

Condensed group income statement				
	Unaudited		Audited	
	31 Aug 2010	Change %	31 Aug 2009	28 Feb 2010
	Rm		Rm	Rm
<b>Income</b>				
Investment income and net fair value adjustments to financial instruments	90,2		135,9	224,7
Commission and other fee income	583,2	19,5	487,9	1 060,8
Other operating income	42,3		45,1	46,6
<b>Total income</b>	<b>715,7</b>	<b>7,0</b>	<b>668,9</b>	<b>1 332,1</b>
<b>Expenses</b>				
Insurance claims	2,4		3,5	1,2
Operating expenses	557,9		473,9	981,9
<b>Total expenses</b>	<b>560,3</b>	<b>17,4</b>	<b>477,4</b>	<b>983,1</b>
<b>Net income from operating activities</b>	<b>155,4</b>	<b>(18,9)</b>	<b>191,5</b>	<b>349,0</b>
Finance costs	(46,2)		(50,2)	(93,8)
Share of profits of associated companies	267,3		187,0	411,8
<b>Profit before taxation</b>	<b>376,5</b>	<b>14,7</b>	<b>328,3</b>	<b>667,0</b>
Taxation	(54,0)		(39,0)	(103,3)
<b>Net profit for the period</b>	<b>322,5</b>	<b>11,5</b>	<b>289,3</b>	<b>563,7</b>
<b>Attributable to:</b>				
Non-controlling interests	113,6		95,6	172,7
Equity holders of the company	208,9		193,7	391,0
<b>Total</b>	<b>322,5</b>		<b>289,3</b>	<b>563,7</b>
<b>Attributable to equity holders of the company</b>				
Non-headline items (note 2)	20,2		40,0	40,4
<b>Headline earnings</b>	<b>229,1</b>	<b>(2,0)</b>	<b>233,7</b>	<b>431,4</b>
<b>Earnings per share (cents)</b>				
- attributable	125,0	11,0	112,6	225,8
- headline ("HEPS")	137,0	0,8	135,9	249,2
- diluted attributable	124,0	10,4	112,3	224,5
- diluted headline	136,0	0,3	135,6	247,8
- recurring headline	111,3	36,6	81,5	207,4
<b>Dividend per share (cents)</b>				
- interim	20,0		13,0	13,0
- final				29,0
<b>Total</b>	<b>20,0</b>	<b>53,8</b>	<b>13,0</b>	<b>42,0</b>
<b>Number of shares (million)</b>				
- in issue (net of treasury shares)	167,0		175,4	167,0
- weighted average	167,2		172,0	173,1
- diluted weighted average	168,5		172,4	174,1

Condensed group statement of comprehensive income				
	Unaudited		Audited	
	31 Aug 2010	31 Aug 2009	31 Aug 2010	28 Feb 2010
	Rm	Rm	Rm	Rm
<b>Net profit for the period</b>	<b>322,5</b>	<b>289,3</b>	<b>563,7</b>	
<b>Other comprehensive income/(loss) for the period</b>	<b>25,0</b>	<b>(6,2)</b>	<b>0,3</b>	
Share of other comprehensive income and equity movements of associated companies	25,4	(0,9)	3,3	
Currency translation adjustments and fair value gains/(losses)	0,5	(5,3)	(3,0)	
Release of available-for-sale reserve	(0,9)			
<b>Total comprehensive income for the period</b>	<b>347,5</b>	<b>283,1</b>	<b>564,0</b>	
<b>Attributable to:</b>				
Non-controlling interests	108,0	92,9	165,8	
Equity holders of the company	239,5	190,2	398,2	
<b>Total</b>	<b>347,5</b>	<b>283,1</b>	<b>564,0</b>	

Condensed group statement of financial position				
	Unaudited		Audited	
	31 Aug 2010	31 Aug 2009	31 Aug 2010	28 Feb 2010
	Rm	Rm	Rm	Rm
<b>Assets</b>				
Property, plant and equipment	304,9	34,8	38,0	
Intangible assets	919,2	786,0	780,9	
Investments in associated companies (note 3)	4 740,5	3 960,4	4 452,7	
Financial assets linked to investment contracts (note 5)	8 534,9	8 285,0	8 215,8	
Other financial assets	721,5	512,8	696,5	
Deferred income tax	19,8	21,6	4,1	
Receivables	217,1	260,8	137,6	
Cash and cash equivalents	347,9	600,5	360,7	
<b>Total assets</b>	<b>15 805,8</b>	<b>14 461,9</b>	<b>14 686,3</b>	
<b>Equity</b>				
Ordinary shareholders' equity	3 132,0	2 986,2	2 947,0	
Non-controlling interests	2 519,9	2 095,8	2 263,5	
<b>Total equity</b>	<b>5 651,9</b>	<b>5 082,0</b>	<b>5 210,5</b>	
<b>Liabilities</b>				
Insurance liabilities	31,0	31,5	30,3	
Financial liabilities under investment contracts (note 5)	8 534,9	8 285,0	8 215,8	
Other financial liabilities	1 019,5	620,0	795,5	
Deferred income tax	133,6	68,6	74,5	
Payables and provisions	428,9	319,6	358,1	
Current income tax liabilities	6,0	55,2	1,6	
<b>Total liabilities</b>	<b>10 153,9</b>	<b>9 379,9</b>	<b>9 475,8</b>	
<b>Total equity and liabilities</b>	<b>15 805,8</b>	<b>14 461,9</b>	<b>14 686,3</b>	
<b>Net asset value per share (cents)</b>				
	1 875	1 703	1 765	
<b>Net tangible asset value per share (cents)</b>	<b>1 325</b>	<b>1 254</b>	<b>1 297</b>	

Recurring headline earnings							
	Headline earnings			Number of shares	Net asset value		
	31 Aug 2010	31 Aug 2009	28 Feb 2010		31 Aug 2010	31 Aug 2009	28 Feb 2010
	Rm	Rm	Rm	m	Rm	Rm	Rm
<b>Recurring headline earnings</b>	<b>186,1</b>	<b>140,1</b>	<b>359,0</b>		<b>2 966,0</b>	<b>2 790,4</b>	<b>2 766,7</b>
Capitec Bank	99,1	61,8	151,7	29,4	1 529,0	1 303,5	1 383,9
PSG Konsult	31,7	28,9	65,5	538,5	303,3	274,1	296,1
PSG Fund Management	10,0	10,3	26,4	15,6	151,2	137,5	149,2
Paladin Capital	26,3	28,6	77,2	472,3	907,7	752,6	859,6
Zeder Investments	50,9	30,8	83,6	407,9	972,1	913,1	925,9
PSG Corporate (incl. PSG Capital)					28,8	51,4	26,9
Management and other fee income	39,0	27,5	60,7				
Operating costs	(24,4)	(15,5)	(38,0)				
Taxation	(4,3)	(6,1)	(7,4)				
BEE pref share investments	10,1	10,8	20,6		194,8	174,8	184,8
Funding							
Perpetual pref share funding	(28,8)	(27,4)	(51,1)		(769,3)	(555,3)	(551,3)
Net interest	(23,3)	(11,9)	(29,6)		(357,2)	(270,6)	(513,9)
Other	(0,2)	2,3	(0,6)		5,6	9,3	5,5
<b>Non-recurring headline earnings</b>	<b>43,0</b>	<b>93,6</b>	<b>72,4</b>		<b>166,0</b>	<b>195,8</b>	<b>180,3</b>
Paladin Capital	62,4	70,2	89,9				
Zeder Investments	(13,8)	2,8	(23,0)				
PSG Corporate (net of tax)							
Marked-to-market (loss)/profit	(5,6)	20,6	26,2		124,3	145,7	138,6
Deferred tax assets written off			(20,7)				
m Cubed Holdings				219,7	41,7	50,1	41,7
<b>Total headline earnings</b>	<b>229,1</b>	<b>233,7</b>	<b>431,4</b>		<b>3 132,0</b>	<b>2 986,2</b>	<b>2 947,0</b>
<b>Statistics</b>							
Recurring HEPS (cents)	111,3	81,5	207,4	Change			
HEPS (cents)	137,0	135,9	249,2	36,6%			
				0,8%			

Condensed group statement of changes in equity				
	Unaudited		Audited	
	31 Aug 2010	31 Aug 2009	31 Aug 2010	28 Feb 2010
	Rm	Rm	Rm	Rm
<b>Ordinary shareholders' equity at beginning of period</b>				
	2 947,0	2 755,4	2 755,4	
Total comprehensive income for the period	239,5	190,2	398,2	
Net shares (repurchased)/issued	(15,7)	104,6	(123,2)	
Transactions with non-controlling interests	6,4			
Share-based payment costs	3,3	1,9	5,3	
Dividends paid	(48,5)	(65,9)	(88,7)	
<b>Ordinary shareholders' equity at end of period</b>	<b>3 132,0</b>	<b>2 986,2</b>	<b>2 947,0</b>	
<b>Non-controlling interests</b>				
Beginning of period	2 263,5	1 863,6	1 863,6	
Total comprehensive income for the period	108,0	92,9	165,8	
Dividends and capital distributions paid	(58,8)	(78,3)	(118,9)	
Preference shares issued	202,9			
Interest acquired from non-controlling shareholders	(43,9)		(4,8)	
Additional interest obtained	48,2	217,6	357,8	
<b>Total equity at end of period</b>	<b>5 651,9</b>	<b>5 082,0</b>	<b>5 210,5</b>	

Condensed group statement of cash flows				
	Unaudited		Audited	
	31 Aug 2010	31 Aug 2009	31 Aug 2010	28 Feb 2010
	Rm	Rm	Rm	Rm
Net cash flow from operating activities	(8,5)	653,7	779,4	
Net cash flow from investing activities	(267,4)	(124,8)	(350,0)	
Net cash flow from financing activities	184,3	275,7	258,2	
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(91,6)</b>	<b>804,6</b>	<b>687,6</b>	
<b>Cash and cash equivalents at beginning of period</b>	<b>476,4</b>	<b>(211,2)</b>	<b>(211,2)</b>	
<b>Cash and cash equivalents at end of period*</b>	<b>384,8</b>	<b>593,4</b>	<b>476,4</b>	
* Include bank overdrafts and CFD financing of	(15,9)	(137,3)	(61,1)	
* Include clients' cash linked to investment contracts of	52,8	130,2	176,8	

#### 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 2010, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The accounting policies applied in the preparation of these interim group financial statements are consistent with those used in the previous year, except for the following amendments to standards and revised standards issued which are effective for the financial year beginning 1 March 2010:

- Amendments to IFRS 2 - *Share-based Payment*
- IFRS 3 Revised - *Business Combinations*
- IAS 27 Revised - *Consolidated and Separate Financial Statements*

The adoption of these amendments and revised standards had no material effect on the results, nor has it required any restatement of previously reported results.

The complete IAS 34 compliant interim report is available at [www.psggroup.co.za](http://www.psggroup.co.za).

	Unaudited		Audited	
	31 Aug 2010	31 Aug 2009	31 Aug 2010	28 Feb 2010
	Rm	Rm	Rm	Rm
<b>2. Non-headline items</b>				
<i>Net of taxation and non-controlling interest</i>				
Impairment of investments in associated companies and intangible assets	(13,8)	(62,3)	(54,6)	
Net profit/(loss) on sale/dilution of investments in subsidiaries and associated companies	15,1	(3,2)	(8,1)	
Negative goodwill on acquisition of subsidiaries		18,0	18,1	
Non-headline items of associated companies	(22,9)	2,2	(2,0)	
Other investment activities	1,4	5,3	6,2	
<b>Total</b>	<b>(20,2)</b>	<b>(40,0)</b>	<b>(40,4)</b>	
<b>3. Investments in associated companies</b>				
Carrying value				
- listed	1 785,9	1 575,3	1 696,8	
- unlisted	2 954,6	2 385,1	2 755,9	
<b>Total</b>	<b>4 740,5</b>	<b>3 960,4</b>	<b>4 452,7</b>	
<b>Market and directors' valuation</b>				
- listed	4 567,1	1 964,0	2 870,6	
- unlisted	3 083,3	2 442,7	2 920,2	
<b>Total</b>	<b>7 650,4</b>	<b>4 406,7</b>	<b>5 790,8</b>	
<b>4. Commitments</b>				
Operating lease commitments	74,6	87,6	82,9	
<b>5. Linked investment contracts</b>				
PSG Fund is not exposed to market movements in PSG FutureWealth's clients' assets held under investment contracts, as any movement in the market price of the investment is linked to a corresponding adjustment to the liability.				
<b>6. PSG Financial Services Limited</b>				
The company is a wholly owned subsidiary of PSG Group Limited, except for the 8 405 320 preference shares which are listed on the JSE Limited. No separate financial statements are presented for the company as it is the only asset of PSG Group Limited.				



# PSG GROUP LIMITED

## INTERIM RESULTS (UNAUDITED)

### for the six months ended 31 August 2010

- Recurring headline earnings increased by 36,6% to 111,3 cents per share**
- Headline earnings increased by 0,8% to 137,0 cents per share**
- Interim dividend increased by 53,8% to 20,0 cents per share**
- SOTP value increased by 37,0% to R37,30 per share as at 31 August 2010**

#### COMMENTARY

PSG is an investment group consisting of some 40 underlying companies that employ more than 39 000 people across a diverse range of industries. These investments are either consolidated, equity accounted or marked-to-market from an accounting perspective.

#### FINANCIALS

PSG continues to use the *recurring headline earnings* method to provide management and investors with a more realistic and transparent way of evaluating PSG's financial performance. *Recurring headline earnings* represent the sum of PSG's effective interest in that of each investee, regardless of its percentage shareholding. The result is that investments in which PSG or an investee 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*. Marked-to-market fluctuations are excluded.

*Recurring headline earnings* increased by 32,8% to R186,1 million and *recurring headline earnings* per share by 36,6% to 111,3 cents for the period ended 31 August 2010. The majority of the companies performed better than last year, but it was again Capitec that accounted for the major part of the positive growth.

*Headline earnings* increased by 0,8% to 137,0 cents per share, which is 23,1% more than the *recurring headline earnings* per share, and *attributable earnings* by 11,0% to 125,0 cents per share.

#### SUM OF THE PARTS ("SOTP")

The group consists of a diversified range of companies. The listed investee companies and debt are valued using the quoted market price, whereas unlisted investments are valued using market-related multiples. At 31 August 2010, the SOTP value per PSG share was R37,30. As at 7 October 2010, the SOTP value was R41,81 per share.

Asset/Liability	Market price per share R	SOTP value	
		31 Aug 2010 Rm	28 Feb 2010 Rm
Capitec	133,50	3 919	2 367
PSG Konsult	1,25	673	730
Zeder	2,07	844	742
Paladin Capital	2,50	1 181	834
PSG Fund Management		230	218
Management fees		300	361
Other investments (incl. cash)		555	508
<b>Total assets</b>		<b>7 702</b>	<b>5 760</b>
Perpetual pref funding	93,35	(785)	(541)
Other debt		(495)	(539)
<b>SOTP value</b>		<b>6 422</b>	<b>4 680</b>
<b>SOTP value per share (rand)</b>		<b>37,30</b>	<b>27,23</b>

#### CORPORATE ACTION

- Raised R200 million through the issue of 2,3 million PSG Financial Services perpetual preference