

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 29 Feb 2007 2008 Rm Sales from non-financial operations 1 316,8 113,6 Investment income 93,8 200,1 Net fair value adjustments to 373,7 (26,3)316,5 financial instruments Commission and other fee income 380,5 468,3 861,8 106,9 Other operating income 31,4 587,0 2 859,3 Total income 1 666,4 Expenses Cost of sales of non-financial operations 751,7 1 181,6 Operating expenses 408.6 894,0 1 160,3 2 075,6 Total expenses 448,3 Net income from operating 783,7 Finance costs (33,6)(57,8)Share of profits of associated companie 961,5 Net income before taxation 233,9 Net income of the group 464,4 809,6 (64,8)Attributable to: 112,5 162,1 255,4 Equity holders of the company 51,0 302,3 554,2 163,5 464,4 809,6 Attributable to equity holders of 51,0 302.3 554.2 the company Non-headline items (note 2) (71,7)49,9 482,5 Headline earnings (82,9)292.2 Earnings per share (cents) 30,3 (84,2)191,8 338,9 - attributable headline (84,0)185,4 295,1 29,6 - diluted attributable 188,9 334,4 30,1 (84,1)- diluted headline 29,4 (83,9)182,6 291,1 Dividend per share (cents) 19,0 32,5 32,5 - interim - final 200,0 special 219,0 32,5 112,5 Number of shares (million) 169,2 - in issue (net of treasury shares) 157,6 163,5 - diluted weighted average CONDENSED GROUP BALANCE SHEETS 31 Aug 31 Aug 29 Feb 2007 2008 Rm Property, plant and equipment 34.3 44.0 26.5 676.3 Intangible assets 742.6 667.9 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 1 566.5 1 368,4 1 808,7 Deferred income tax 21.2 14.3 13.8 Receivables and inventories 150,6 443.2 193.7 302,0 417,5 Cash and cash equivalents 15 530,8 6 211,3 14 206,1 Total assets Ordinary shareholders' equity 3 103,2 2 827,9 3 295,4 1 896,0 1 722,9 1 773,6 Minority interests 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 734.7 789,2 894,7 130.0 Deferred income tax 152,6 141,2 389,0 Payables and provisions 320,3 493,2 Current income tax liabilities 120,5 131,5 70,6 Total liabilities 10 806,9 1 385,2 Total equity and liabilities 6 211,3 14 206,1 Net asset value per share (cents) 1 681 1 832 1 240 1 438 1 548 Net tangible asset value per share (cents)

CONDENSED GROUP CASH FLOW STATE	MENTS		
	31 Aug	Restated 31 Aug	29 Feb
	2008 Rm	2007 Rm	2008 Rm
Cash generated by operations Net change in financial instruments	100,4 70,1	148,1 (235,4)	252,2 (311,9)
Net cash flow from operating activities Net cash flow from investment activities Net cash flow from financing activities	170,5 86,6 (330,0)	(87,3) (382,6) (190,9)	(59,7) (502,0) (335,4)
Net decrease in cash and cash equivalents Cash and cash equivalents at beginning of period	(72,9) (12,6)	(660,8) 884,5	(897,1) 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
	31 Aug	31 Aug	29 Feb
Ordinary shareholders' equity at beginning	2008 Rm	2007 Rm	2008 Rm
Ordinary shareholders' equity at beginning of period Shares issued		2007	
of period Shares issued Net movement in treasury shares Movement in other reserves	Rm 3 295,4 (23,2) (2,9)	2007 Rm 2 373,0 551,2 (28,5) 3,8	2 373,0 552,0 (36,4) 7,6
of period Shares issued Net movement in treasury shares	Rm 3 295,4 (23,2)	2007 Rm 2 373,0 551,2 (28,5)	2 373,0 552,0 (36,4) 7,6 554,2
of period Shares issued Net movement in treasury shares Movement in other reserves Net income for the period	Rm 3 295,4 (23,2) (2,9) 51,0	2007 Rm 2 373,0 551,2 (28,5) 3,8 302,3	2 373,0 552,0 (36,4) 7,6 554,2
of period Shares issued Net movement in treasury shares Movement in other reserves Net income for the period Dividends paid Ordinary shareholders' equity at end of period	Rm 3 295,4 (23,2) (2,9) 51,0 (492,4) 2 827,9	2007 Rm 2 373,0 551,2 (28,5) 3,8 302,3 (98,6) 3 103,2	2 373,0 552,0 (36,4) 7,6 554,2 (155,0) 3 295,4 1 773,6 1 574,5 255,4
of period Shares issued Net movement in treasury shares Movement in other reserves Net income for the period Dividends paid Ordinary shareholders' equity at end of period Minority interests Beginning of period Net income for the period Dividends and capital distributions paid Capital contributions by minority shareholders Acquisition/disposal of subsidiaries Transfer to liabilities	Rm 3 295,4 (23,2) (2,9) 51,0 (492,4) 2 827,9 1 896,0 1 773,6 112,5 (36,8) 74,6	2007 Rm 2 373,0 551,2 (28,5) 3,8 302,3 (98,6) 3 103,2 1 722,9 1 574,5 162,1	2 373,0 552,0 (36,4) 7,6 554,2 (155,0) 3 295,4 1 773,6 1 574,5 255,4 (32,1) 142,6 (105,0) (6,3)
of period Shares issued Net movement in treasury shares Movement in other reserves Net income for the period Dividends paid Ordinary shareholders' equity at end of period Minority interests Beginning of period Net income for the period Dividends and capital distributions paid Capital contributions by minority shareholders Acquisition/disposal of subsidiaries	Rm 3 295,4 (23,2) (2,9) 51,0 (492,4) 2 827,9 1 896,0 1 773,6 112,5 (36,8)	2007 Rm 2 373,0 551,2 (28,5) 3,8 302,3 (98,6) 3 103,2 1 722,9 1 574,5 162,1 (6,6)	2 373,0 552,0 (36,4) 7,6 554,2 (155,0) 3 295,4 1 773,6 1 574,5 255,4 (32,1)

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 34compliant 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
After taxation and minorities	(3,6)	4,1	60,8
Net profit on sale/dilution of investment	(3,0)	1,1	00,0
in subsidiaries	0.4		46,6
Net (loss)/profit on sale of associated companies Negative goodwill on acquisition of subsidiaries	(3,6)	3,5	4,0 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

Non-headline items of associated companies	4,7	6,0	10,9
	1,1	10,1	71,7
3. Investments in associated companies			
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	·	•	

Operating lease commitments 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.

Reclassification of 31 August 2007 figures

- Equities relating to Contracts for Difference ("CFD's") 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

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

CONTRIBUTION TO HEADLINE EARNIN		31 Aug 2007 Rm	29 Feb 2008 Rm	Number of shares 31 Aug 2008 m	31 Aug 2008 Rm	Net assets 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	٦
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	000,0	63,8	54,8	56.0	
Channel Life	6,6	2,7	1,5		166,0	126,6	146,5	
Quince Capital	0,0	9,7	21,3		100,0	325,9	342,4	
Adato Capital	1,2	9,7	21,3		116,6	323,9	342,4	
		22.7	(2.1			107.6	272.2	
Paladin Capital and other private equity	38,3	23,7	63,1		446,5	197,6	372,3	
PSG FutureWealth	4,7		8,9		59,5		59,9	
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)				1				٦
Quince Capital		2,4						
Paladin Capital (Thembeka)	(30,9)	27,9	20,3		162,7	241,9	242,3	
Zeder Investments and agri investments	5,5	52,6	49,8		94,3	244,6	74,5	
PSG Corporate Services		- ,-	,-		, .	, .	,.	
ISE Ltd		2,3	2,3					
Petmin	(7,5)	65,7	134,3	51,1	192,3	125,2	199,7	
Vox Telecom	(,,0)	28,0	18,2	30,8	57,6	69,8	60,1	
Other investments	(4,7)	16,8	1.5	30,0	369,0	542,4	463,1	
Other non-recurring	(4,7)	10,0	1,5		307,0	372,7	405,1	
Quince Capital	7,4							
Channel Life	(8,8)							
Miscellaneous			17.7					
	2,8		17,7	218,0	50.1	50,1	EO 1	
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		,			1 ` ´ ´			
Normal dividend	(5,1)	(16,9)	(19,4)			7,6	(2,7)	
Special dividend	(34,0)	V -7-7	(- , -/		(34,0)	- , -	()-1	
n. 11 W		202.2	402 =		2.057.0	2.462.2	2.267	Ordinary shar
Total headline earnings	49,9	292,2	482,5		2 827,9	3 103,2	3 295,4	holders' equity
Statistics								

Growth in recurring HEPS

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 markedto-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
- · Effective 1 March 2008, PSG Konsult acquired the business of Multifund and Brosist for R50 million, of which R36,4 million related
- to intangibles and R12,4 million to goodwill. • Thembeka Capital raised R25 million in black capital through a private
- · Zeder increased its interest in Kaap Agri Limited ("Kaap Agri") and KWV Limited ("KWV") to 34,3% and 25,1% respectively.

CAPITEC BANK (34,5%)

Capitec increased its headline earnings per share by 22,2% and delivered a return on equity of 22%. We are positive about Capitec's long-term

Capitec's results for the six months ended 31 August 2008 are available at www.capitec.co.za

PSG KONSULT (73,2%)

In a challenging operating environment, headline earnings increased by 18,8% to R47,4 million for the period under review.

Funds under management and administration decreased by 5% to R50 billion. PSG Konsult now has 507 (Aug 2007: 452) financial planners and stockbrokers operating from 196 (Aug 2007: 183) offices throughout Southern Africa and the United Kingdom.

Since the establishment of the London UK office six months ago, PSG Konsult's international offering has increased satisfactorily. This provides a solid platform to expand its services and consequently grow revenue.

PSG Konsult's comprehensive results are available at www.psgkonsult.co.za.

PALADIN CAPITAL (89,5%) Paladin is an investment company with a private equity bias. The increase

in recurring headline earnings is a result of positive earnings growth from the investee companies and certain investments now contributing earnings for the full six-month period as opposed to the previous period where it was only partially included. The performance of all the investee companies in the portfolio exceeded expectations, with exceptional performances from CIC Holdings, Erbacon, Precrete, Lesotho Milling and Protea Gietery.

During the period under review, Paladin acquired a 25% stake in Target Milling, a wheat mill based in Durban, acquired an additional stake in Precrete and invested further capital in both Thembeka Capital and Mainfin. Thembeka Capital's earnings were negatively affected by the market movements of its listed share portfolio, predominantly its investment in the shares of JSE Limited. However, Thembeka Capital's recurring earnings base improved with a number of transactions that were concluded during the past year.

ZEDER INVESTMENTS (35,7%)

Zeder continued to increase its interest in key investments during the period under review. The increase in its recurring headline earnings from 3,5 cents to 10,5 cents per share is mainly attributable to equity accounted earnings from its investments in associated companies, which were previously predominantly accounted for as non-recurring marked-to-market profits.

More than 75% of Zeder's investment portfolio is currently represented by its investments in Kaap Agri (which holds 31,9% in Pioneer Foods)

Zeder's comprehensive results are available at www.zeder.co.za.

PSG WEALTH CLUSTER

• PSG FUND MANAGEMENT (96,5%)

PSG Fund Management's business consists of local and offshore unit trusts, hedge funds, offshore fund services, asset management and prime

Headline earnings for the six months decreased by 13% to R9,5 million compared to 31 August 2007. Assets under management increased from R17,1 billion at year-end to R17,2 billion at 31 August 2008.

The offshore operations based in Guernsey contributed 26% of the reported headline earnings during the period under review. This provides some protection against possible rand depreciation going forward.

• PSG FUTUREWEALTH (80%)

PSG FutureWealth, a registered linked investment insurance company, made a headline profit of R5,9 million for the six months ended 31 August 2008. Improved distribution relationships and a focus on new product development enabled the company to achieve commendable results. The total new business premiums received amounted to R1,1 billion

Existing business outflows continue to decline and have now reached a level regarded as normal for a business of this size. The transfer of the remaining m Cubed Life assets of approximately R2 billion has been virtually

completed, with the total linked investment policy book now at

CHANNEL LIFE (34,4%)

Management's effort to increase profitability has been prolonged by the current negative economic climate, especially higher fuel and food inflation that is more detrimental to the company's target market.

The retail business performed below expectation. To this end, the outbound call centre was closed at the end of May 2008. Single-premium policies and group schemes have however exceeded expectations. Strict cost control measures remain in place.

ADATO CAPITAL (60,9%)

Adato was formed as a result of the unbundling of Quince Capital. The business was capitalised to the extent of R180 million.

Adato focuses on niche financing opportunities that are not effectively serviced by the bigger banks, and currently offers two products: property bridging finance and loans against share portfolios. The loan book at the end of August was R111 million.

PSG CORPORATE (100%)

The decline in the listed share prices of Petmin and other strategic and non-strategic investments accounted for the non-recurring marked-tomarket losses incurred during the period under review. These investments have in the past contributed significantly to PSG's headline profits and continue to trade above PSG's historic cost.

PSG bought protection against interest rate fluctuations two years ago when it entered into a 10-year fixed (8,87% NACS) for variable (75% of prime) interest rate hedge. Although we incurred a marked-tomarket loss as opposed to a profit in the corresponding period last year, this instrument continues to provide welcome protection when paying our perpetual preference dividends.

PROSPECTS

The current uncertain environment necessitates a more conservative approach to business. Management remains focused to grow PSG's recurring headline earnings base. We believe it to be achievable given the diversification of the group's operations across the broader economy. Our primary goal remains to maximise shareholders' wealth over time.

Subsequent to 31 August 2008, PSG has incurred further marked-tomarket losses of R162 million on its investments in, inter alia, Petmin, Vox Telecom and Thembeka Capital's JSE shares. This relates to previously reported marked-to-market profits of approximately R831 million.

APPOINTMENT OF DIRECTOR

Wynand Greeff has been appointed as financial director to the boards of PSG Group Limited and PSG Financial Services Limited with effect from 13 October 2008.

DIVIDENDS

Having taken cognisance of the 200 cents per share special dividend paid in August 2008, the directors of PSG Group Limited have resolved to declare a dividend of 19 cents per share (2007: 32,5 cents) in respect of the six months ended 31 August 2008. PSG intends to distribute dividend income from investments, after payment of the PSG Financial Services perpetual preference dividend, as an ordinary dividend to shareholders. One third will be paid as an interim dividend and the balance as a final dividend at year-end.

The following are the salient dates for the payment of the ordinary

Last day to trade cum dividend Friday, 31 October 2008 Trading ex dividend commences Monday, 3 November 2008 Friday, 7 November 2008 Record date Monday, 10 November 2008 Day of payment

Share certificates may not be dematerialised or rematerialised between Monday, 3 November 2008, and Friday, 7 November 2008, both days

Preference shares

The directors of PSG Financial Services Limited declared a dividend of 571,1 cents per share in respect of the cumulative, non-redeemable, nonparticipating preference shares for the six months ended 31 August 2008, which was paid on 29 September 2008.

On behalf of the board

Jannie Mouton

Chairman Director

Stellenbosch 13 October 2008

JF Mouton (chairman)*, L van A Bellingan^, PE Burton^, ZL Combi, J de V du Toit, WL Greeff*, MJ Jooste^, P Malan, JJ Mouton, CA Otto*, W Theron, J van Zyl Smit^, CH Wiese^

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PSG Capital (Pty) Limited

PSG GROUP LIMITED

Registration number 1970/008484/06 JSE share code: PSG ISIN code: ZAE000013017

PSG FINANCIAL SERVICES LIMITED

These results are also available at www.psggroup.co.za