

**BARNARD
JACOBS
MELLET**

BARNARD JACOBS MELLET
HOLDINGS LIMITED
Reg no: 1995/004798/06
Incorporated in the Republic of
South Africa
ISIN: ZAE000014262
Share Code: BJM
("the Group" or "BJM")

CONSOLIDATED INCOME STATEMENT

	Six months ended 30 September 2008 Unaudited R'000	Six months ended 30 September 2007 Unaudited R'000	Year ended 31 March 2008 Audited R'000
Operating income	232 309	216 756	474 569
Interest income	19 567	21 904	44 316
Revenue	251 876	238 660	518 885
Profit on sale of investments	—	—	156
Total income	251 876	238 660	519 041
Operating costs	(224 145)	(193 625)	(419 050)
Operating profit before finance costs	27 731	45 035	99 991
Finance costs	(9 916)	(3 853)	(17 043)
Income from investments	—	8	—
Profit before tax	17 815	41 190	82 948
Income tax expense	(10 131)	(13 986)	(28 709)
Profit for the period	7 684	27 204	54 239
Earnings per share			
Basic earnings per share (cents)	10,4	32,9	67,6
Diluted earnings per share (cents)	8,8	27,8	57,7

CONSOLIDATED BALANCE SHEET

	As at 30 September 2008 Unaudited R'000	As at 30 September 2007 Unaudited R'000	As at 31 March 2008 Audited R'000
Assets			
Non-current assets			
Equipment	31 230	5 877	22 531
Investments	742	4 462	740
Intangible assets	15 444	11 911	15 658
Deferred tax assets	24 233	21 258	12 625
Total non-current assets	71 649	43 508	51 554
Current assets			
Amounts receivable in respect of stockbroking activities	6 443 871	5 059 601	8 172 137
Margin on derivative financial instruments	1 135	19 101	5 832
Trade and other receivables	36 238	48 498	33 733
Listed securities holdings	1 326 487	781 774	993 422
Current tax assets	900	—	2 303
Cash and cash equivalents	119 477	262 239	399 068
Total current assets	7 928 108	6 171 213	9 606 495
Total assets	7 999 757	6 214 721	9 658 049
Equity and liabilities			
Equity			
Share capital	672	784	762
Share premium	18 935	61 089	52 001
Non-distributable reserves	64 335	39 802	57 725
Retained earnings	228 934	219 753	232 689
Total equity	312 876	321 428	343 177
Non-current liabilities			
Loans, borrowings and deferred payments	55 340	53 316	56 880
Deferred tax liabilities	7 856	1 017	217
Total non-current liabilities	63 196	54 333	57 097
Current liabilities			
Amounts payable in respect of stockbroking activities	6 078 675	5 072 274	8 118 475
Listed securities sold short	1 368 840	603 760	1 012 821
Trade and other payables	135 749	101 042	116 479
Current tax liabilities	17 534	16 944	9 549
Shareholders for dividends	201	187	201
Bank overdraft	22 686	44 753	250
Total current liabilities	7 623 685	5 838 960	9 257 775
Total equity and liabilities	7 999 757	6 214 721	9 658 049

RESULTS PER SHARE

	Six months ended 30 September 2008 Unaudited	Six months ended 30 September 2007 Unaudited	Year ended 31 March 2008 Audited
Weighted average number of ordinary shares ('000)	73 732	82 576	80 255
Headline earnings per share (cents)	10,9	32,9	67,3
Diluted headline earnings per share (cent)	9,2	27,8	57,4
Ordinary dividends per share (cents)	17,0	15,0	29,0
Net asset value per share (cents)	466,0	410,0	450,4
Reconciliation of headline earnings	R'000	R'000	R'000
Basic earnings	7 684	27 204	54 239
Loss/(profit) on disposal of equipment	490	—	(114)
Profit on sale of investments	—	—	(156)
Total tax effects on adjustments	(137)	—	64
Headline earnings	8 037	27 204	54 033

Diluted earnings and headline earnings per share are calculated inclusive of the shares in the Share Incentive Trust and the BEE transaction.

SEGMENTAL ANALYSIS

	Stock broking R'000	Corporate finance R'000	Settlement and prime broking R'000	Other R'000	Eliminations R'000	Consolidated R'000
September 2008 (Unaudited)						
Revenue from external customers	238 930	7 407	5 480	59	—	251 876
Inter-segment revenue	2 765	720	9 796	28 762	(42 043)	—
Total income	241 695	8 127	15 276	28 821	(42 043)	251 876
Segment result	30 632	1 877	5 652	2 633	(13 063)	27 731
Finance costs	—	—	—	—	—	(9 916)
Income tax expense	—	—	—	—	—	(10 131)
Profit for the period						7 684
Segment assets	6 419 295	8 853	1 651 769	232 595	(312 755)	7 999 757
Segment liabilities	6 088 207	2 475	1 641 544	68 577	(113 922)	7 686 881
Non-cash items						
Depreciation	1 551	112	107	2 367	—	4 137
Amortisation of intangible assets	—	—	—	214	—	214
IFRS 2 recognition of BEE credential	—	—	—	303	—	303
September 2007 (Unaudited)						
Revenue from external customers	223 216	4 610	9 651	1 183	—	238 660
Inter-segment revenue	3 407	55	1 954	19 950	(25 366)	—
Total income	226 623	4 665	11 605	21 133	(25 366)	238 660
Segment result	45 799	1 861	2 567	5 192	(10 384)	45 035
Finance costs	—	—	—	—	—	(3 853)
Investment income	—	—	—	—	—	8
Income tax expense	—	—	—	—	—	(13 986)
Profit for the period						27 204
Segment assets	5 207 728	5 577	763 253	535 389	(297 226)	6 214 721
Segment liabilities	4 905 595	6 747	754 397	376 898	(150 344)	5 893 293
Non-cash items						
Depreciation	996	40	99	203	—	1 338
Amortisation of intangible assets	—	—	—	768	—	768
IFRS 2 recognition of BEE credential	—	—	—	303	—	303
30 March 2008 (Audited)						
Revenue from external customers	482 341	22 302	13 866	532	—	519 041
Inter-segment revenue	7 262	718	19 813	41 120	(68 913)	—
Total income	489 603	23 020	33 679	41 652	(68 913)	519 041
Segment result	91 992	10 878	13 839	5 617	(22 335)	99 991
Finance costs	—	—	—	—	—	(17 043)
Income tax expense	—	—	—	—	—	(28 709)
Profit for the year						54 239
Segment assets	6 631 182	12 255	2 553 413	743 605	(282 406)	9 658 049
Segment liabilities	6 292 123	7 218	2 543 639	580 137	(108 245)	9 314 872
Non-cash items						
Depreciation	2 098	98	191	434	—	2 821
Amortisation of intangible assets	—	—	—	1 259	—	1 259
IFRS 2 recognition of BEE credential	—	—	—	606	—	606

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Non-distributable reserves R'000	Retained earnings R'000	Total R'000
Balance at 1 April 2007	833	87 856	38 642	205 008	332 339
<i>Income and expenses recognised:</i>					
<i>Directly in equity:</i>					
Exchange differences in translating foreign operations	—	—	17 017	—	17 017
Fair-value adjustment on available-for-sale instruments	—	—	(6)	—	(6)
Profit realised on sale of available-for-sale instruments	—	—	(1 383)	—	(1 383)
Total income and expenses recognised directly in equity	—	—	15 628	—	15 628
<i>In the income statement:</i>					
Profit for the year	—	—	—	54 239	54 239
Total recognised income and expenses	—	—	15 628	54 239	69 867
Equity settled share-based payments to employees	—	—	2 727	—	2 727
IFRS 2 recognition of BEE credential	—	—	606	—	606
Additional settlement on BEE transaction	—	—	122	—	122
Treasury stock acquired	(105)	(47 727)	—	—	(47 832)
Treasury stock issued	34	11 872	—	—	11 906
Dividends paid	—	—	—	(26 558)	(26 558)
Balance at 1 April 2008	762	52 001	57 725	232 689	343 177
<i>Income and expenses recognised:</i>					
<i>Directly in equity:</i>					
Exchange differences in translating foreign operations	—	—	(5 548)	—	(5 548)
Fair-value adjustment on available-for-sale instruments	—	—	(7)	—	(7)
Total income and expenses recognised directly in equity	—	—	(5 555)	—	(5 555)
<i>In the income statement:</i>					
Profit for the period	—	—	—	7 684	7 684
Total recognised income and expenses	—	—	(5 555)	7 684	2 129
Equity settled share-based payments to employees	—	—	11 480	—	11 480
IFRS 2 recognition of BEE credential	—	—	303	—	303
Additional settlement on BEE transaction	—	—	382	—	382
Cancellation of ordinary shares	(29)	(10 924)	—	—	(10 953)
Treasury stock acquired	(61)	(22 170)	—	—	(22 231)
Treasury stock issued	—	28	—	—	28
Dividends paid	—	—	—	(11 439)	(11 439)
Balance at 30 September 2008	672	18 935	64 335	228 934	312 876

CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 September 2008 Unaudited R'000	Six months ended 30 September 2007 Unaudited R'000	Year ended 31 March 2008 Audited R'000
Cash (utilised in)/generated from operating activities	(248 619)	26 597	211 241
Cash utilised in investing activities	(12 974)	(1 138)	(17 247)
Cash (utilised in)/generated from financing activities	(34 875)	23 084	13 255
Net (decrease)/increase in cash and cash equivalents	(296 468)	48 543	207 249
Cash and cash equivalents at beginning of period	398 818	174 594	174 594
Effect of exchange rate fluctuations	(5 559)	(5 651)	16 975
Cash and cash equivalents at end of period	96 791	217 486	398 818
Note to the cash flow statement			
Cash (utilised in)/generated from operating activities			
Net profit before tax adjusted for non-cash items	19 630	43 001	85 713
Working capital changes	(252 100)	12 672	184 873
Taxation paid	(4 709)	(16 611)	(32 794)
Dividends paid	(11 440)	(12 465)	(26 551)
Cash (utilised in)/generated from operating activities	(248 619)	26 597	211 241

↑ Revenue up 6%

↓ Headline earnings per share down 67%

↑ Net asset value per share up 14%

COMMENTARY

Operations

The six month period under review has seen unprecedented turmoil in the global financial system, which included the bankruptcy of Lehman Brothers, with whom BJM had a number of strategic and operational initiatives. No BJM clients suffered any damage from Lehman's default, and the direct financial loss to the firm was not material. The impact of the global credit crisis on local markets has resulted in a sharp decline in equity prices, a spike in volatility and an increase to risk aversion, none of which have been conducive to our equities business.

Due to these factors, revenue growth was pinned back to 6% year-on-year, whereas the 15% increase in costs largely reflected the investment for anticipated growth. As a consequence, headline earnings per share, which include STC charges decreased by 67% to 10,9 cents per share while normalised earnings per share, being earnings adjusted for the impact of non-recurring items and STC, decreased by 60% to 13,9 cents per share. The effective tax rate for the period was negatively impacted by withholding taxes paid on the repatriation of retained earnings from offshore and the revaluation of certain deferred tax assets. Net asset value, which does not include the value of BJM Private Client Services and Finsettle Services, increased from 410 cents per share to 466 cents per share.

Certain balances previously included in Cash and Cash equivalents are now reflected in Amounts Receivable in Respect of Stockbroking Activities which better reflect the business model of the Group. The present disclosure is a more accurate reflection of the nature of these balances based on the current Group business model.

BJM Private Client Services continued to show real positive growth in the face of difficult markets. The value of assets under administration declined by only 3%, whereas JSE Limited market capitalisation decreased by 22% over the period. Gross equity brokerage declined by 10% but the fixed income division and Corporate Finance made meaningful contributions to offset this. We are pleased to report that all of the Group's business units were profitable during the period under review.

Prospects

Management has taken measured action with regard to, inter alia, cost containment and capital management and is determined to ensure that the Group's major divisions retain their competitive market positions while operating profitably and generating cash. While there is no certainty with regard to the outcome of the global credit crisis, it is envisaged that basic earnings will remain under pressure for as long as market conditions remain unchanged.

Dividend

Given the dysfunction in global credit markets, the Board considers it prudent not to declare an interim dividend.

Basis of preparation

The accounting policies and methods of computation used in the preparation of these abridged results comply with the recognition and measurement basis of the full IFRS and the presentation and disclosure requirements of IAS 34 and are consistent in all material respects with those adopted for the year ended 31 March 2008. The September 2008 interim financial statements have not been audited or reviewed by the company's auditors KPMG Inc.

John Bester
Chairman

Johannesburg
13 November 2008