	**(52,592)**	**177%**	**(18,222)**
Cash flows from financing activities				
Reduction of shares capital of buy back of shares	(17,654)	(20,718)	15%	(24,819)
Proceed of other financial liabilities	-	12	(100%)	-
Proceeds from shareholders’ loans	3,000	-	100%	15,000
Finance lease	(640)	(28)	2,186%	(1,136)

payments				
Dividends paid	(20,059)	(12,545)	60%	(12,706)
Net cash from financing activities	**(35,353)**	**(33,279)**	**6%**	**(23,661)**
Total cash movement for the period	**(118,877)**	**13,716**	**(967%)**	**110,740**
Cash at the beginning of the period	**197,500**	**86,760**	**128%**	**86,760**
Total cash at the end of the period	**78,623**	**100,476**	**(22%)**	**197,500**

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the period ended

Rand Thousand	**Interim unaudited 31 August 2015**	**Interim unaudited 31 August 2014**	**Full Year audited 28 February 2015**
Total equity at the beginning of the period	345,904	329,603	329,603
Change in share capital and premium			
Purchase of treasury shares	(17,654)	(20,718)	(24,430)
Change in reserves			
Equity-settled share-based payment	1,158	1,396	2,409
Total comprehensive income for the period	28,218	20,160	50,867
Dividends paid	(20,059)	(12,545)	(12,545)
Transfer between reserves	-	-	-
Change in non-controlling interest			
Total comprehensive income for the period	-	-	-
Dividends paid	-	-	-
Movement in non-controlling interest in reserves	-	-	-
Total equity at the end of the period	**337,567**	**317,896**	**345,904**

SEGMENTAL REPORTING

Rand Thousand 6 Months ended 31 August 2015	**Investment Products**	**Micro Finance**	**Property Investment**	**Transactional Banking**	**Other**	**Total**
Interest income	10,938	66,208	-	-	1,832	78,978
Interest expense	(24,648)	(5,708)	-	(257)	(12,045)	(42,658)

Net Interest Income	**(13,710)**	**60,500**	**-**	**(257)**	**(10,213)**	**36,320**
Fee income	30	96,967	-	2,112	(771)	98,338
Management fee income	-	-	-	-	16,724	16,724
Other micro-finance income	-	76,304	-	-	-	76,304
Operating profit from Cell Captive arrangement	-	(131)	-	-	-	(131)
Fair value adjustment	(422)	-	-	-	-	(422)
Net commission income	-	(2,271)	95	-	265	(1,911)
Net impairment charge on loans and advances	-	(46,221)	-	-	(1,664)	(47,885)
Operating expense	(1,040)	(120,351)	(948)	(1,395)	(11,453)	(135,187)
Profit/(Loss) before taxation	***(15,142)***	***64,797***	***(853)***	***460***	***(7,112)***	**42,150**
Taxation	5,006	(21,420)	282	(152)	2,352	(13,932)
(Loss)/profit for the period	***(10,136)***	***43,377***	***(571)***	***308***	***(4,760)***	***28,218***
(Loss)/profit for the period attributed to: Owner of company	*(10,136)*	*43,377*	*(571)*	*308*	*(4,760)*	*28,218*
Non-controlling interest	-	-	-	-	-	-
Significant segment assets						
Cash and cash equivalents	43,693	32,992	2	1,748	188	78,623
Other Financial	268,819	-	-	-	15,360	284,179

Assets						
Loans and advances	-	302,827	-	-	7,351	310,178
Inventories	-	-	-	2,305	-	2,305
Property, Plant and Equipment	7	40,831	-	1,315	10,038	52,191
Investment Property	-	-	264,605	-	-	264,605
Goodwill	-	139,808	-	-	-	139,808
Significant segment liabilities						
Deposits received from customers	819,237	-	-	-	-	819,237
Transactional deposits	-	-	-	2,601	-	2,601
Loans from shareholders	-	-	-	-	18,000	18,000

SEGMENTAL REPORTING

Rand Thousand 6 Months ended 31 August 2014	**Investment Products**	**Micro Finance**	**Property Investment**	**Transactional Banking**	**Other**	**Total**
Interest income	11,900	56,280	7	-	917	69,104
Interest expense	(22,086)	(5,893)	-	-	(7,310)	(35,289)
Net Interest Income	**(10,186)**	**50,387**	**7**	**-**	**(6,393)**	**33,815**
Fee income	-	75,653	-	-	-	75,653
Management fee income	-	13,725	-	-	-	13,725
Other micro-finance income	407	18,459	-	-	1,807	20,673
Operating profit from Cell Captive arrangement	-	16,151	-		-	16,151

Fair Value adjustment	(1,120)	-	-	-	(86)	(1,206)
Net commission income	(2)	(1,593)	193	-	1	(1,401)
Net impairment charge on loans and advances	-	(23,439)	-	-	(258)	(23,697)
Operating expense	(728)	(98,264)	(416)	-	(9,594)	(109,002)
Profit/(Loss) before taxation	**(11,629)**	**51,079**	**(216)**	**-**	**(14,523)**	**24,711**
Taxation	-	71	(55)	-	(4,567)	(4,551)
(Loss)/profit for the period	(11,629)	51,150	(271)	-	(19,090)	20,160
(Loss)/profit for the period attributed to:						
Owner of company	(11,629)	51,150	(271)	-	(19,090)	20,160
Non-controlling interest	-	-	-	-	-	-
Significant segment assets						
Cash and cash equivalents	39,893	37,722	-	-	43,042	120,657
Other Financial Assets	343,542	124,274	-	-	-	467,816
Loans and advances	-	257,977	-	-	136	258,113
Inventories	-	-	-	-	-	-
Property, Plant and Equipment	9	24,962	-	-	6,937	31,908
Investment Property	-	-	244,818	-	-	244,818
Goodwill	-	115,313	-	-	-	115,313
Significant						

segment liabilities						
Deposits received from customers	806,439	-	-	-	-	806,439
Transactional deposits	-	-	-	-	-	-
Loans from shareholders	-	-	-	-	-	-

SEGMENTAL REPORTING

Rand Thousand 12 Months ended 28 February 2015	**Investment Products**	**Micro Finance**	**Property Investment**	**Transactional Banking**	**Other**	**Total**
Interest income	23,577	119,768	28	-	2,083	145,456
Interest expense	(37,700)	(16,049)	-	(128)	(22,259)	(76,136)
Net Interest Income	**(14,123)**	**103,719**	**28**	**(128)**	**(20,176)**	**69,320**
Fee income	(2)	169,835	290	9	(4)	170,128
Management fee income	-	-	-	-	27,766	27,766
Other micro-finance income	515	50,105	-	-	29,066	79,686
Operating profit from cell captive arrangement	-	30,612	-	-	-	30,612
Fair Value adjustment	(2,212)	-	4,002	-	-	1,790
Net commission income	-	(3,384)	-	-	-	(3,384)
Net impairment charge on loans and advances	-	(57,959)	(923)	-	(1,254)	(60,136)
Operating expense	(1,654)	(225,112)	(927)	(2,076)	(12,649)	(242,418)
Profit/(Loss) before						

taxation						
Taxation	-	71	171	-	(22,738)	(22,496)
(Loss)/profit for the period	**(17,476)**	**67,887**	**2,641**	**(2,195)**	**11**	**50,868**
(Loss)/profit for the period attributed to:						
Owner of company	(17,476)	67,887	2,641	(2,195)	11	50,868
Non-controlling interest	-	-	-	-	-	-
Significant segment assets						
Cash and cash equivalents	154,926	42,536	38	-	-	197,500
Other						
Financial Assets	369,720	3,053	-	-	-	372,773
Loans and advances	-	290,715	-	-	-	290,715
Inventories	-	-	-	2,567	-	2,567
Property, Plant and Equipment	10	38,267	-	1,597	6,171	46,045
Investment Property	-	-	248,820	-	-	248,820
Goodwill	-	120,034	-	-	-	120,034
Significant segment liabilities	**921,933**	**-**	**-**	**69**	**15,000**	**937,002**
Deposits received from customers	921,933	-	-	-	-	921,933
Transactional deposits	-	-	-	69	-	69
Loans from shareholders	-	-	-	-	15,000	15,000

Notes to the condensed consolidated interim financial statements

Finbond Group Limited is a company domiciled in South Africa. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 August 2015 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and jointly controlled entities.

These condensed consolidated interim financial statements have been prepared in accordance with the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and the Financial Pronouncements, as issued by the Financial Reporting Standards Council, IAS 34 Interim Financial Reporting, the Companies Act and the JSE Listings Requirements. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated, audited annual financial statements of the Group as at and for the year ended 28 February 2015.

These unaudited interim results have been prepared under the supervision of Mr GT Sayers, (CA)(SA).

These condensed consolidated interim financial statements were approved by the Board of Directors on 29 September 2015.

Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated, audited annual financial statements as at and for the year ended 28 February 2015.

Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated, audited annual financial statements as at and for the year ended 28 February 2015.

Fair value disclosures

Fair value hierarchy of instruments measured at fair value

The table below analyses assets and liabilities carried at fair value, by level of fair value hierarchy. The different levels are based on the extent that quoted prices are used in the calculation of the fair value of the instruments and have been defined as follows:

Level 1: Fair value is based on quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly observable from market data.

Level 3: Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all assets and liabilities where the valuation technique includes inputs not based on observable data, and the unobservable inputs, have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required, to reflect differences between the instruments.

Levels of fair value measurements

Rand Thousand	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets and liabilities measured at fair value: Recurring				
Other financial assets	-	281,126	3,053	284,179
Investment property	-	-	264,605	264,605
	-	**281,126**	**267,658**	**548,784**

Valuation techniques used to derive level 2 and 3 fair values

Level 2 fair values of other financial assets have been derived by using the rate as available in active markets. The underlying assets and liabilities of the investment in the Cell Captive arrangement are mainly cash and cash equivalents, gross debtors and SARS liabilities. These all approximate fair value and the fair value hierarchy is considered level 1 and level 2, with no elevated risk areas. The IBNR provision is managed from industry data accumulated on the Alexander Forbes Risk and Insurance Services claim system, and is classified as a Level 3. Refer to the accounting policy on insurance claims provisions for further details of the calculations performed.

Level 3 fair values of investment properties have been generally derived using the market value, the comparable sales method of valuation, and the residual land valuation method, as applicable to each property.

The fair value is determined by external, independent property valuers, having appropriate, recognised professional qualifications and recent experience in the location and category of the properties being valued. The valuation company provides the fair value of the Group’s investment portfolio every twelve months.

Reconciliation of assets and liabilities measured at level 3

Rand Thousand

Group 2015	**Opening Balance**	**Purchases**	**Subsequent capitalised expenditure**	**Closing balance**
Investment Property				
Investment properties	251,873	15,785	-	267,658

Transfer of assets and liabilities within levels of the fair value hierarchy

No transfers of assets and liabilities within levels of fair value hierarchy occurred during the current financial year. There were no transfers in 2015.

Assets and liabilities not measured at fair value, but fair values are disclosed	**Level 1**	**Level 2**	**Level 3**
Finance lease obligations	-	1,181	-

Cash and cash equivalents are not fair valued and the carrying amount is presumed to equal fair value.

Short-term receivables and short-term payables are measured at amortised cost and approximate fair value, due to the short-term nature of these instruments. These instruments are not included in the fair value hierarchy.

For and on behalf of the Board

Dr Malesela Motlatla **Dr Willie van Aardt**

29 September 2015

Directors

Chairman: Dr MDC Motlatla* *(BA, DCom (Unisa));* **Chief Executive Officer:** Dr W van Aardt *(BProc (Cum Laude), LLM (UP), LLD (PU CHE) Admitted Attorney of The High Court of South Africa, QLTT (England and Wales), Solicitor of the Supreme Court of England and Wales);*
HJ Wilken-Jonker* *(BComHons (Unisa);* **Chief Financial Officer:**
GT Sayers *(CA (SA), BCom (Hons) (UNP), BCompt (Hons) (Unisa));*
Adv J Noeth* *(B Iuris LLB); Adv. N Melville* (B Law, LLB(Natal) LLM(Cum Laude)(Natal)SEP(Harvard); RN Xaba* (CA)(SA) BCompt, BCompt (Hons) (Unisa);R Emslie* (B Com (Law), Hons (Acc), (CA)(SA)); D Brits* (B Com, MBA) (NW).*
Secretary: CD du Plessis – *Sekretari*

**Non-executive*

Transfer secretaries
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