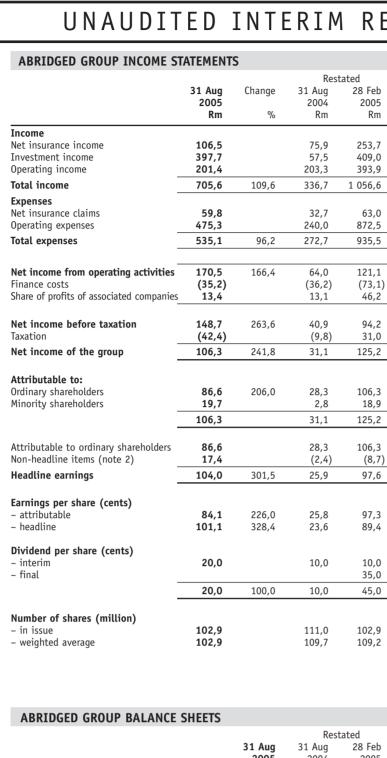


PSG GROUP LIMITED

PSG FINANCIAL SERVICES LIMITED

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2005



ABRIDGED GROUP BALANCE SHEETS			
	Restated		
	31 Aug	31 Aug	28 Feb
	2005	2004	2005
	Rm	Rm	Rm
Assets			
Fixed assets	20,9	30,7	23,4
Intangible assets	85,8	28,6	28,4
Investments in associates	171,9	90,3	170,5
Deferred income tax	122,5	36,5	151,8
Financial instruments	5 347,3	1 748,2	2 132,0
Receivables and inventories	127,2	118,9	112,3
Cash and cash equivalents	203,2	290,0	242,3
Total assets	6 078,8	2 343,2	2 860,7
Equity			
Ordinary shareholders' equity	423,6	351,8	371,0
Minority interests	272,3	48,1	251,4
Total equity	695,9	399,9	622,4
12-1-112-2-			
Liabilities Insurance liabilities	113,9	207,1	140,1
Deferred income tax	70,5	1,5	65,1
Financial liabilities	4 940,0	1 544,3	1 842,2
Payables and provisions	235,1	177,9	176,1
Current income tax liabilities	23,4	12,5	14,8
Total liabilities	5 382,9	1 943,3	2 238,3
Total equity and liabilities	6 078,8	2 343,2	2 860,7
Net asset value per share (cents)	412	317	361
Net tangible asset value per share (cents)	328	291	333

404,4 (33,4)	390,4	
	390.4	
(33,4)	(38,6)	335,7 (30,3)
2,5 (25,6)	2,6 (25,6)	2,7 (25,6)
(15,0) 4,7	(12,0) (0,5) (3,1)	(7,4)
371,0 251,4	351,8 48,1	305,4 21,1
58,5 (9,7) 5,8	58,8 (8,4) (2,3)	29,5 (8,4)
196,8 622,4	399,9	326,5
	(25,6) (15,0) 4,7 371,0 251,4 58,5 (9,7) 5,8 196,8	(25,6) (25,6) (15,0) (12,0) (0,5) 4,7 (3,1) 371,0 351,8 251,4 48,1 58,5 58,8 (9,7) (8,4) 5,8 (2,3) 196,8

RECONCILIATION OF PREVIOUS SA GAAP TO IFRS

Preference shares of a subsidiary previously reported as long-term liabilities	196,8	,	
Restated equity – IFRS	622,4	399,9	_
Income statement Attributable to ordinary shareholders Net income as previously reported – SA GAAP Restatements for IFRS	101,6 4,7	31,4 (3,1)	
Additional depreciation on revaluations Reversal of goodwill amortisation Deferred revenue in respect of investment contracts Share-based payments	(0,2) 21,0 (15,3) (0,8)	(0,1) 12,0 (14,6) (0,4)	
Restated net income attributable to ordinary shareholders – IFRS	106,3	28,3	

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Attributable to minority shareholders Net income as previously reported - SA GAAP 13.1 5.1 Anonymous Share in restatements for IFRS 1.2 (2,3)Reallocation of preference dividends 4.6 Restated net income attributable to minority shareholders - IFRS 18,9 2,8

125,2

31,1

Restated net income of the group - IFRS

◆ Rolling annualised ROE of 42%

◆ Interim dividend increased by 100% to 20 cents per share

→ Headline earnings increased by 328% to 101 cents per share

		Restated		
	31 Aug 2005 Rm	31 Aug 2004 Rm	28 Feb 2005 Rm	
Ordinary shareholders' equity at beginning of period Shares issued Repurchase of shares	371,0	305,4	305,4 19,7 (15,5)	
Net movement in treasury shares Movement in non-distributable reserves Net income for period Ordinary dividends	1,5 86,6 (35,5)	22,4 (4,3) 28,3	(33,8) (0,6) 106,3 (10,5)	
Ordinary shareholders' equity at end of period	423,6	351,8	371,0	
Minority interests	272,3	48,1	251,4	
Beginning of period Net income for period Other movements Preference shares of a subsidiary previously	48,8 19,7 7,0	21,1 2,8 24,2	21,1 18,9 14,6	
reported as long-term liabilities	196,8		196,8	
Total equity at end of period	695,9	399,9	622,4	

Total equity at end of period	695,9	399,9	622,4
ABRIDGED GROUP CASH FLOW STATEM	ENTC		
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	Restated		
	31 Aug 2005 Rm	31 Aug 2004 Rm	28 Feb 2005 Rm
Cash retained from operating activities	273,5	534,0	971,8
Cash utilised in investment activities Cash flow attributable to investment in short-term	(205,0)	(508,3)	(1 061,5)
income-earning assets	(196,6)	(14,9)	(61,0)
Cash flow from financing activities	35,1	77,5	177,2
Net increase/(decrease) in cash and cash equivalents	(93,0)	88,3	26,5
Cash and cash equivalents at beginning of period	227,5	201,0	201,0
Cash and cash equivalents at end of period	134,5	289,3	227,5

CONTRIBUTION TO HEADLINE EARNI	NGS		
	Restated		
	31 Aug 2005 Rm	31 Aug 2004 Rm	28 Feb 2005 Rm
Investment banking	89,4	15,8	73,6
Channel Life Limited Arch Equity Limited Corporate Finance JSE Limited Agri companies Other	6,9 5,7 4,2 41,1 10,7 20,8	(4,9) 4,0 1,7	15,7 11,2 2,4 44,3
Wealth management	14,6	10,1	24,0
PSG Konsult Limited PSG Fund Management PSG Online Holdings Limited Other	5,7 4,5 3,6 0,8	3,8 4,3 2,0	9,3 7,1 5,1 2,5
	104,0	25,9	97,6

NOTES 1. Basis of presentation and accounting policies

The results for the six months ended 31 August 2005 have been prepared in terms of International Financial Reporting Standards (IFRS) expected to be applicable at 28 February 2006 and complies with IAS 34 - Interim Financial Reporting.

The disclosures required by IFRS 1 (First-time adoption of International Financial Reporting Standards) concerning the transition from South African Statements of Generally Accepted Accounting Practice (SA GAAP) to IFRS and the required changes in accounting policies are presented under the heading – "Reconciliation of previous SA GAAP to IFRS".

PSG Group's transition date is 1 March 2004. At transition date IFRS 1

of exemptions to the retrospective application principle on adoption of IFRS. The group has taken advantage of the following optional exemptions from full

retrospective application: • Designation of previously recognised financial instruments. The group reclassified various available-for-sale investments as financial assets at fair value through

profit and loss. This had no effect on net profit for the current or prior periods. · Property, plant and equipment. The group has elected to measure individual items of property, plant and equipment at fair value at the date of transition to IFRS,

hence fair value is deemed to be cost at that date. • Share-based payments. The group has elected not to apply the provisions of IFRS

2 (Share-based payments) to shares granted before 7 November 2002 as well as those shares granted after that date which had vested before 1 January 2005. The following new accounting policies were applied for IFRS reporting:

 Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

• Share-based payments are recognised as an expense in the income statement with a corresponding credit to a share-based payment reserve.

• Fee income relating to investment products are recognised over the period the

services are provided. Changes to the format of the balance sheet and significant reclassifications include

• The balance sheet is presented in order of liquidity. Previously the "non-

current/current" classification was used in presenting the balance sheet.

• Cumulative, non-redeemable, non-participating preference shares issued to external parties by a subsidiary company are reclassified as Minority interests.

These preference shares were previously reported as long-term liabilities.

• Assets relating to assurance subsidiaries are disclosed in the relevant balance sheet line items. These assets were previously reported in a separate asset line

31 Aug

20,0

65.7

20.0

51.5

20.0

68.7

31 Aug

2004

28 Feb

2. Non-headline items

	Rm	Rm	Rm
	(16,6)	3,1	(18,3)
Impairment of investments Loss on sale of subsidiary Other impairment charges	(18,7)	2.1	(21,8) (2,3)
Investment activities	2,1	3,1	5,8
Non-headline items of associated companies Taxation Attributable to minorities	(0,8)	(0,7)	23,5 (0,5) 4,0
	(17,4)	2,4	8,7
Investment in associated companies Carrying value			
– listed – unlisted	145,3 26,6	87,1 3,2	150,2 20,3
	171,9	90,3	170,5
Market and directors' valuation - listed - unlisted	205,0 27,2	63,4 3,2	137,2 20,3
	232,2	66,6	157,5

Operating lease commitments 5. PSG Financial Services Limited

Contingent liability in respect of risk sharing

4. Commitments

The company is a wholly-owned subsidiary of PSG Group Limited, except for the 200 million preference shares which are listed on the JSE Limited. No consolidated interim results are presented for the company as the relevant information for the company and PSG Group Limited is identical, the company being the only asset of PSG Group Limited.

COMMENTARY

REVIEW OF RESULTS On a comparable basis, headline earnings per share for the six months ended 31 August 2005 increased by 328% from 23,6 cents per share to 101,1 cents per share. The Group's rolling annualised return on equity is 42,4%.

The economic environment continued to be favourable for the Group's operations and the strong performance of the local equity markets had a positive impact on the Group's results. A substantial portion of the headline earnings for the six-month period emanates from the equity-related businesses. These profits may not necessarily be of a recurring nature. Most of the operating subsidiaries performed in line with expectations or better.

It was announced in the press on 12 August 2005 that the Group sold a controlling interest in Channel Life to Sanlam, retaining a 35% interest. Regulatory approvals had not been obtained as at 31 August 2005 but are expected to be finalised by November 2005.

It was also announced that the Group is in the process of raising additional preference share capital of R190 million by means of a rights issue. The results of this offer are expected to be announced on 17 October 2005.

REVIEW OF OPERATIONS

Investment banking

Channel Life Limited

In this review we are reporting on the Group's 76% interest in Channel Life. This company is currently in a major expansionist phase and posted headline earnings of R9 million for this interim period. Recurring premiums, the heartbeat of the business, are up 144% to R155,3 million, whilst the single premiums are down by 80% – against the backdrop of a strong equity market and low interest rates.

The focus remains the selling of policies in the company's identified markets. Management is confident that the foundation laid during the first half of the year under review, will bear fruit over the next six to twelve months.

This strong sales performance can be attributed to the success of the multi-distribution channel strategy, which was launched earlier in the year. The strong foundation laid in the first half of the year is expected to result in stronger earnings in the second half. Arch Equity Limited (20%)

Arch Equity concluded four investments during the first six months of the year acquiring stakes in BKB Limited (5%), Grainco (Ptv) Ltd (25,1%), Indevco Holdings (Ptv) Ltd (29,4%) and Curamelior Health Risk Management (Pty) Ltd (30%). The company also acquired a 30% stake in Orion Telecom Investment Holdings (Pty) Ltd on 1 September 2005.

The intrinsic value of Arch Equity increased by 25% since year-end to R432 million, or 301 cents per share, and the company had R57 million (R33 million after the Orion transaction) cash available to make further investments.

View the full results at www.archeguitv.co.za

Corporate finance

The Corporate Finance teams in Johannesburg and Stellenbosch performed well and were involved in a number of significant transactions, investments and capital raising.

JSE Limited (15%)

PSG increased its investment in the JSE Limited to 15%. The board views this as a strategic investment in the future of financial systems of South Africa.

As a part of its investment strategy, PSG increased its investments in various Agri companies throughout South Africa. We see value in the long-term future of these Agri businesses.

Other

• m Cubed Holdings Limited (30%) The board of PSG Group has decided not to include any of the operational results of

m Cubed in its current year results, as the majority of m Cubed's operating businesses have been disposed of subject to securing shareholders and regulatory m Cubed is currently trading under a cautionary and shareholders are referred to

future announcements in that regard.

A 60% stake was acquired in Indevco Holdings (Pty) Ltd, which manages Government imports/exports incentives on behalf of clients. The interest in PSG Trade Finance (Pty) Ltd was reduced to 33,3% with China Construction Bank Inc. becoming a shareholder in this company.

Wealth management

PSG Konsult Limited (80%) PSG Konsult had a successful six months, with headline earnings increasing by 50,0%

from R4,7 million to R7,1 million during the period under review The company is still expanding its capability and operates, after the successful incorporation of the short-term Insurance Broking Division of Vleissentraal, via

116 branch offices with 245 financial planners and stockbrokers. PSG Konsult has approximately 33 000 clients and in excess of R17 billion funds under

administration. PSG Konsult is expanding its recurring income and is working towards full compliance with the Financial Services Charter. PSG Fund Management (98%)

PSG Fund Management increased headline earnings during the period under review by

8.5% from R4.3 million to R4.6 million. The quality of earnings however improved substantially as 74% of income generated during the period under review was of an annuity nature, compared to the prior financial period where a substantial portion of profits was generated by the structured investment division. Total assets under administration increased by 41% to R6,5 billion, up from R4,6 billion

(28 February 2005). This significant growth was due to favourable market conditions for the equity-based unit trust funds as well as new inflows of R786 million into these funds during the period, backed by excellent performance by the relevant asset

Due to the excellent growth performance by the PSG Tanzanite Flexible Fund and Alphen Asset Managers, both management companies made a significant contribution to this

PSG Online Holdings Limited (93%) PSG Online Holdings, which consist of the following two operating divisions, had an

exceptional six months: • Stockbroking service provider: This business unit settled 86,067 deals during the

- period under review which is 30% higher than the equivalent period last year. This division had 21,873 BDA accounts with either cash or script and R16,5 billion in funds under administration • PSG Online/Investor Education: PSG Online has capitalised on the well-known brand
- in Online Stockbroking. Revenue increased by 67%.

PROSPECTS

The Group is actively evaluating a number of growth opportunities. Earnings will continue to be impacted by the performance and volatility of the local equity markets. Accordingly, growth in headline earnings per share for the full year is unlikely to be as high as in the first six months.

DIVIDENDS Ordinary shares

The directors of PSG Group Limited declared an interim dividend of 20 cents per share

(2004: 10 cents) in respect of the six months ended 31 August 2005. The following are the salient dates of the payment of the ordinary dividend:

Friday, 11 November 2005 Last day to trade cum dividend Trading ex dividend commences Monday, 14 November 2005 Friday, 18 November 2005 Record date Day of payment Monday, 21 November 2005

Share certificates may not be dematerialised or rematerialised between Monday, 14 November 2005 and Friday, 18 November 2005, both days inclusive.

The directors of PSG Financial Services Limited declared a dividend of 4,016 cents per share in respect of the cumulative, non-redeemable, non-participating preference shares for the six months ended 31 August 2005, which was paid on 26 September 2005. On behalf of the board

Jannie Mouton	Jaap du Toit	Chris Otto
Chairman	Director	Director
Stellenbosch 10 October 2005		

Directors: JF Mouton (chairman)*, L van A Bellingan, PE Burton, J de V du Toit*, MJ Jooste, D Lockey, JJ Mouton, CA Otto*, BE Steinhoff (German), Dr J van Zyl Smit

Secretaries and registered office: PSG Corporate Services (Pty) Limited, 1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600. PO Box 7403, Stellenbosch, 7599

Transfer secretaries: Ultra Registrars (Pty) Limited, 11 Diagonal Street, Johannesburg, 2001. PO Box 4844, Johannesburg, 2000

Sponsor: PSG Capital Limited Website: www.psggroup.co.za

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