

# GROUP LIMITED

(Registration number 1970/008484/06) JSE Share code: PSG ISIN code: ZAE 000013017

- Special distribution of R2 per share
- After the sale of PSG Investment Bank, the group will be well capitalised without any debt
- Headline earnings per share down by 8%
- Net tangible asset value per share now 778 cents

GROUP INCOME STATEMENTS			
GROOT INCOME STATEMENTS	31 Aug	31 Aug	28 Feb
	2002 Rm	2001 Rm	2002 Rm
ncome			2012
Revenue Cost of sales	349,9 303,5		394,2 320,2
Gross profit (Note 2)	46,4	_	74,0
Net interest income nvestment income	191,6 7,1	163,6 51,7	364,1 159,7
Other operating income	120,7	87,6	182,6
Total income	365,8	302,9	780,4
Expenses  Operating expenses	283,7	234,9	551,0
Net income from operations	82,1	68,0	229,4
inancing costs	(15,5)	(17,6)	(20,1
ncome from associated companies Non-headline items (Note 3)	16,7 (15,7)	15,6 92,2	38,0 0,1
Net income before taxation	67,6	158,2	247,4
Taxation	25,6	9,7	(83,6
Net income of the group Attributable to outside shareholders	42,0 24,5	148,5 78,7	331,0 158,0
Attributable to ordinary shareholders	17,5	69,8	173,0
Non-headline items (Note 3)	13,1	(35,2)	2,2
leadline earnings	30,6	34,6	175,2
Earnings per share (cents) - attributable	14,6	55,8	139,3
- headline Dividends per share (cents)	25,5	27,7	141,1
- interim		17,0	17,0
- final Fotal		17,0	33,0 50,0
Number of shares (million)		17,0	30,0
- in issue	120,0	125,0	120,0
- weighted average	120,0	125,0	124,1
GROUP BALANCE SHEETS			
	31 Aug 2002	31 Aug 2001	28 Feb 2002
	Rm	Rm	Rm
<b>Assets</b> Fixed assets	313,2	96,5	293,0
Net intangible assets	102,3	98,9	100,2
nvestment in associated companies nvestments of long-term insurance subsidiary	277,3 396,5	208,0 166,9	276,1 371,6
Other investments and non-current assets	139,3	155,3	130,9
Deferred tax asset	268,9	121,6	271,1
Accounts receivable Loans and advances	257,2 1 208,1	153,6 1 420,7	248,4 1 073,2
nvestment and trading securities	184,4	741,5	557,2
Short-term money market assets	185,5	1 089,7	656,4
Cash and short-term funds	370,0	540,1	499,0
Shareholders' funds	3 702,7	4 792,8	4 477,1
Ordinary shareholders' funds	1 194,5	1 164,0	1 218,0
Dutside shareholders' funds	773,0	816,5	910,3
	1 967,5	1 980,5	2 128,3
<b>.iabilities</b> Deposits and current accounts	801,6	2 210,2	1 339,3
Policyholders' funds	418,2	103,5	372,1
ong-term liabilities Deferred tax liability	75,0 15,5	100,0 5,3	119,0 16,0
Accounts payable and other liabilities	389,5	388,1	421,2
Short-term borrowings	35,4	5,2	81,2
	1 735,2	2 812,3	2 348,8
Total shareholders' funds and liabilities	3 702,7	4 792,8	4 477,1
Net asset value per share (cents)	995	931	1 015
Net tangible asset value per share (cents)	778	793	800
GROUP CASH FLOW STATEMENTS			
	31 Aug	31 Aug	28 Feb
	2002 Rm	2001 Rm	2002 Rm
Cash retained from/(used in) operating activities	(55,8)	(77,9)	72,8
Cash retained from/(used in) investment activities	(41,4)	(194,5)	(410,5
Cash flow attributable to investment in short-term income earning assets	154,8	321,5	435,4
Cash flow from financing activities	(141,0)	(21,5)	(162,1
Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at beginning of period	(83,4) 443,0	27,6 507,4	(64,4 507,4
			3U / 4

(Registration number 1970/0084	64/06) J3E	snare code.	rsd isiN C	◆ Net tangible asset
INCOME STATEMENTS				COMMENTARY
	31 Aug	31 Aug	28 Feb	GROUP REVIEW
	2002	2001	2002	PSG Group is an investment holding company in the financial services industry with
	Rm	Rm	Rm	holdings in investment banking, retail banking, life assurance, wealth and asset
	240.0		204.2	management and securities trading.
5	349,9 303,5		394,2 320,2	During the period under review the headline earnings degreed by 139/ to
t (Note 2)	46,4	_	74,0	During the period under review the headline earnings decreased by 12% to R30,6 million and headline earnings per share by 8% to 25,5 cents. The net asset value
income	191,6	163,6	364,1	per share is 995 cents per share with a net tangible asset value of 778 cents per share.
ncome	7,1	51,7	159,7	
ting income	120,7	87,6	182,6	These results were negatively influenced by the secondary banking crisis which impacted
ne	365,8	302,9	780,4	severely on the profits of PSGIB. As announced in the press on 6 August 2002, PSG Group has entered into a disposal agreement with Absa in terms of which PSGIB will become a wholly owned subsidiary of Absa. More details are contained in a circular to
xpenses	283,7	234,9	551,0	be forwarded to shareholders shortly.
from operations	82,1	68,0	229,4	,
osts	(15,5)	(17,6)	(20,1)	DIVISIONAL REVIEW
n associated companies e items (Note 3)	16,7 (15,7)	15,6 92,2	38,0 0,1	PSG Investment Bank Holdings Limited (60%)
e before taxation	67,6	158,2	247,4	The contribution to headline earnings decreased to R26,5 million which is indicative of
e before taxation	25,6	9,7	(83,6)	the difficult six months experienced by PSGIB, not only as a result of the eroding of its business strategy but also due to the difficult investment banking environment
e of the group	42,0	148,5	331,0	experienced throughout the world.
to outside shareholders	24,5	78,7	158,0	
e to ordinary shareholders	17,5	69,8	173,0	Management and the board managed to preserve and protect PSGIB's capital and the
e items (Note 3)	13,1	(35,2)	2,2	quality of its assets.
arnings	30,6	34,6	175,2	Capitec Bank Holdings Limited (52%)
er share (cents)				Capitec Bank published its results separately and shareholders are referred to the profit
e	14,6	55,8	139,3	announcement published on 18 September 2002. The contribution to headline earnings
	25,5	27,7	141,1	decreased to R2,6 million. This is in line with Capitec's budgets which provide for
per share (cents)		17,0	17,0	substantial investment at this point in its development cycle.
		17,0	33,0	Capitec is now operating as a retail bank and is still confident of the company not only
		17,0	50,0	achieving its budgets but also realising its long-term growth and profit potential.
shares (million)				
shares (minori)	120,0	125,0	120,0	PSG Investment Services (Pty) Limited (95%)
average	120,0	125,0	124,1	The increased contribution by PSGIS of some 9% to R4,7 million is in line with its budgets. Assets under management and administration increased to R9,6 billion.
BALANCE SHEETS				badgets. Assets ander management and daministration increased to 15,0 billion.
D, (E) (((CE 5)) EE 15	31 Aug	31 Aug	28 Feb	PSGIS has enjoyed significant success with the development and distribution of its own
	2002	2001	2002	products whilst the Online services have made significant inroads into the market. We
	Rm	Rm	Rm	are confident of this company achieving its stated objectives and budgets. Plans are afoot for PSGIS to play a leading role in the further consolidation in this industry.
				alout for F3GI3 to play a leading fole in the further consolidation in this industry.
I	313,2	96,5	293,0	As part of the PSG Group rationalisation it was proposed to group the following
ole assets n associated companies	102,3 277,3	98,9 208,0	100,2 276,1	investments together which should lead to the greater exploitation of opportunities
of long-term insurance subsidiary	396,5	166,9	371,6	with PSGIS, both these companies being directly involved in wealth and asset
ments and non-current assets	139,3	155,3	130,9	management:
casset ceivable	268,9 257,2	121,6 153,6	271,1 248,4	• m Cubed Holdings Limited (20%)
dvances	1 208,1	1 420,7	1 073,2	m Cubed did not perform up to expectations during the period under review and
and trading securities	184,4	741,5	557,2	experienced tough trading conditions. Although the company indicated that its
noney market assets ort-term funds	185,5 370,0	1 089,7 540,1	656,4 499,0	profit expectations for the full financial year would be below those of the previous
ort-term runus				year, we are satisfied with this investment for the longer term.
	3 702,7	4 792,8	4 477,1	Appleton Limited (28%)
e <b>rs' funds</b> areholders' funds	1 194,5	1 164,0	1 218,0	The position of the investment in Appleton is currently under consideration and
reholders' funds	773,0	816,5	910,3	we hope to make an announcement in the near future regarding the future of this
	1 967,5	1 980,5	2 128,3	investment.
		. 500,5		Channel Life Limited (88%)
d current accounts	801,6	2 210,2	1 339,3	The contribution by Channel Life increased to R7,1 million which is in line with its
s' funds	418,2	103,5	372,1	projections. The acquisition and further development of Channel Life Namibia have
abilities	75,0 15,5	100,0	119,0	proved to be successful whilst a significant increase in premiums has been experienced
: liability syable and other liabilities	389,5	5,3 388,1	16,0 421,2	in South Africa. The employee benefits division also achieved critical mass and management is confident of not only achieving its budgets during the current year but
oorrowings	35,4	5,2	81,2	also realising its long-term objectives.
	1 735,2	2 812,3	2 348,8	
				PSG Capital Limited (100%)
holders' funds and liabilities	3 702,7	4 792,8	4 477,1	PSG Capital is the continued investment banking arm of PSG Group with the focus on investment and merchant banking, proprietary investments and corporate finance.
alue per share (cents)	995	931	1 015	samene and merendic banking, proprietary investments and corporate infalice.
le asset value per share (cents)	995 778	793	800	The sale of PSGIB to Absa has further enhanced PSG Capital's position through the
· · · · · · · · · · · · · · · · · · ·				acquisition of certain identified and some other assets. These assets include PSG's
CASH FLOW STATEMENTS				interests in Vestacor Limited, Appleton Limited, PSG Treasury Outsourcing (Pty) Limited, PSG Trade Finance (Pty) Ltd, PSG Capital Quantitative (Pty) Limited as well as the
	31 Aug	31 Aug	28 Feb	Corporate Finance and Investment Banking teams of PSGIB and PSG Group.
	2002 Rm	2001 Rm	2002 Rm	,
ed from/(used in) operating activities	(55,8)	(77,9)	72,8	SPECIAL DIVIDEND
ed from/(used in) investment activities	(41,4)	(194,5)	(410,5)	In view of the sale of PSGIB, the board has resolved to proceed with a special distribution of R2 per share payable in the next financial year. This distribution is subject

investment and trading securities	104,4	741,5	337,2
Short-term money market assets	185,5	1 089,7	656,4
Cash and short-term funds	370,0	540,1	499,0
edsh and short term rands	3 702,7	4 792,8	4 477,1
	3 /02,/	4 /92,8	4 4//,1
Shareholders' funds			
Ordinary shareholders' funds	1 194,5	1 164,0	1 218,0
Outside shareholders' funds	773,0	816,5	910,3
	1 967,5	1 980,5	2 128,3
Liabilities			
Deposits and current accounts	801,6	2 210,2	1 339,3
Policyholders' funds	418,2	103,5	372,1
Long-term liabilities	75,0	100,0	119,0
Deferred tax liability	15,5	5,3	16,0
Accounts payable and other liabilities	389,5	388,1	421,2
Short-term borrowings	35,4	5,2	81,2
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	31 Aug	31 Aug	28 Feb
	2002	2001	2002
	Rm	Rm	Rm
Cash retained from/(used in) operating activities	(55,8)	(77,9)	72,8
Cash retained from/(used in) investment activities	(41,4)	(194,5)	(410,5)
Cash flow attributable to investment in short-term		, , ,	( -,-,
income earning assets	154,8	321,5	435,4
Cash flow from financing activities	(141,0)	(21,5)	(162,1)
Net increase/(decrease) in cash and cash equivalent	ts <b>(83,4)</b>	27,6	(64,4)
Cash and cash equivalents at beginning of period	443,0	507,4	507,4
Cash and cash equivalents at end of period	359,6	535,0	443,0
STATEMENTS OF CHANGES IN OWN	ERS' EQUI	TY	
	31 Aug	31 Aug	28 Feb
	31 Aug 2002	31 Aug 2001	28 Feb 2002
	-		
Ordinary shareholders' funds at beginning of perio	2002 Rm	2001	2002

Share buy back

Net income for period

Distribution to shareholders

Movement in non-distributable reserves

Ordinary shareholders' funds at end of period

# COMMENTARY GROUP REVIEW

#### **DIVISIONAL REVIEW**

#### PSG Investment Bank Holdings Limited (60%)

#### Capitec Bank Holdings Limited (52%)

#### PSG Investment Services (Pty) Limited (95%)

## • m Cubed Holdings Limited (20%)

## Appleton Limited (28%)

## Channel Life Limited (88%)

## PSG Capital Limited (100%)

## SPECIAL DIVIDEND

In view of the sale of PSGIB, the board has resolved to proceed with a special distribution of R2 per share payable in the next financial year. This distribution is subject to the finalisation and final implementation of the transaction with Absa.

In view of the special distribution no interim nor final dividend will be declared for the year to 28 February 2003.

PSG Group expects to resume with the payment of normal interim and final dividends in the 2003/04 financial year

(13,0)

5,2

69.8

(38.8)

(1,4)

17.5

(39,6)

1 194,5

(44,6)

173.0

(59.8)

1 218,0

8,6

With the sale of PSG Investment Bank, PSG Group is now less dependent on one company and future profits should be more evenly spread over the remaining businesses. These businesses are sufficiently diversified to provide steady growth in the

Following the sale of PSGIB and the special distribution, PSG Group will be well capitalised without any debt.

CONTRIBUTION TO HEADLINE EA	RNINGS (Rm)	
	31 Aug 02	31 Aug 01
PSG Investment Bank Holdings Ltd	26,5	28,4
Capitec Bank Holdings Ltd	2,6	9,2
Channel Life Ltd	7,1	1,0
PSG Investment Services (Pty) Ltd	4,7	4,3
m Cubed Holdings Ltd	3,1	4,6
Corporate*	(13,4)	(12,9)
	30.6	34.6

\*Including financing costs of R11,5 million (2001: R12,5 million)

#### NOTES

#### 1. Accounting policies

The accounting policies adopted for the purpose of this report comply with South African Statements of Generally Accepted Accounting Practice as well as with applicable legislation. These accounting policies are also consistent with those of the previous year.

#### 2. Comparative figures

The amount for non-headline items in the comparative figures had been restated from R83,7 million as published in the interim financial statements for 31 August 2001, to R35,2 million, to bring it in line with the accounting treatment that was accepted for the year ended 28 February 2002. The adjustment which resulted from a dilution of the group's interest in PSG Investment Bank following the RAD transaction, was previously shown as a reduction in reserves, but at year-end treated as an adjustment to negative goodwill on the transaction, hence reducing the non-headline items. The comparative figures for the year ended 28 February 2002 had also been restated to reflect the consolidation of the investment in Fraser Alexander Holdings Limited on a line by line basis. Gross profit in the income statements relates to this operation.

#### 3. Non-headline items (Rm)

	31 Aug 02	31 Aug 01	28 Feb 02
Negative goodwill		107,6	102,5
Goodwill amortised	(22,0)	(12,5)	(25,7)
Goodwill impairment			(52,3)
Impairment charges			(23,0)
Investment activities	6,3	(2,9)	(1,4)
Profit before taxation	(15,7)	92,2	0,1
Outside shareholders	2,6	(57,0)	(2,3)
	(13,1)	35,2	(2,2)

#### 4. Investment in associated companies (Rm) 31 Aug 02

	5 · · · · · · · · · · · · · · · · · · ·	5 tag 5 .	
Carrying value			
– listed	260,5	194,0	243,6
– unlisted	16,8	14,0	32,5
	277,3	208,0	276,1
Market and directors' valuation			
– listed	156,8	212,0	198,5
– unlisted	28,0	15,2	39,2
	184,8	227,2	237,7

31 Aug 01

28 Feb 02

## 5. Sale of PSG Investment Bank

It was announced in the press on 6 August 2002 that PSG Group would, subject to conditions precedent, dispose of its 60% interest in PSG Investment Bank Holdings Limited to Absa. In terms of the transaction PSGIB shareholders will receive a distribution of 4 cents per share in cash and 87,8 million Vestacor Limited shares (equivalent to 5,8 cents per share) as well as a cash payment by Absa of 60 cents per share. PSG Group will acquire from PSGIB certain assets and liabilities for R212,1 million payable in cash.

The following information pertains to the sale of PSGIB

Assets and liabilities at 31 August 2002 Total assets Total liabilities Assets to be acquired by PSG Group	Rm 2 375,6 (1 029,1) (212,1)
Net assets distributed and disposed of	1 134,4
Income for the six months ended 31 August 2002 Headline earnings Non-headline earnings	26,5 3,5
Attributable earnings included in PSG Group results	30,0
Expected loss on disposal	166,7

By order of the board

Jannie Mouton	Chris Otto
Chairman	Director

Stellenbosch

17 October 2002

#### Secretaries and registered office PSG Corporate Services (Pty) Limited

1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch 7600

Ultra Registrars (Pty) Limited

11 Diagonal Street, Johannesburg 2001

## Directors

J F Mouton (chairman)\*, C A Otto\*, L van A Bellingan, P E Burton, J de V du Toit, M J Jooste, L M Rouillard (\*Executive)

These results are also available on our website www.psg.co.za

## NOTES (continued)

#### 5. Sale of PSG Investment Bank

It was announced in the press on 6 August 2002 that PSG Group would, subject to conditions precedent, dispose of its 60% interest in PSG Investment Bank Holdings Limited to Absa. In terms of the transaction PSGIB shareholders will receive a distribution of 4 cents per share in cash and 87,8 million Vestacor Limited shares (equivalent to 5,8 cents per share) as well as a cash payment by Absa of 60 cents per share. PSG Group will acquire from PSGIB certain assets and liabilities for R212,1 million payable in cash.

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Stellenbosch 17 October 2002

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#### Registrars

Ultra Registrars (Pty) Limited 11 Diagonal Street, Johannesburg 2001

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#### COMMENTARY

#### **GROUP REVIEW**

PSG Group is an investment holding company in the financial services industry with holdings in investment banking, retail banking, life assurance, wealth and asset management and securities trading.

During the period under review the headline earnings decreased by 12% to R30,6 million and headline earnings per share by 8% to 25,5 cents. The net asset value per share is 995 cents per share with a net tangible asset value of 778 cents per share.

These results were negatively influenced by the secondary banking crisis which impacted severely on the profits of PSGIB. As announced in the press on 6 August 2002, PSG Group has entered into a disposal agreement with Absa in terms of which PSGIB will become a wholly owned subsidiary of Absa. More details are contained in a circular to be forwarded to shareholders shortly.

#### DIVISIONAL REVIEW

Вm

#### PSG Investment Bank Holdings Limited (60%)

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Management and the board managed to preserve and protect PSGIB's capital and the quality of its assets.

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Capitec is now operating as a retail bank and is still confident of the company not only achieving its budgets but also realising its long-term growth and profit potential.

#### PSG Investment Services (Pty) Limited (95%)

The increased contribution by PSGIS of some 9% to R4,7 million is in line with its budgets. Assets under management and administration increased to R9,6 billion.

PSGIS has enjoyed significant success with the development and distribution of its own products whilst the Online services have made significant inroads into the market. We are confident of this company achieving its stated objectives and budgets. Plans are afoot for PSGIS to play a leading role in the further consolidation in this industry.

As part of the PSG Group rationalisation it was proposed to group the following investments together which should lead to the greater exploitation of opportunities with PSGIS, both these companies being directly involved in wealth and asset management:

#### • m Cubed Holdings Limited (20%)

m Cubed did not perform up to expectations during the period under review and experienced tough trading conditions. Although the company indicated that its profit expectations for the full financial year would be below those of the previous year, we are satisfied with this investment for the longer term.

#### • Appleton Limited (28%)

The position of the investment in Appleton is currently under consideration and we hope to make an announcement in the near future regarding the future of this investment.

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The contribution by Channel Life increased to R7,1 million which is in line with its projections. The acquisition and further development of Channel Life Namibia have proved to be successful whilst a significant increase in premiums has been experienced in South Africa. The employee benefits division also achieved critical mass and management is confident of not only achieving its budgets during the current year but also realising its long-term objectives.

#### PSG Capital Limited (100%)

PSG Capital is the continued investment banking arm of PSG Group with the focus on investment and merchant banking, proprietary investments and corporate finance.

The sale of PSGIB to Absa has further enhanced PSG Capital's position through the acquisition of certain identified and some other assets. These assets include PSG's interests in Vestacor Limited, Appleton Limited, PSG Treasury Outsourcing (Pty) Limited, PSG Trade Finance (Pty) Ltd, PSG Capital Quantitative (Pty) Limited as well as the Corporate Finance and Investment Banking teams of PSGIB and PSG Group.

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PSG Group expects to resume with the payment of normal interim and final dividends in the 2003/04 financial year.

#### THE FUTURE

With the sale of PSG Investment Bank, PSG Group is now less dependent on one company and future profits should be more evenly spread over the remaining businesses. These businesses are sufficiently diversified to provide steady growth in the future.

Following the sale of PSGIB and the special distribution, PSG Group will be well capitalised without any debt.

# UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2002



(Registration number 1970/008484/06)
JSE Share code: PSG ISIN code: ZAE 000013017

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778 cents

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-			320,2
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Other operating income	120,7	87,6	182,6
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Expenses	303,0	302,9	700,4
Operating expenses	283,7	234,9	551,0
Net income from operations	82,1	68,0	229,4
Financing costs	(15,5)	(17,6)	(20,1)
Income from associated	46.7	15.6	20.0
companies Non-headline items (Note 3)	16,7 (15,7)	15,6 92,2	38,0 0,1
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Attributable to ordinary shareholders	17,5	60.9	173,0
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Headline earnings	30,6	34,6	175,2
Earnings per share (cents)		·	· ·
– attributable	14,6	55,8	139,3
– headline	25,5	27,7	141,1
Dividends per share (cents)			
– interim		17,0	17,0
– final			33,0
Total		17,0	50,0
Number of shares (million)			
– in issue	120,0	125,0	120,0
<ul> <li>weighted average</li> </ul>	120,0	125,0	124,1

	31 Aug	31 Aug	28 Feb
	2002	2001	2002
	ZUUZ Rm	Rm	Z002 Rm
	MIII	MIII	MII
Assets	242.2	06.5	202.6
Fixed assets	313,2	96,5	293,0
Net intangible assets	102,3	98,9	100,2
Investment in associated	277.2	200.0	276.4
companies	277,3	208,0	276,1
Investments of long-term insurance subsidiary	396,5	166,9	371,6
Other investments and	390,3	100,9	3/1,0
non-current assets	139,3	155,3	130,9
Deferred tax asset	268,9	121,6	271,1
Accounts receivable	257.2	153,6	248,4
Loans and advances	1 208.1	1 420,7	1 073,2
Investment and trading securiti		741,5	557,2
Short-term money market asse		1 089,7	656,4
Cash and short-term funds	370,0	540,1	499,0
	3 702,7	4 792,8	4 477,1
Shareholders' funds			
Ordinary shareholders' funds	1 194,5	1 164,0	1 218,0
Outside shareholders' funds	773,0	816,5	910,3
	1 967,5	1 980,5	2 128,3
Liabilities			
Deposits and current accounts	801,6	2 210,2	1 339,3
Policyholders' funds	418,2	103,5	372,1
Long-term liabilities	75,0	100,0	119,0
Deferred tax liability	15,5	5,3	16,0
Accounts payable and other			
liabilities	389,5	388,1	421,2
Short-term borrowings	35,4	5,2	81,2
	1 735,2	2 812,3	2 348,8
Total shareholders' funds			
and liabilities	3 702,7	4 792,8	4 477,1
Net asset value per			
share (cents)	995	931	1 015
Net tangible asset value			

GROUP CASH FLOW STATEMENTS			
	31 Aug 2002 Rm	31 Aug 2001 Rm	28 Feb 2002 Rm
Cash retained from/(used in) operating activities Cash retained from/(used in)	(55,8)	(77,9)	72,8
investment activities Cash flow attributable to	(41,4)	(194,5)	(410,5)
investment in short-term income earning assets Cash flow from financing	154,8	321,5	435,4
activities	(141,0)	(21,5)	(162,1)
Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at	(83,4)	27,6	(64,4)
beginning of period	443,0	507,4	507,4
Cash and cash equivalents at end of period	359,6	535,0	443,0

STATEMENTS OF CHANGES IN OWNERS' EQUITY			
	31 Aug 2002 Rm	31 Aug 2001 Rm	28 Feb 2002 Rm
Ordinary shareholders' funds at beginning of period Share buy back Movement in non-distributable	1 218,0	1 140,8 (13,0)	1 140,8 (44,6)
reserves Net income for period Distribution to shareholders	(1,4) 17,5 (39,6)	5,2 69,8 (38,8)	8,6 173,0 (59,8)
Ordinary shareholders' funds at end of period	1 194,5	1 164,0	1 218,0

## CONTRIBUTION TO HEADLINE EARNINGS (Rm)

31 Aug 02	31 Aug 01
26,5	28,4
2,6	9,2
7,1	1,0
4,7	4,3
3,1	4,6
(13,4)	(12,9)
30,6	34,6
	26,5 2,6 7,1 4,7 3,1 (13,4)

<sup>\*</sup>Including financing costs of R11,5 million (2001: R12,5 million)

#### NOTES

### 1. Accounting policies

The accounting policies adopted for the purpose of this report comply with South African Statements of Generally Accepted Accounting Practice as well as with applicable legislation. These accounting policies are also consistent with those of the previous year.

#### 2. Comparative figures

The amount for non-headline items in the comparative figures had been restated from R83,7 million as published in the interim financial statements for 31 August 2001, to R35,2 million, to bring it in line with the accounting treatment that was accepted for the year ended 28 February 2002. The adjustment which resulted from a dilution of the group's interest in PSG Investment Bank following the RAD transaction, was previously shown as a reduction in reserves, but at year-end treated as an adjustment to negative goodwill on the transaction, hence reducing the non-headline items. The comparative figures for the year ended 28 February 2002 had also been restated to reflect the consolidation of the investment in Fraser Alexander Holdings Limited on a line by line basis. Gross profit in the income statements relates to this operation.

#### 3. Non-headline items (Rm)

	31 Aug 02	31 Aug 01	28 Feb 02
Negative goodwill	(22.2)	107,6	102,5
Goodwill amortised	(22,0)	(12,5)	(25,7)
Goodwill impairment			(52,3)
Impairment charges Investment activities	6,3	(2,9)	(23,0) (1,4)
investment activities		(2,3)	(1,4)
Profit before taxation	(15,7)	=	0,1
Outside shareholders	2,6	(57,0)	(2,3)
	(13,1)	35,2	(2,2)

#### 4. Investment in associated companies (Rm)

	31 Aug 02	31 Aug 01	28 Feb 02
Carrying value			
listed	260,5	194,0	243,6
unlisted	16,8	14,0	32,5
	277,3	208,0	276,1
Market and directors' valuation	n		
listed	156,8	212,0	198,5
unlisted	28,0	15,2	39,2
	184,8	227,2	237,7