



PSG GROUP LIMITED

Interim results (unaudited)

for the six months ended 31 August 2008

- Recurring headline earnings increased by 33,7% to 104,4 cents per share
- Paid a special dividend of 200,0 cents per share
- Headline earnings decreased by 84% to 29,6 cents per share

CONDENSED GROUP INCOME STATEMENTS

	31 Aug 2008		Restated 31 Aug 2007		29 Feb 2008
	Rm	%	Rm	Rm	Rm
Income					
Sales from non-financial operations			836,9	1 316,8	
Investment income	113,6		93,8	200,1	
Net fair value adjustments to financial instruments	(16,3)		316,5	373,7	
Commission and other fee income	468,3		380,5	861,8	
Other operating income	31,4		38,7	106,9	
Total income	587,0		1 666,4	2 859,3	
Expenses					
Cost of sales of non-financial operations			751,7	1 181,6	
Operating expenses	448,3		408,6	894,0	
Total expenses	448,3		1 160,3	2 075,6	
Net income from operating activities	138,7	(72,6)	506,1	783,7	
Finance costs	(33,6)		(25,2)	(57,8)	
Share of profits of associated companies	128,8		97,3	235,6	
Net income before taxation	233,9	(59,5)	578,2	961,5	
Taxation	(70,4)		(113,8)	(151,9)	
Net income of the group	163,5	(64,8)	464,4	809,6	
Attributable to:					
Minority interests	112,5		162,1	255,4	
Equity holders of the company	51,0	(83,1)	302,3	554,2	
	163,5		464,4	809,6	
Attributable to equity holders of the company	51,0		302,3	554,2	
Non-headline items (note 2)	(1,1)		(10,1)	(71,7)	
Headline earnings	49,9	(82,9)	292,2	482,5	
Earnings per share (cents)					
- attributable	30,3	(84,2)	191,8	338,9	
- headline	29,6	(84,0)	185,4	295,1	
- diluted attributable	30,1	(84,1)	188,9	334,4	
- diluted headline	29,4	(83,9)	182,6	291,1	
Dividend per share (cents)					
- interim	19,0		32,5	32,5	
- final				80,0	
- special	200,0				
	219,0		32,5	112,5	
Number of shares (million)					
- in issue (net of treasury shares)	168,2		169,4	169,2	
- weighted average	168,5		157,6	163,5	
- diluted weighted average	169,8		160,0	165,7	

CONDENSED GROUP BALANCE SHEETS

	31 Aug 2008		Restated 31 Aug 2007		29 Feb 2008
	Rm	Rm	Rm	Rm	Rm
Assets					
Property, plant and equipment	34,3		44,0	26,5	
Intangible assets	742,6		667,9	676,3	
Investments in associated companies (note 3)	3 489,1		2 817,8	3 533,9	
Clients' investments linked to investment contracts (note 5)	9 422,6		7 535,7		
Other financial assets	1 368,4	1 566,5	1 808,7		
Deferred income tax	21,2		14,3	13,8	
Receivables and inventories	150,6		443,2	193,7	
Cash and cash equivalents	302,0		657,6	417,5	
Total assets	15 530,8	6 211,3	14 206,1		
Equity					
Ordinary shareholders' equity	2 827,9		3 103,2	3 295,4	
Minority interests	1 896,0		1 722,9	1 773,6	
Total equity	4 723,9		4 826,1	5 069,0	
Liabilities					
Insurance liabilities	1,7		1,7		
Clients' funds under investment contracts (note 5)	9 422,6		7 535,7		
Other financial liabilities	789,2		734,7	894,7	
Deferred income tax	152,6		130,0	141,2	
Payables and provisions	320,3		389,0	493,2	
Current income tax liabilities	120,5		131,5	70,6	
Total liabilities	10 806,9	1 385,2	9 137,1		
Total equity and liabilities	15 530,8	6 211,3	14 206,1		
Net asset value per share (cents)	1 681		1 832	1 948	
Net tangible asset value per share (cents)	1 240		1 438	1 548	

CONTRIBUTION TO HEADLINE EARNINGS

	Headline earnings			Number of shares 31 Aug 2008 m	Net assets		
	31 Aug 2008 Rm	31 Aug 2007 Rm	29 Feb 2008 Rm		31 Aug 2008 Rm	31 Aug 2007 Rm	29 Feb 2008 Rm
Recurring headline earnings (before funding and STC)	176,0	123,2	303,7		2 911,3	2 489,9	3 027,2
Capitec Bank	41,3	26,8	66,8	28,6	1 230,2	1 175,6	1 208,4
PSG Konsult	34,7	29,4	63,9	536,3	252,1	224,3	247,1
PSG Fund Management	9,2	10,5	24,0		63,8	54,8	56,0
Channel Life	6,6	2,7	1,5		166,0	126,6	146,5
Quince Capital		9,7	21,3			325,9	342,4
Adato Capital	1,2				116,6		372,3
Paladin Capital and other private equity	38,3	23,7	63,1		446,5	197,6	59,9
PSG FutureWealth	4,7		8,9		59,5		
Zeder Investments and agri investments							
Dividends, net interest and equity accounted earnings	27,9	9,7	40,0	218,1	492,1	277,5	476,5
Management fee earned by PSG after costs	3,3	3,1	5,9				
PSG Corporate Services					84,5	107,6	118,1
Dividends from investments	2,4	2,4	7,2				
BEE funding	12,6	16,3	30,8				
Net operating costs	(6,2)	(11,1)	(29,7)				
Non-recurring headline earnings	(36,2)	195,7	244,1		926,0	1 274,0	1 089,8
Marked-to-market profits/(losses)							
Quince Capital		2,4					
Paladin Capital (Thembeke)	(30,9)	27,9	20,3		162,7	241,9	242,5
Zeder Investments and agri investments	5,5	52,6	49,8		94,3	244,6	74,5
PSG Corporate Services							
JSE Ltd		2,3	2,3				
Petmin	(7,5)	65,7	134,3	51,1	192,3	125,2	199,7
Vox Telecom		28,0	18,2	30,8	57,6	69,8	60,1
Other investments		16,8	1,5		369,0	542,4	463,1
Other non-recurring							
Quince Capital		7,4					
Channel Life		(8,8)					
Miscellaneous		2,8	17,7				
m Cubed Holdings				218,0	50,1	50,1	50,1
Perpetual preference shares	(29,3)	(25,4)	(51,9)		(558,1)	(555,6)	(558,9)
Interest rate hedge	(4,3)	17,6	23,2		13,6	12,7	17,9
Net interest after tax (borrowings and cash)	(17,2)	(2,0)	(17,2)		(430,9)	(125,4)	(277,9)
Secondary tax on companies						7,6	(2,7)
Special dividend	(5,1)	(16,9)	(19,4)		(34,0)		
Total headline earnings	49,9	292,2	482,5		2 827,9	3 103,2	3 295,4
Statistics							
Recurring HEPS (cents)	104,4		78,1				
Growth in recurring HEPS	33,7%						

CONDENSED GROUP CASH FLOW STATEMENTS

	31 Aug 2008		Restated 31 Aug 2007		29 Feb 2008
	Rm	Rm	Rm	Rm	Rm
Cash generated by operations	100,4		148,1	252,2	
Net change in financial instruments	70,1		(235,4)	(311,9)	
Net cash flow from operating activities	170,5		(87,3)	(59,7)	
Net cash flow from investment activities	86,6		(382,6)	(502,0)	
Net cash flow from financing activities	(330,0)		(190,9)	(335,4)	
Net decrease in cash and cash equivalents	(72,9)		(660,8)	(897,1)	
Cash and cash equivalents at beginning of period	(12,6)		884,5	884,5	
Cash and cash equivalents at end of period *	(85,5)		223,7	(12,6)	
* Include bank overdrafts and CFD financing of	387,5		433,9	430,1	

CONDENSED STATEMENTS OF CHANGES IN OWNERS' EQUITY

	31 Aug 2008		Restated 31 Aug 2007		29 Feb 2008
	Rm	Rm	Rm	Rm	Rm
Ordinary shareholders' equity at beginning of period	3 295,4		2 373,0	2 373,0	
Shares issued			551,2	552,0	
Net movement in treasury shares	(23,2)		(28,5)	(36,4)	
Movement in other reserves	(2,9)		3,8	7,6	
Net income for the period	51,0		302,3	554,2	
Dividends paid	(492,4)		(98,6)	(155,0)	
Ordinary shareholders' equity at end of period	2 827,9		3 103,2	3 295,4	
Minority interests	1 896,0		1 722,9	1 773,6	
Beginning of period	1 773,6		1 574,5	1 574,5	
Net income for the period	112,5		162,1	255,4	
Dividends and capital distributions paid	(36,8)		(6,6)	(32,1)	
Capital contributions by minority shareholders			17,7	142,6	
Acquisition/disposal of subsidiaries	74,6			(105,0)	
Transfer to liabilities				(6,3)	
Other movements	1,2			(0,1)	
Preference dividend paid	(29,1)		(24,8)	(55,4)	
Total equity at end of period	4 723,9		4 826,1	5 069,0	

NOTES

1. Basis of presentation and accounting policies

The condensed interim financial statements have been prepared in terms of International Financial Reporting Standards (IFRS) IAS 34 - Interim Financial Reporting and in compliance with the Listings Requirements of the JSE Limited. The complete IAS 34-compliant financial statements and notes thereto can be viewed at www.psggroup.co.za. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the previous financial year.

2. Non-headline items

	31 Aug 2008 Rm	31 Aug 2007 Rm	29 Feb 2008 Rm
<i>After taxation and minorities</i>	(3,6)	4,1	60,8
Net profit on sale/dilution of investment in subsidiaries	0,4		46,6
Net (loss)/profit on sale of associated companies	(3,6)	3,5	4,0
Negative goodwill on acquisition of subsidiaries			9,6
Other investment activities	(0,4)	0,6	0,6
Non-headline items of associated companies	4,7	6,0	10,9
	1,1	10,1	71,7

3. Investments in associated companies

	31 Aug 2008 Rm	31 Aug 2007 Rm	29 Feb 2008 Rm
Carrying value			
- listed	1 296,1	1 070,8	1 260,4
- unlisted	2 193,0	1 747,0	2 273,5
	3 489,1	2 817,8	3 533,9
Market and directors' valuation			
- listed	1 088,3	1 162,5	1 397,9
- unlisted	2 286,3	1 915,0	2 470,4
	3 374,6	3 077,5	3 868,3

4. Commitments

	31 Aug 2008 Rm	31 Aug 2007 Rm	29 Feb 2008 Rm
Operating lease commitments	69,8	141,5	17,6

5. Linked investment contracts

PSG Group 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.

6. Reclassification of 31 August 2007 figures

- Equities relating to Contracts for Difference ("CFDs") of R18,8 million were previously netted off against the related overdraft facilities, and are now disclosed gross.

- Third-party liabilities of R143,3 million in mutual funds consolidated by the group, previously included in minority interests, have been reclassified to financial liabilities.

7. PSG Financial Services Limited

The company is a wholly owned subsidiary of PSG Group Limited, except for the 6,08 million preference shares which are listed on the JSE Limited. No separate interim financial statements are presented for the company as it is the only asset of PSG Group Limited.

COMMENTARY

REVIEW OF RESULTS

Recurring headline earnings (refer to Contribution to Headline Earnings table) remains the board's predominant measure of PSG Group's financial performance. The sustainable earnings from subsidiary and associated companies are included in recurring headline earnings, whereas marked-to-market profits/losses and once-off items are disclosed as non-recurring headline earnings.

Recurring headline earnings increased by 33,7% to 104,4 cents per share for the six-month period ended 31 August 2008.

Reportable headline earnings decreased by 84% to 29,6 cents per share, mainly as a result of marked-to-market losses on PSG's investment portfolio following the general decline in global stock markets. In the past, the board did caution that the substantial profits emanating from marked-to-market investments were not necessarily sustainable. The fair value accounting convention will continue to lead to volatile earnings.

CORPORATE ACTION

- PSG paid a special dividend of 200 cents per share, amounting to R379 million.
- The unwinding of Quince Capital and consequent establishment of Adato Capital, effective 13 June 2008, for a cash consideration of R115 million.
- Effective 1 March 2008, PSG Konsult acquired the business of Multifund and Brosit for R50 million, of which R36,4 million related to intangibles and R12,4 million