SUPPLEMENTARY INFORMATION

	Unaudited 6 months ended 30 June 2010 R'000	Restated Unaudited 6 months ended 30 June 2009 R'000	Audited 12 months ended 31 Dec 2009 R'000
Operating margin (%) – group	**24,0**	17,8	21,7
Operating margin (%) – HomeChoice	**24,7**	14,2	17,6
Operating margin (%) – FinChoice	**46,5**	29,2	37,5
Basic earnings per share – owners of the parent (cents)	**65,6**	38,9	102,0
Distribution to shareholders (cents)	**20,0**	9,0	20,0
Distribution to shareholders – times cover	**3,3**	4,3	5,1
Net asset value per share (cents)	**569,6**	467,1	520,0
Net asset value per share, excluding intangibles (cents)	**560,9**	461,3	512,9
Debt/equity ratio (:1)	**0,10**	0,20	0,18
Current ratio (:1)	**6,6**	4,0	7,0
Adjusted issued shares at end of the period ('000)	**101 239**	100 759	100 479
Weighted average shares for the period ('000)	**100 554**	100 099	100 556
Depreciation-property, plant and equipment and intangible assets (R'000)	**4 008**	4 080	9 147
Capital expenditure (R'000)	**4 447**	11 163	18 519
Capital commitments (R'000)			
– authorised	**1 300**	72	582
– authorised and contracted	**1 300**	–	–

NOTES TO THE INTERIM REPORT

1. Trade and other receivables			
Trade receivables – HomeChoice	**294 366**	234 320	256 819
Loans receivable – FinChoice	**166 037**	76 845	119 563
Other receivables	**7 317**	4 407	3 669
	467 720	315 572	380 051
HomeChoice			
Debtor costs	**37 703**	37 850	65 945
Debtor costs as a % of revenue	**11,4%**	14,3%	11,5%
Provision for impairment as a % of gross receivables	**18,4%**	22,2%	18,9%
FinChoice			
Debtor costs	**16 076**	9 881	21 293
Debtor costs as a % of revenue	**28,2%**	32,4%	29,2%
Provision as a % of gross receivables	**11,0%**	13,5%	11,2%
2. Operating profit before working capital changes			
Profit before taxation	**92 181**	50 118	136 427
Dividends received	**(1 550)**	(2 580)	(4 684)
Interest received	**(2 975)**	(2 140)	(4 484)
Interest paid	**4 135**	4 576	9 031
Non-cash items	**19 344**	3 256	9 592
	111 135	53 230	145 882

Company registration number
1991/005430/06
Registered address
78 Main Road, Wynberg 7800 Private Bag X150, Claremont 7735
Tel: 021 680 1000 Fax: 021 680 1001
Directors
RE Garratt (chairman), J Bester *, A Chorn *, P Joubert *, W Jungschläger*, A Kirsten, SM Maltz
* non-executive
Auditors
PricewaterhouseCoopers

GREYMATTER & FINCH # 5324

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Equity holders of HomeChoice R'000	Non-controlling interest R'000	Total equity R'000
Balance at 31 December 2008	437 334	–	437 334
Total comprehensive income for the period ended 30 June 2009	41 924	(1 852)	40 072
Net profit/(loss) for the period	38 897	(1 852)	37 045
Other comprehensive income:			
Gains on property, plant and equipment revaluation, net of tax	3 027	–	3 027
Dividends paid for the period	(9 068)	–	(9 068)
Non-controlling interest arising on business combination	–	(1 912)	(1 912)
Shares sold by the trust	4 254	–	4 254
Balance at 30 June 2009 – restated*	474 444	(3 764)	470 680
Total comprehensive income for the period ended 31 December 2009	65 193	(734)	64 459
Net profit/(loss) for the period	63 603	(734)	62 869
Other comprehensive income:			
Gains on available-for-sale investments, net of tax	1 590	–	1 590
Dividends paid for the period	(4 030)	–	(4 030)
Reduction of share premium	(7 053)	–	(7 053)
Shares purchased by the share trust	(1 160)	–	(1 160)
Tax on shares sold by the share trust	(369)	–	(369)
Balance at 31 December 2009	527 025	(4 498)	522 527
Total comprehensive income for the period ended 30 June 2010	**67 150**	**(3 238)**	**63 912**
Net profit for the period	**65 924**	**(3 238)**	**62 686**
Other comprehensive income:			
Gains on available-for-sale investments, net of tax	**1 226**	**–**	**1 226**
Reduction of share premium	**(20 297)**	**–**	**(20 297)**
Shares sold by the trust	**10 856**	**–**	**10 856**
Shares purchased by the share trust	**(6 868)**	**–**	**(6 868)**
Sale of interest in subsidiary	**–**	**7 736**	**7 736**
Tax on shares sold by the share trust	**(1 210)**	**–**	**(1 210)**
Balance at 30 June 2010	**576 656**	**–**	**576 656**

Accounting policies

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which were prepared in accordance with International Financial Reporting Standards. The group's accounting policies are consistent with those disclosed in the 2009 annual report, except for the adoption of IFRS 3 – Business Combinations and IAS 27 – Consolidated and Separate Financial Statements – Amendments arising from IFRS 3 on their respective effective dates.

Comparative statements

Certain comparative figures for the period last year have been restated and are more fully explained in the body of this report.

Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Due to the seasonal nature of the retail business, higher revenues are usually expected in the second half of the year.

Borrowing powers

The borrowing powers of the group are not limited in terms of the articles of association of the companies.

RESTATEMENT OF COMPARATIVE FIGURES

Reclassification

In order to provide increased disclosure, certain reclassifications have been made:

- Interest received from investments previously included in dividends received, reclassified to interest received.
- Certain trading expenses previously included in cost of sales, reclassified to trading expenses.
- Finance charges earned previously included in retail sales, reclassified to finance charges.
- Ancillary services previously included in retail sales, reclassified to fees from ancillary services.
- Other income items previously included in revenue, reclassified to other net gains and losses.
- Intangible assets previously disclosed as property, plant and equipment, reclassified to intangible assets.
- The non-current portion of other payables previously disclosed as trade and other payables reclassified to other payables under non-current liabilities.

Investment in associate

During the first half of 2009, the group acquired a further 25,75% interest in its investment in associate and gained control. The 2009 interim report incorrectly continued to account for the group's interest as an investment in associate; however, it was correctly treated as a subsidiary in the 2009 annual report.

These changes have no impact on overall equity, net assets or profitability.

While all of the above matters were incorporated in the group's 2009 annual report and do not require any restatement of the December 2009 audited results, the June 2009 comparative figures have been restated to give retrospective effect as follows:

	Associate R'000	Reclassification R'000	Total R'000
Statement of comprehensive income			
Decrease in retail sales	–	(132 783)	(132 783)
Decrease in cost of sales	–	50 399	50 399
Increase in finance charges earned	–	83 688	83 688
(Decrease)/Increase in fees from ancillary services	(967)	49 276	48 309
Increase/(Decrease) in other net gains and losses	57	(181)	(124)
Increase in trading expenses	(1 495)	(50 399)	(51 894)
Decrease in dividends received	–	(1 766)	(1 766)
(Decrease)/Increase in interest received	(1 075)	1 766	691
Equity loss of associate	1 647	–	1 647
Decrease in profit	(1 833)	–	(1 833)
Statement of financial position			
Increase/(Decrease) in property, plant and equipment	48 750	(5 857)	42 893
Increase in intangible assets	–	5 857	5 857
Decrease in investment in associate	(10 334)	–	(10 334)
Increase in cash and cash equivalents	135	–	135
Increase in trade and other receivables	189	–	189
Increase in revaluation reserve	(3 027)	–	(3 027)
Increase in distributable reserve	(19)	–	(19)
Increase in non-controlling interest	3 764	–	3 764
Increase in interest-bearing liabilities	(31 238)	–	(31 238)
Increase in other payables	–	(2 390)	(2 390)
Increase in deferred tax liability	(2 378)	–	(2 378)
(Increase)/Decrease in trade and other payables	(89)	2 390	2 301
Increase in loan from non-controlling interest holder	(5 753)	–	(5 753)

HomeChoice Holdings Limited

30 June interim report 10

Revenue	up 31% to R389m
Operating profit	up 76% to R93m
Earnings per share	up 69% to 66 cents
Cash generated by operations before working capital changes	up 109% to R111m
NAV per share	up 22% to 570 cents
Distribution to shareholders	up 122% to 20 cents per share

INTERIM MANAGEMENT REPORT

HomeChoice Holdings Limited is a leading direct marketer in consumer finance, offering retail and financial services to the rapidly expanding middle-income market, through its main subsidiaries HomeChoice and FinChoice. The directors are pleased to present these results which show strong growth and improvements across all areas.

Revenue
Group revenue increased by 30,5% from R298,4m to R389,5m over the same period last year.

HomeChoice increased revenue by 24,5% from R265,0m to R329,9m. During 2009 HomeChoice considerably improved and broadened its merchandise offering to customers, introducing a range of new products as well as accelerating the rate of change of products in the catalogues. This, together with better marketing techniques, has resulted in a substantial increase in demand from existing customers during the first half of 2010. In addition, the improved HomeChoice electronic marketing strategy is creating strong demand.

FinChoice increased revenue by 86,9% from R30,5m to R57,0m, continuing to show strong, controlled growth in personal loans and financial services to creditworthy HomeChoice customers.

Fees from ancillary services increased strongly due to the strong growth of FinChoice, while the growth in finance charges earned was adversely effected by declining interest rates.

Gross profit increased from 47,7% to 53,4% primarily through purchasing gains from rand/dollar strength and some favourable product mix changes.

Operating profit
Group operating profit increased by 75,9% from R53,1m to R93,3m. HomeChoice increased operating profit by 116,5% from R37,6m to R81,5m on the back of the growth in revenue, good control of costs and an improved performance of the debtors book. FinChoice increased its half-year profit by 198,1% from R8,9m to R26,5m, continuing its trend of strong profit growth.

Other net gains and losses were largely a result of an impairment of R10,7m of property, plant and equipment prior to the disposal in June 2010 of a 25,75% interest in the group's associate. R2,6m of this is attributable to the non-controlling interest holder. The impairment is a reversal of a R8,5m revaluation gain recognized directly in equity, less deferred tax, on consolidation of the associate when the group obtained control in February 2009. The gain was directly attributable to revaluing the associate's property, plant and equipment at the prevailing rand/dollar exchange rate of R9.92.

Credit risk
Group receivables increased from R315,6m to R467,7m or 48,2%. HomeChoice trade receivables increased from R234,3m to R294,4m or 25,6% which is in line with increased revenue. FinChoice loan receivables increased by 116,1% from R76,9m to R166,0m.

Credit granting criteria have been maintained and Group debtor costs were stable at 13,8% of revenue as compared to 16,0% in the first half of 2009 and 13,4% for the whole of 2009. HomeChoice debtor costs were 11,4% of revenue (2009 14,3%) while FinChoice debtor costs were 28,2% of revenue (2009: 32,4%). FinChoice debtor costs are higher than HomeChoice as it is a financial services business.

The provision for impairment of trade receivables as a percentage of gross receivables has decreased from 18,9% at the end of 2009 to 18,4% while the provision for impairment of loans receivable has decreased from 11,2% at the end of 2009 to 11,0%.

Cash flow
Cash generated by operations before working capital changes increased by 108,8% to R111,1m. The improved profitability of the group has enabled it to make the substantial investment of R84,0m in increased working capital requirements from internal resources. The group expects to be able to continue funding future growth internally.

Net cash inflow from investing activities has increased by R13,1m due to liquidating R5,8m of available-for-sale investments while the prior period included the development of the group's new head office. Net cash outflow from financing activities has increased by R28,6m primarily due to the reduction in share premium of R20,3m in 2010, and a net inflow of asset backed financing in 2009 of R4,1m.

The cash position of the group remains strong, with the group holding R83,4m in cash and near cash at 30 June 2010.

Statement of financial position
The disposal of the 25,75% interest in the group's associate described above resulted in the group no longer exercising control, and thus no longer consolidating its assets and liabilities. This has resulted in the de-recognition of the associate's property, plant and equipment and interest-bearing liability in the group's statement of financial position.

Inventories have increased to support the growth in revenue and enable better fulfilment of the anticipated continued increase in customer orders.

Distribution to shareholders
A special resolution was passed at the annual general meeting of the company held on 7 May 2010 to reduce the share premium of the company by 20 cents per share which was subsequently distributed to shareholders. No dividend has been declared. We anticipate a further distribution of 20 cents per share in November 2010.

Prospects
Customer demand for both HomeChoice and FinChoice remains strong since 30 June and the directors expect revenue and profit growth to be maintained in the second half of the year, leading to a substantial increase in group operating profit for the full year.

I would like to thank all our employees, suppliers, business partners and directors for their contribution to these results.

RE Garratt
Chairman

Cape Town
13 August 2010

GROUP STATEMENT OF FINANCIAL POSITION

	Note	**Unaudited 6 months ended 30 June 2010 R'000**	Restated* Unaudited 6 months ended 30 June 2009 R'000	Audited 12 months ended 31 Dec 2009 R'000
Assets				
Non-current assets				
Property, plant and equipment		**119 385**	171 502	168 710
Intangible assets		**8 817**	5 856	7 152
Loans to employees		**12 825**	9 574	8 848
Investment in associate		**3 105**	–	–
Deferred tax		**6 463**	4 394	4 963
		150 595	191 326	189 673
Current assets				
Non-current assets held for sale		**–**	–	963
Available-for-sale investments		**40 765**	43 594	45 192
Inventories		**52 972**	38 828	37 786
Trade and other receivables	1	**467 720**	315 572	380 051
Receiver of Revenue		**915**	634	915
Cash and cash equivalents		**42 676**	48 087	55 891
		605 048	446 715	520 798
Total assets		**755 643**	638 041	710 471
Equity attributable to owners of the parent				
Share capital		**1 039**	1 039	1 039
Share premium		**118 231**	146 275	139 004
Treasury shares		**(9 230)**	(5 263)	(6 205)
Revaluation reserve		**3 141**	3 352	4 942
Distributable reserve		**463 475**	329 041	388 245
		576 656	474 444	527 025
Non-controlling interest		**–**	(3 764)	(4 498)
Total equity		**576 656**	470 680	522 527
Non-current liabilities				
Interest-bearing liabilities		**54 728**	32 701	85 293
Other payables		**3 340**	2 390	3 390
Deferred tax		**29 240**	21 801	25 084
		87 308	56 892	113 767
Current liabilities				
Trade and other payables		**69 444**	42 327	45 892
Provisions		**6 600**	–	11 200
Current portion of interest-bearing liabilities		**5 760**	3 831	7 458
Receiver of Revenue		**9 875**	657	2 443
Loan from non-controlling interest holder		**–**	5 753	7 184
Bank overdraft		**–**	57 901	–
		91 679	110 469	74 177
Total liabilities		**178 987**	167 361	187 944
Total equity and liabilities		**755 643**	638 041	710 471

** See note on "Restatement of comparative figures" on the back of this page.*

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Note	**Unaudited 6 months ended 30 June 2010 R'000**	Restated* Unaudited 6 months ended 30 June 2009 R'000	Audited 12 months ended 31 Dec 2009 R'000
Revenue		**389 465**	298 392	651 152
Retail sales		**217 423**	163 814	363 555
Cost of sales		**(101 288)**	(85 707)	(182 089)
Gross profit		**116 135**	78 107	181 466
Finance charges earned		**98 228**	83 688	174 054
Fees from ancillary services		**72 264**	48 310	108 859
Other net gains and losses		**(12 920)**	(125)	1 065
Debtor costs	1	**(53 779)**	(47 731)	(87 238)
Other trading expenses		**(128 137)**	(111 752)	(241 393)
Trading profit		**91 791**	50 497	136 813
Dividends received		**1 550**	2 580	4 684
Operating profit		**93 341**	53 077	141 497
Interest paid		**(4 135)**	(4 576)	(9 031)
Interest received		**2 975**	2 140	4 484
Equity loss on associate		**–**	(523)	(523)
Profit before taxation		**92 181**	50 118	136 427
Taxation		**(29 495)**	(13 073)	(36 513)
Profit for the period		**62 686**	37 045	99 914
Profit attributable to:				
– Owners of the parent		**65 924**	38 897	102 501
– Non-controlling interest		**(3 238)**	(1 852)	(2 587)
Profit for the period		**62 686**	37 045	99 914
Other comprehensive income, net of tax				
Property, plant and equipment				
Fair value gains arising during the year		**–**	3 027	3 027
Available-for-sale financial assets				
Gains arising during the year		**1 226**	–	1 590
Total comprehensive income for the year		**63 912**	40 072	104 531
Attributable to:				
– Owners of the parent		**67 150**	41 924	107 118
– Non-controlling interest		**(3 238)**	(1 852)	(2 587)
Total comprehensive income for the year		**63 912**	40 072	104 531

GROUP STATEMENT OF CASH FLOWS

	Note	**Unaudited 6 months ended 30 June 2010 R'000**	Restated* Unaudited 6 months ended 30 June 2009 R'000	Audited 12 months ended 31 Dec 2009 R'000
Cash flow from operating activities				
Operating profit before working capital changes	2	**111 135**	53 230	145 882
Movements in working capital		**(83 952)**	(28 388)	(76 549)
Cash generated by operations		**27 183**	24 842	69 333
Interest received		**2 975**	2 140	4 484
Interest paid		**(4 135)**	(4 576)	(9 031)
Dividends received		**1 550**	2 580	4 684
Dividends paid		**–**	(9 068)	(13 099)
Taxation paid		**(17 979)**	(12 081)	(31 930)
Net cash inflow from operating activities		**9 594**	3 837	24 441
Cash flow from investing activities				
Purchase of property, plant and equipment and intangible assets		**(4 481)**	(11 279)	(18 519)
Proceeds on disposal of available-for-sale investments		**5 845**	–	–
Other		**(1 126)**	(1 533)	1 001
Net cash inflow/(outflow) from investing activities		**238**	(12 812)	(17 518)
Cash flow from financing activities				
Share premium reduction		**(20 297)**	–	(7 053)
Net (repayments)/proceeds of interest-bearing liabilities		**(2 750)**	4 068	60 287
Other		**–**	1 468	2 109
Net cash (outflow)/inflow from financing activities		**(23 047)**	5 536	55 343
Net (decrease)/increase in cash and cash equivalents and bank overdrafts		**(13 215)**	(3 439)	62 266
Cash, cash equivalents and bank overdrafts at beginning of year		**55 891**	(6 375)	(6 375)
Cash, cash equivalents and bank overdrafts at end of year		**42 676**	(9 814)	55 891

SEGMENTAL REPORT – BUSINESS DIVISIONS

	Retail		**Financial services**		**Property**		**Other**		**Eliminations#**		**Total**	
	2010	2009 Restated*	**2010**	2009	**2010**	2009	**2010**	2009 Restated*	**2010**	2009 Restated*	**2010**	2009 Restated*
Unaudited 6 months ended 30 June	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000
Segmental revenue	**329 873**	265 044	**57 012**	30 498	**8 658**	8 604	**3 448**	12 616	**(9 526)**	(18 370)	**389 465**	298 392
Operating profit/(loss)	**81 502**	37 648	**26 538**	8 902	**7 843**	7 456	**(6 412)**	10 988	**(16 130)**	(11 917)	**93 341**	53 077
Profit/(loss) before tax	**81 862**	38 032	**18 490**	3 604	**5 050**	4 011	**2 909**	16 394	**(16 130)**	(11 923)	**92 181**	50 118
Segment assets (excluding group loans)	**377 909**	299 473	**184 088**	87 673	**107 054**	106 703	**88 709**	144 198	**(2 117)**	(6)	**755 643**	638 041
Segment liabilities (excluding group loans)	**114 671**	66 539	**7 250**	1 575	**59 017**	59 113	**160**	40 134	**(2 111)**	–	**178 987**	167 361
Group loans receivable/(payable)	**87 423**	11 817	**(155 294)**	(86 892)	**(45 794)**	(49 180)	**113 665**	124 255	**–**	–	**–**	–
Basic earnings per share (cents)	**58,9**	27,7	**13,5**	2,6	**4,0**	3,5	**0,8**	15,1	**(11,6)**	(10,0)	**65,6**	38,9

 # Inter-company eliminations primarily relate to property rentals, dividends received and distributions from the Share Trust.