



PSG GROUP LIMITED

INTERIM RESULTS

(UNAUDITED) FOR THE SIX MONTHS ENDED 31 AUGUST 2011

| Recurring headline earnings increased by 21,7% to 135,5 cents per share | Interim dividend increased by 30% to 26 cents per share
| Sum-of-the-parts value increased by 11,8% to R52,34 per share as at 31 August 2011

CONDENSED GROUP INCOME STATEMENT

	Unaudited		Audited	
	31 Aug 2011	Change %	31 Aug 2010	28 Feb 2011
	Rm		Rm	Rm
Income				
Investment income and net fair value adjustments to financial instruments	14,3		90,2	221,4
Commission and other fee income	757,9	30,0	583,2	1 290,2
Other operating income	20,2		42,3	380,2
Total income	792,4	10,7	715,7	1 891,8
Expenses				
Insurance claims and loss adjustments	(0,5)		(2,4)	(0,2)
Operating expenses	(698,6)		(557,9)	(1 162,4)
Total expenses	(699,1)	24,8	(560,3)	(1 162,6)
Share of profits of associated companies	249,0		267,3	524,8
Results of operating activities	342,3	(19,0)	422,7	1 254,0
Finance costs	(59,5)		(46,2)	(90,7)
Profit before taxation	282,8	(24,9)	376,5	1 163,3
Taxation	(30,5)		(54,0)	(131,0)
Profit for the period	252,3	(21,8)	322,5	1 032,3
Attributable to:				
Owners of the parent	148,1		208,9	708,4
Non-controlling interest	104,2		113,6	323,9
	252,3		322,5	1 032,3
Attributable to owners of the parent	148,1		208,9	708,4
Non-headline items (note 2)	26,9		20,2	(196,0)
Headline earnings	175,0	(23,6)	229,1	512,4
Earnings per share (cents)				
Attributable	87,4	(30,1)	125,0	424,1
Headline ("HEPS")	103,3	(24,6)	137,0	306,7
Diluted attributable	86,4	(30,3)	124,0	420,2
Diluted headline	102,2	(24,9)	136,0	303,9
Recurring headline	135,5	21,7	111,3	241,9
Dividend per share (cents)				
Interim	26,0		20,0	20,0
Final				47,0
	26,0	30,0	20,0	67,0
Number of shares (million)				
In issue (net of treasury shares)	175,2		167,0	166,3
Weighted average	169,5		167,2	167,1
Diluted weighted average	171,3		168,5	168,6

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited		Audited	
	31 Aug 2011	31 Aug 2010	28 Feb 2011	2011
	Rm	Rm	Rm	Rm
Profit for the period	252,3	322,5	1 032,3	
Other comprehensive income for the period	(10,7)	25,0	26,2	
Share of other comprehensive income and equity movements of associated companies	(7,8)	25,4	17,0	
Disposal of associated company's share of other comprehensive income			10,1	
Other	(2,9)	(0,4)	(0,9)	
Total comprehensive income for the period	241,6	347,5	1 058,5	
Attributable to:				
Owners of the parent	143,3	239,5	722,5	
Non-controlling interest	98,3	108,0	336,0	
	241,6	347,5	1 058,5	

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited		Audited	
	31 Aug 2011	31 Aug 2010	28 Feb 2011	2011
	Rm	Rm	Rm	Rm
Ordinary shareholders' equity at beginning of period	3 584,8	2 947,0	2 947,0	
Total comprehensive income for the period	143,3	239,5	722,5	
Shares issued	376,0			
Share buy-back		(20,0)	(20,0)	
Net movement in treasury shares	16,7	4,3	9,6	
Share-based payment costs	1,6	3,3	6,1	
Transactions with non-controlling interest	(22,0)	6,4	2,0	
Dividends paid	(79,9)	(48,5)	(82,4)	
Ordinary shareholders' equity at end of period	4 020,5	3 132,0	3 584,8	
Non-controlling interest	3 117,8	2 519,9	3 025,8	
Beginning of period	3 025,8	2 263,5	2 263,5	
Total comprehensive income for the period	98,3	108,0	336,0	
Shares issued	71,0			
Preference shares issued		202,9	501,5	
Transactions with non-controlling interest	0,4	(35,4)	(5,4)	
Acquisition of subsidiaries		39,7	39,7	
Dividends and capital distributions paid	(36,8)	(35,1)	(57,7)	
Preference dividend paid	(40,9)	(23,7)	(51,8)	
Total equity at end of period	7 138,3	5 651,9	6 610,6	

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited		Audited	
	31 Aug 2011	31 Aug 2010	28 Feb 2011	2011
	Rm	Rm	Rm	Rm
Assets				
Property, plant and equipment	507,8	304,9	410,9	
Intangible assets	1 111,4	919,2	1 025,3	
Investments in associated companies	5 446,2	4 740,5	5 212,3	
Deferred income tax	64,3	19,8	48,4	
Financial assets linked to investment contracts (note 4)	8 915,9	8 534,9	9 112,4	
Other financial assets	612,8	721,5	605,7	
Receivables	188,1	217,1	193,7	
Current income tax assets	4,1		5,4	
Cash and cash equivalents	698,0	347,9	796,1	
Non-current asset held for sale	31,0			
Total assets	17 579,6	15 805,8	17 410,2	
Equity				
Ordinary shareholders' equity	4 020,5	3 132,0	3 584,8	
Non-controlling interest	3 117,8	2 519,9	3 025,8	
Total equity	7 138,3	5 651,9	6 610,6	
Liabilities				
Financial liabilities	30,3	31,0	29,9	
Financial liabilities under investment contracts (note 4)	8 915,9	8 534,9	9 112,4	
Other financial liabilities	845,0	1 019,5	854,9	
Deferred income tax	133,5	133,6	126,4	
Payables and provisions	496,7	428,9	663,6	
Current income tax liabilities	19,9	6,0	12,4	
Total liabilities	10 441,3	10 153,9	10 799,6	
Total equity and liabilities	17 579,6	15 805,8	17 410,2	
Net asset value per share (cents)	2 295	1 875	2 156	
Net tangible asset value per share (cents)	1 660	1 325	1 539	

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Unaudited		Audited	
	31 Aug 2011	31 Aug 2010	28 Feb 2011	2011
	Rm	Rm	Rm	Rm
Net cash flow from operating activities	(316,3)	(8,5)	564,3	
Net cash flow from investment activities	(307,4)	(267,4)	(249,3)	
Net cash flow from financing activities	278,2	184,3	335,9	
Net (decrease)/increase in cash and cash equivalents	(345,5)	(91,6)	650,9	
Cash and cash equivalents at beginning of period	1 127,3	476,4	476,4	
Cash and cash equivalents at end of period*	781,8	384,8	1 127,3	
* Include the following:				
Bank overdrafts		(15,9)	(3,4)	
Clients' cash linked to investment contracts	83,8	52,8	334,6	

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS

1. Basis of presentation and accounting policies

The condensed interim group financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the annual financial statements for the year ended 28 February 2011, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as well as the AC 500 standards, the requirements of the South African Companies Act of 2008, as amended, and the Listings Requirements of the JSE Ltd. The accounting policies applied in the preparation of these condensed interim group financial statements are consistent with those used in the previous financial year. No new standards, interpretations or amendments, which are relevant to the group's operations, became effective during the period.

The complete IAS 34-compliant report has been released on the Securities Exchange News Service ("SENS") and is also available at www.psggroup.co.za.

2. Non-headline items

	Unaudited		Audited	
	31 Aug 2011	31 Aug 2010	28 Feb 2011	2011
	Rm	Rm	Rm	Rm
Net of taxation and non-controlling interest				
Impairment of investments in associated companies	(20,2)	(13,8)	(28,8)	
Net profit on sale/dilution of investments in associated companies	3,0	15,0	243,3	
Non-headline items of associated companies	(9,9)	(22,9)	(18,1)	
Other	0,2	1,5	(0,4)	
	(26,9)	(20,2)	196,0	

3. Commitments and contingent liabilities

Operating lease commitments

	31 Aug 2011	31 Aug 2010	28 Feb 2011
	81,2	74,6	75,6

4. Linked investment contracts

These represent PSG Asset Management Administration Services (previously PSG FutureWealth) clients' assets held under investment contracts, which are linked to a corresponding liability.

5. PSG Financial Services Ltd

The company is a wholly owned subsidiary of PSG Group Ltd, except for the 11 885 206 preference shares which are listed on the JSE Ltd. No separate financial statements are presented for the company as it is the only asset of PSG Group Ltd.

COMMENTARY

OVERVIEW

PSG is an investment holding company consisting of 33 underlying investments, with a combined market capitalisation of R74bn, that operate across industries that include financial services, banking, agriculture, education, construction, manufacturing, mining and energy saving.

SUM OF THE PARTS ("SOTP")

Our key valuation tool used to determine PSG's performance is the growth in its SOTP value per share. The calculation is simple and requires limited subjectivity as 95% of the SOTP value is calculated using quoted market prices, whilst the unlisted investments are valued using market-related multiples. At 31 August 2011, the SOTP value per PSG share was R52,34, which was 11,8% higher than at 28 February 2011. At 30 September 2011, the SOTP value was R53,22 per share.

Asset/liability	28 Feb 2009	28 Feb 2010	28 Feb 2011	31 Aug 2011	% of total assets
	Rm	Rm	Rm	Rm	
Capitec Bank*	857	2 367	5 138	6 090	55,7%
PSG Konsult**	873	948	1 206	1 177	10,8%
Paladin Capital*	413	834	1 242	841	7,7%
Curro Holdings*				580	5,3%
Zeder Investments*	342	742	1 069	1 013	9,3%
Management fees/agreements*	216	361	350	350	3,2%
Other investments (Thembeke prefs, cash, etc.)	745	400	548	878	8,0%
Total assets	3 446	5 652	9 553	10 929	100,0%
Perpetual pref funding*	(486)	(541)	(1 028)	(1 013)	
Other debt*	(350)	(539)	(507)	(481)	
Total SOTP value	2 610	4 572	8 018	9 435	
Number of shares (million)	170,5	171,8	171,3	180,2	
SOTP value per share (rand)	15,31	26,60	46,81	52,34	

* Listed on the JSE Ltd ** Over the counter * Valuation

RESULTS

A continued increase in PSG's SOTP value over the long term will depend on sustained growth in the profitability of our underlying investments. PSG thus continues to use the recurring headline earnings method to provide management and investors with a more realistic and transparent way of evaluating PSG's earnings performance. PSG's consolidated recurring headline earnings represent the sum of PSG's effective interest in the recurring headline earnings of each investment. The result is that investments in which PSG or an underlying company holds less than 20% and are generally not equity accountable in terms of accounting standards, are included in the calculation of our consolidated recurring headline earnings. Market-to-market fluctuations are excluded.

	Year ended		6 months ended	
	28 Feb 2010	28 Feb 2011	31 Aug 2010	31 Aug 2011
Recurring headline earnings (Rm)				
Capitec Bank	151,7	223,0	99,1	167,9
PSG Konsult	91,9	93,9	41,7	42,5
Paladin Capital	76,1	44,8	25,1	22,7
Curro Holdings	1,1	1,9	1,2	(5,1)
Zeder Investments	83,6	109,4	50,9	53,8
PSG Corporate (incl. PSG Capital)	15,3	21,0	10,3	7,8
Other	20,0	19,2	9,9	10,6
Recurring headline earnings before funding	439,7	513,2	238,2	300,2
Funding	(80,7)	(109,1)	(52,1)	(70,5)
Recurring headline earnings	359,0	404,1	186,1	229,7
Non-recurring items	72,4	108,3	43,0	(54,7)
Headline earnings	431,4	512,4	229,1	175,0
Non-headline items	(40,5)	196,0	(20,2)	(26,9)
Attributable earnings	390,9	708,4	208,9	148,1
Earnings per share (cents)				
- Recurring headline	207,4	241,9	111,3	135,5
- Headline	249,2	306,7	137,0	103,3
- Attributable	225,8	424,1	125,0	87,4

PSG's recurring headline earnings per share increased by 21,7% to 135,5 cents for the period ended 31 August 2011. This was once again primarily as a result of Capitec's exceptional performance. PSG Konsult and Zeder managed to marginally improve on their performance in the prior year, whereas the balance of our investments had mixed fortunes.

Headline earnings decreased by 24,6% to 103,3 cents per share, and attributable earnings by 30,1% to 87,4 cents per share. This was mainly as a result of a market-to-market loss of R40,5m incurred on PSG Financial Services Ltd's interest rate hedge during the past six months as opposed to market-to-market profits of R66,9m achieved in Thembeke's investment portfolio of listed shares during the same period last year.

CORPORATE ACTION AND INVESTING

- Raised R377m in cash through the issue of 8,2m PSG Group Ltd ordinary shares at an average price of R46,09 per share.
- We increased our interest in Zeder to 42,4% having invested a further R18m at an average price of R2,48 per share.
- Paladin's 77,6% interest in Curro was unbundled to Paladin shareholders with effect from 22 August 2011. PSG as a result now holds a 63,1% direct interest in Curro.
- Paladin shareholders have approved the transaction whereby PSG will acquire the entire issued share capital of Paladin not already owned by PSG, being an 18,7% interest, in exchange for PSG Group Ltd ordinary shares or cash on 24 October 2011, following which Paladin will be delisted from the JSE.