

CONDENSED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Notes	Unaudited 30 June 2010 R'm	Unaudited 30 June 2009 R'm	Audited 31 Dec 2009 R'm
ASSETS				
Current assets				
Investments	3	1 340.0	1 005.7	1 200.9
Income receivables and unsettled sales		21.8	23.1	35.3
Cash and deposits		462.2	528.8	564.7
Total assets		1 824.0	1 557.6	1 800.9
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary share capital		24.2	21.5	31.5
Accumulated profits		0.1	0.1	0.1
		24.1	21.4	31.4
Non-current liabilities				
Unsecured debentures	4	1 029.7	955.8	1 044.7
Deferred taxation		1 022.9	955.1	1 037.5
		6.8	0.7	7.2
Current liabilities				
Accounts payable		770.1	580.3	724.7
Taxation		2.2	2.2	2.3
Short investment positions		1.6	1.7	1.3
Unsettled purchases		711.1	519.7	647.8
Debenture interest payable		24.6	1.5	9.2
		30.6	55.2	64.1
Total equity and liabilities		1 824.0	1 557.6	1 800.9
Number of debentures in issue		145 599 536	141 575 823	145 504 265
Number of ordinary shares in issue		8 800 070	8 800 070	8 800 070
		Cents	Cents	Cents
Net attributable asset value per debenture (cum interest)		723.5	713.6	757.1
Net attributable asset value per debenture (ex interest)		702.5	674.6	713.0
Net attributable asset value per ordinary share		275.0	244.3	358.0

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unaudited 6 months to 30 June 2010 R'm	Unaudited 6 months to 30 June 2009 R'm	Audited Year ended 31 Dec 2009 R'm
Investment income		46.7	72.8	122.8
Realised trading (losses) profits		(5.3)	(0.5)	23.2
Operating expenditure		(7.4)	(6.2)	(13.5)
Net distributable profit		34.0	66.1	132.5
Capital profits on sale of investments		10.1	4.1	8.3
Revaluation of investments		(25.8)	(25.8)	43.1
Net portfolio income before debenture interest				
Debenture interest		18.3	44.4	183.9
Decrease (increase) in carrying value of debentures	4	(30.6)	(55.2)	(119.3)
		15.3	15.0	(40.8)
Profit before taxation		3.0	4.2	23.8
Taxation expense	5	(1.5)	(0.3)	(9.9)
Profit attributable to ordinary shareholders		1.5	3.9	13.9
Weighted average number of debentures in issue		145 587 529	141 201 689	142 661 438
		Cents	Cents	Cents
Interest per debenture (weighted)		21.0	39.0	83.6
Earnings per debenture (weighted)		10.5	28.5	112.2
Earnings per ordinary share		17.0	44.3	158.0

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Ordinary share capital	Accumulated profits	Total
	R'm	R'm	R'm
Balance at 1 January 2009 (audited)	0.1	17.5	17.6
Profit for the year	-	13.9	13.9
Balance at 31 Dec 2009 (audited)	0.1	31.4	31.5
Dividends	-	(8.8)	(8.8)
Profit for the period	-	1.5	1.5
Balance at 30 June 2010 (unaudited)	0.1	24.1	24.2
Balance at 1 January 2009 (audited)	0.1	17.5	17.6
Profit for the period	-	3.9	3.9
Balance at 30 June 2009 (unaudited)	0.1	21.4	21.5

CONDENSED STATEMENT OF CASH FLOWS

	Unaudited 6 months to 30 June 2010 R'm	Unaudited 6 months to 30 June 2009 R'm	Audited Year ended 31 Dec 2009 R'm
Net cash (outflow) inflow from trading activities	(28.7)	204.2	272.2
Interest, dividends and taxation paid	(74.5)	(83.4)	(142.1)
Net cash received from issue of debentures	0.7	19.4	46.0
Net (decrease) increase in cash and deposits in SA CPI on a rolling five-year basis	(102.5)	140.2	176.1
Cash and deposits at beginning of period	564.7	388.6	388.6
Cash and deposits at end of period	462.2	528.8	564.7

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and significant accounting policies

The condensed financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*. The condensed financial statements have been prepared under the historical cost convention, except for the revaluation of financial instruments.

The same accounting policies, presentation and methods of computation are followed in these condensed financial statements as were applied in the preparation of the company's financial statements for the year ended 31 December 2009.

2. Operating segments

The company has one principal operating segment and accordingly additional segmental disclosures have not been made.

3. Investments

Investments comprise both long and short exposures to listed and unlisted securities. The investment objective is to achieve a total return of 10% per annum above the annual change in SA CPI on a rolling five-year basis. In managing the investment portfolio, securities may be held for trading within twelve months or may be realised over longer periods as deemed appropriate by the manager.

4. Unsecured debentures

	Unaudited 30 June 2010 R'm	Unaudited 30 June 2009 R'm	Audited 31 Dec 2009 R'm
Unsecured debentures comprise			
Debenture capital at issue price	987.3	960.0	986.6
Cumulative revaluation of debentures	35.6	(4.9)	50.9
Fair value of debentures	1 022.9	955.1	1 037.5
Reconciliation of balance			
Balance at beginning of period	1 037.5	950.7	950.7
Net proceeds on issue of debentures	0.7	19.4	46.0
Revaluation - current period	(15.3)	(15.0)	40.8
Balance at end of period	1 022.9	955.1	1 037.5
(Decrease) increase in carrying value of debentures			
Net portfolio income before debenture interest	18.3	44.4	183.9
90% allocation to debenture holders	16.5	40.0	165.5
Less: proportionate share of taxation (expense) credit	(1.2)	0.2	(5.4)
Less: interest distribution for the period	(30.6)	(55.2)	(119.3)
Revaluation - current period	(15.3)	(15.0)	40.8

5. Taxation

Taxation comprises			
Current taxation charge - current period	1.9	1.7	4.8
Deferred taxation (credit) charge - current period	(0.4)	(1.4)	5.1
Net expense per statement of comprehensive income	1.5	0.3	9.9

These results have not been reviewed by the company's auditors, Deloitte & Touche.

RESULTS FOR THE 6 MONTHS ENDED 30 JUNE 2010

For the six month period under review, the debenture net attributable asset value increased from 713.0 cents per debenture to 723.5 cents per debenture, cum-interest. This yielded a return on the debentures of 1.5% for the period on a net asset value basis (six months ended 30 June 2009: 4.1%).

The returns earned on the debentures for the six months ended 30 June 2010 are as follows:

	Unaudited 6 months to 30 June 2010	Unaudited 6 months to 30 June 2009	Audited Year ended 31 Dec 2009
Income	3.0%	5.7%	12.2%
Capital	- 1.5%	- 1.6%	4.0%
Total return *	1.5%	4.1%	16.2%
Benchmark (CPI + 10% per annum)	** 7.4%	9.2%	16.3%

* Calculated with reference to monthly net attributable asset values per debenture

** Lagged one month

Net distributable profit for the period decreased to R34.0 million from R66.1 million for the comparative period in 2009. The main reasons for this decline were much lower dividends and interest received (see commentary below) and the unusually high base of dividends received last year. There were also lower average cash holdings during the current period.

Realised trading losses increased by R4.8 million to R5.3 million during the period, while realised capital profits rose by R6 million to R10.1 million. Operating expenses increased due to higher scrip borrowing charges and investment management fees increased on higher average portfolio values. The revaluation of investments was a negative R25.8 million.

The lower distributable profit for the period caused a decline in the interim interest distribution to 21.0 cents per debenture (30 June 2009: 39.0 cents per debenture).

COMMENTARY

Equity prices around the world experienced high volatility in the first half of 2010. All equity indices produced negative returns for the six months, after a positive first quarter. The MSCI World Index declined 12.5% in US dollars in the second quarter, while the FTSE/JSE All Share Index fell 8% in the second quarter and 4% over the six months. The average monthly price change over the period was three times higher than normal.

Bond yields declined slightly over the six months. The SA All Bond Index returned 5.5% in the first half of 2010 compared to a cash yield of 3.5%, as short-term rates declined. SA listed property was the best performing asset class for the six months with a return of 10.5%. The rand depreciated 3.5% against the US dollar, but gained 12% against the euro. Average annual dividends paid on the FTSE/JSE All Share Index are 27% less than a year ago, while short-term interest rates have declined 500 basis points in the past 18 months.

Lower share prices, lower dividends and lower interest rates have all contributed to the low return earned by debentures in the first half of 2010. The investment focus moved to capital preservation in the second quarter, as markets declined.

The risk diversification provided by actively managing the portfolio's asset allocation was again helpful in preserving capital, with a positive contribution from equities more than offsetting the negative contribution from the short SA bond position. Good equity selection boosted the contribution from SA equities to +3% for the six months. Foreign securities also performed well in their base currencies and maintained their rand values in aggregate, despite inconsistent currency movements.

The current asset allocation at effective economic exposures is set out below:

	Domestic		Foreign		Total	
	June 2010	Dec 2009	June 2010	Dec 2009	June 2010	Dec 2009
Equities	35%	53%	27%	24%	62%	77%
Listed property	6%	9%	6%	0%	12%	9%
Government bonds	- 50%	- 46%	0%	0%	- 50%	- 46%
Corporate debt	12%	12%	14%	12%	26%	24%
Commodities	0%	0%	2%	2%	2%	2%
Cash and money market	43%	26%	5%	8%	48%	34%
	46%	54%	54%	46%	100%	100%

Domestic equity exposure has been significantly reduced from six months ago and cash holdings have been increased. The possibility of a double dip recession remains, as previous economic stimulatory measures are reduced and as some governments are forced to adopt strict austerity plans for their economies, both of which lead us to be cautious on investment prospects for the next six months.

While short-term interest rates are unlikely to rise in the next six months, we do expect increased dividends from the investment portfolio which should help to preserve the final distribution at year-end.

INTEREST PAYMENT AND ELECTION

Notice is hereby given that a debenture interest payment (number 46) of 21.0 cents per debenture in respect of the six months ended 30 June 2010 is payable to debenture holders recorded in the debenture register of the company on the record date. In compliance with the Listings Requirements, the following dates are applicable:

Last date to trade	Thursday, 5 August 2010
Debentures trade ex-interest	Friday, 6 August 2010
Record date	Friday, 13 August 2010
Payment date	Monday, 16 August 2010

No debenture certificates may be dematerialised or rematerialised between Thursday, 5 August 2010 and Friday, 13 August 2010, both days inclusive.

IMPORTANT: ELECTION TO RECEIVE DEBENTURES IN LIEU OF A CASH INTEREST PAYMENT

As provided for in section 6.4 of the Debenture Trust Deed, the board has resolved that **debenture holders recorded in the debenture register at the close of business on the record date may elect to receive new fully paid Foord Compass Limited Variable Rate debentures in lieu of a cash interest payment ("the debentures")**. The motivation for this decision is to retain cash and build capital for debenture holders. The tax implications of the settlement of the debenture interest payment by the issue of debentures or by the payment of cash should be the same. However, debenture holders are encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

Certificated debenture holders who wish to elect to receive debentures in respect of all or a part of their interest entitlement, must complete the Form of Election (mailed under separate cover) in accordance with the instructions therein and return such election form to the company's transfer secretaries to be received by no later than 12:00 on the record date, being Friday, 13 August 2010. Dematerialised debenture holders who wish to elect to receive debentures in respect of all or a part of their interest entitlement must, in terms of the agreement between themselves and their Central Securities Depository Participant ("CSDP") or broker, instruct their CSDP or broker accordingly.

If the election to receive debentures is not made by dematerialised debenture holders by the cut-off time stipulated by their CSDP or broker, or by 12:00 on Friday, 13 August 2010 in the case of certificated debenture holders, debenture holders will be deemed to have elected to receive a cash interest payment. As indicated above, the last day to trade in the company's debentures on the JSE to ensure that a purchaser appears as an owner on the record date will be Thursday, 5 August 2010. The number of debentures to be issued ("the ratio") will be determined with reference to the ex-interest net attributable asset value per debenture as at 30 June 2010 of 702.5 cents. Accordingly, the ratio is 2.989 interest debentures for each 100 debentures held on the record date. Only rounded numbers of interest debentures will be issued based on conventional rounding principles. No fractions will be paid. The right to receive debentures may not be traded on the JSE.

Subject to JSE approval of the debenture election, application will be made to the JSE Limited for a listing of the maximum number of debentures to be issued with effect from the commencement of business on Tuesday, 10 August 2010. An adjustment to the number of debentures listed will be made on or about Tuesday, 17 August 2010 in accordance with the actual number of debentures issued having regard to the elections made.

Cheques and/or new debenture certificates will be posted by registered post to certificated debenture holders and the accounts updated and/or credited by CSDPs or brokers of dematerialised debenture holders on or about Monday, 16 August 2010.

Signed on behalf of the board


MO HODGES
19 July 2010


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