

## Condensed consolidated income statement

	Unaudited 6 months ended 28 Feb 2009 R'000	Unaudited restated * 6 months ended 29 Feb 2008 R'000	Audited 12 months ended 31 Aug 2008 R'000
<b>CONTINUING OPERATIONS</b>			
Gross revenue	406 943	940 194	1 434 478
Net insurance revenue	101 088	123 804	237 722
Other operating revenue	41 525	54 397	91 656
<b>Net revenue</b>	<b>142 613</b>	<b>178 201</b>	<b>329 378</b>
Operating expenses	(131 348)	(173 269)	(314 176)
– Direct expenses: Insurance and risk services	(64 499)	(108 466)	(179 782)
– Administration and other expenses	(26 853)	(26 770)	(56 442)
– Depreciation and amortisation	(1 484)	(1 483)	(3 014)
– Employee costs	(38 512)	(36 550)	(74 938)
<b>Operating profit</b>	<b>11 265</b>	<b>4 932</b>	<b>15 202</b>
Income from associates	851	699	1 856
Investment income	8 036	3 072	14 831
Other expenses	(6)	(10)	(51)
Finance charges	(1 889)	(2 828)	(5 308)
Impairment of goodwill	–	–	(185)
<b>Profit before taxation</b>	<b>18 257</b>	<b>5 865</b>	<b>26 345</b>
Taxation	(6 580)	(1 490)	(7 052)
<b>Profit for the period from continuing operations</b>	<b>11 677</b>	<b>4 375</b>	<b>19 293</b>
<b>DISCONTINUED OPERATION</b>			
Profit for the period from discontinued operation	–	1 730	3 644
<b>Profit for the period</b>	<b>11 677</b>	<b>6 105</b>	<b>22 937</b>
* Refer to note 3 for details			
<b>Attributable to:</b>			
Ordinary shareholders	7 253	2 710	15 182
Minority interest	4 424	3 395	7 755
– Continuing operations	4 424	2 531	5 935
– Discontinued operation	–	864	1 820
<b>Profit for the period</b>	<b>11 677</b>	<b>6 105</b>	<b>22 937</b>
<b>EARNINGS PER SHARE (CENTS)</b>			
<b>Basic</b>	2,90	1,20	6,54
– Continuing operations	2,90	0,82	5,75
– Discontinued operation	–	0,38	0,79
<b>Diluted</b>	2,89	1,08	6,51
– Continuing operations	2,89	0,73	5,73
– Discontinued operation	–	0,35	0,78
<b>Headline</b>	2,90	1,20	6,38
– Continuing operations	2,90	0,82	5,74
– Discontinued operation	–	0,38	0,64
<b>Diluted headline</b>	2,89	1,08	6,36
– Continuing operations	2,89	0,73	5,72
– Discontinued operation	–	0,35	0,64

## Consolidated balance sheet

Note	Unaudited as at 28 Feb 2009 R'000	Unaudited as at 29 Feb 2008 R'000	Audited as at 31 Aug 2008 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
– Property, plant and equipment	15 804	27 080	23 952
– Intangible assets	47 774	79 490	46 646
– Investment properties	8 319	17 245	15 791
– Loans receivable	8 471	2 512	2 293
– Deferred taxation	4 970	9 395	6 168
– Investments in associates	4 844	3 742	4 602
– Investments held at fair value	7 167	38 556	24 264
<b>Current assets</b>	<b>1 189 702</b>	<b>1 007 064</b>	<b>997 432</b>
– Insurance assets	775 291	659 742	678 029
– Investments held at fair value	778	2 022	569
– Trade and other receivables	169 764	146 131	95 328
– Taxation	9 337	8 301	10 463
– Cash and cash equivalents	234 532	191 868	213 043
<b>Non-current assets – Held for sale</b>	<b>15 517</b>	<b>–</b>	<b>–</b>
<b>Total assets</b>	<b>1 302 568</b>	<b>1 185 084</b>	<b>1 121 148</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
– Ordinary share capital and share premium	199 185	180 315	199 220
– Retained earnings	23 242	2 128	15 989
– Contingency reserve	–	1 389	–
– Share-based payment reserve	802	569	604
– Vendors for equity	–	18 905	–
– Minority shareholders' interest	223 229	203 306	215 813
	14 809	41 236	13 074
<b>Non-current liabilities</b>	<b>51 974</b>	<b>72 649</b>	<b>52 962</b>
– Policyholder liabilities under insurance contracts	23 662	21 917	23 662
– Interest-bearing borrowings	22 063	42 373	22 166
– Deferred taxation	6 249	8 359	7 134
<b>Current liabilities</b>	<b>1 012 556</b>	<b>867 893</b>	<b>839 299</b>
– Insurance liabilities	841 191	728 670	747 963
– Vendors for cash	95	2 924	3 049
– Trade and other payables	163 409	90 968	80 598
– Current portion of interest-bearing borrowings	5 080	39 814	5 142
– Taxation	2 752	3 430	2 501
– Bank overdraft	29	2 087	46
<b>Total equity and liabilities</b>	<b>1 302 568</b>	<b>1 185 084</b>	<b>1 121 148</b>
Net asset value per share (cents)	89,19	89,85	86,23
Tangible net asset value per share (cents)	70,10	54,72	67,59

## Condensed consolidated cash flow statement

	Unaudited 6 months ended 28 Feb 2009 R'000	Unaudited restated 6 months ended 29 Feb 2008 R'000	Audited 12 months ended 31 Aug 2008 R'000
Net cash flows from operating activities	20 461	(10 365)	22 870
– Continuing operations	20 461	(14 700)	19 759
– Discontinued operation	–	4 335	3 111
Net cash flows from investing activities	10 377	17 692	43 575
– Continuing operations	10 377	17 911	43 874
– Discontinued operation	–	(219)	(299)
Net cash flows from financing activities	(9 332)	2 980	(21 184)
– Continuing operations	(9 332)	6 979	(13 227)
– Discontinued operation	–	(3 999)	(7 957)
<b>Total cash movement for the period</b>	<b>21 506</b>	<b>10 307</b>	<b>45 261</b>
Cash at the beginning of the period	212 997	179 474	179 474
Cash disposed of	–	–	(11 738)
<b>Total cash at the end of the period</b>	<b>234 503</b>	<b>189 781</b>	<b>212 997</b>

## Segmental report for continuing operations

	Head office & treasury R'000	Insurance and risk services R'000	Direct R'000	Financial services R'000	Private equity R'000	Total R'000
<b>Unaudited – 6 months ended 28 February 2009</b>						
Gross revenue	13	374 824	30 932	189	985	406 943
Net revenue	13	110 494	30 932	189	985	142 613
Investment income (loss)	784	7 045	351	(187)	43	8 036
Profit (loss) before taxation	(4 019)	13 164	8 905	(160)	367	18 257
Attributable earnings (loss)	(3 785)	8 540	2 445	(160)	213	7 253
Minority interest	–	717	3 666	–	41	4 424
Total assets	13 630	1 246 853	32 695	8 313	1 077	1 302 568
Total liabilities	(1 174)	(1 055 761)	(6 663)	(7)	(925)	(1 064 530)
Capital expenditure	14	2 717	404	–	–	3 135
<b>Unaudited – 6 months ended 29 February 2008</b>						
Gross revenue	45	922 262	17 164	27	696	940 194
Net revenue	45	160 269	17 164	27	696	178 201
Investment income (loss)	(2 543)	4 462	130	–	32	2 081
Profit (loss) before taxation	(6 834)	11 282	2 834	(1 636)	219	5 865
Attributable earnings (loss)	(5 882)	8 046	715	(1 179)	144	1 844
Minority interest	–	1 457	1 074	–	–	2 531
Total assets	19 225	1 034 203	25 865	104 772	1 019	1 185 084
Total liabilities	(1 346)	(878 719)	(6 755)	(52 861)	(861)	(940 542)
Capital expenditure	45	2 397	492	219	3	3 156
<b>Audited – 12 months ended 31 August 2008</b>						
Gross revenue	48	1 389 588	43 127	31	1 684	1 434 478
Net revenue	48	284 488	43 127	31	1 684	329 378
Investment income	3	14 507	247	–	74	14 831
Profit (loss) before taxation	(8 970)	30 604	7 623	(3 318)	406	28 345
Attributable earnings (loss)	(8 250)	21 933	2 118	(2 663)	220	13 358
Minority interest	–	2 757	3 178	–	–	5 935
Total assets	9 267	1 059 241	30 416	21 062	1 162	1 121 148
Total liabilities	(2 943)	(880 376)	(7 799)	(8)	(1 135)	(892 261)
Capital expenditure	313	4 408	1 758	306	29	6 814

## Condensed consolidated statement of changes in equity

	Share capital and share premium R'000	Retained earnings R'000	Other reserves R'000	Minority interest R'000	Total R'000
<b>Balance at 1 September 2007</b>	170 315	807	19 193	40 194	230 509
Net proceeds from issue of shares	10 000	–	–	–	10 000
Profit for the period	–	2 710	–	3 395	6 105
Equity options issued to executives	–	–	281	–	281
Contingency reserve transfer	–	(1 389)	1 389	–	–
Dividends paid	–	–	–	(2 353)	(2 353)
<b>Balance at 29 February 2008</b>	<b>180 315</b>	<b>2 128</b>	<b>20 863</b>	<b>41 236</b>	<b>244 542</b>
Net proceeds from issue of shares	18 905	–	(18 905)	–	–
Disposal of interest in subsidiaries	–	–	–	(31 361)	(31 361)
Profit for the period	–	12 472	–	4 360	16 832
Equity options issued to executives	–	–	35	–	35
Contingency reserve transfer	–	1 389	(1 389)	–	–
Dividends paid	–	–	–	(1 161)	(1 161)
<b>Balance at 31 August 2008</b>	<b>199 220</b>	<b>15 989</b>	<b>604</b>	<b>13 074</b>	<b>228 887</b>
Cost of issue of shares	(35)	–	–	–	(35)
Profit for the period	–	7 253	–	4 424	11 677
Equity options issued to executives	–	–	198	–	198
Dividends paid	–	–	–	(2 689)	(2 689)
<b>Balance at 28 February 2009</b>	<b>199 185</b>	<b>23 242</b>	<b>802</b>	<b>14 809</b>	<b>238 038</b>

## Notes to the consolidated financial statements

- Basis of preparation**  
These condensed consolidated results have been prepared using accounting policies compliant with IAS 34: Interim Financial Reporting, International Financial Reporting Standards ("IFRS"), the Companies Act (Act 61 of 1973), as amended and the Listings Requirements of JSE Limited. The accounting policies used are consistent with those of the prior period. The interim results have not been audited or reviewed by the group's auditors.
- Changes in share capital**  
R35 000 in share issue expenses were written off against share premium during the period under review.  
Details of shares in issue as at the balance sheet dates are as follows:  

	28 Feb 2009 '000	29 Feb 2008 '000	31 Aug 2008 '000
Number of shares in issue	250 277	226 277	250 277
– Shares in issue	256 380	232 380	256 380
– Shares held as treasury shares	(6 103)	(6 103)	(6 103)
Weighted average number of shares	250 277	225 856	232 166
– Shares in issue	256 380	231 959	238 269
– Shares held as treasury shares	(6 103)	(6 103)	(6 103)
Fully diluted weighted average number of shares	251 334	250 954	233 095
– Shares in issue	257 437	257 057	239 198
– Shares held as treasury shares	(6 103)	(6 103)	(6 103)
- Disposal of subsidiaries**  
Conduit Capital disposed of its 50.05% interest in Gateway Capital Limited ("Gateway") (which is active in the specialised structured finance industry with a focus on property secured finance activities) with effect from 31 July 2008. As a result of the sale, Gateway is reflected as a discontinued operation in the group's accounts. Published results from prior periods have been restated for comparative purposes. The discontinued operation produced the following results during the periods under review:  

	Unaudited 6 months ended 28 Feb 2009 R'000	Unaudited restated 6 months ended 29 Feb 2008 R'000	Audited 12 months ended 31 Aug 2008 R'000
Revenue	–	11 848	26 688
Direct expenses: Cost of sales	–	(5 766)	(15 331)
Administration and other expenses	–	(1 600)	(3 307)
Depreciation and amortisation	–	(102)	(226)
Employee costs	–	(1 307)	(2 493)
<b>Operating profit</b>	<b>–</b>	<b>3 073</b>	<b>5 331</b>
Investment income	–	–	112
Negative goodwill on acquisition of subsidiaries	–	–	678
Finance charges	–	(309)	(661)
<b>Profit before taxation</b>	<b>–</b>	<b>2 764</b>	<b>5 460</b>
Taxation	–	(1 034)	(1 816)
<b>Profit for the period</b>	<b>–</b>	<b>1 730</b>	<b>3 644</b>
- Reconciliation of headline earnings**  

	Unaudited 6 months ended 28 Feb 2009 R'000	Unaudited restated 6 months ended 29 Feb 2008 R'000	Audited 12 months ended 31 Aug 2008 R'000
<b>Profit for the period from continuing operations</b>	<b>11 677</b>	<b>4 375</b>	<b>19 293</b>
Minority interest in profit from continuing operations	(4 424)	(2 531)	(5 935)
<b>Earnings used in the calculation of basic earnings per share from continuing operations</b>	<b>7 253</b>	<b>1 844</b>	<b>13 358</b>
Loss on disposal of subsidiaries	–	–	193
After tax profit on revaluation of investment properties	–	–	(302)
Unclaimed shares written back	–	–	(125)
Loss on disposal of property, plant and equipment (net of tax)	4	7	23
Impairment of goodwill	–	–	185
<b>Headline earnings from continuing operations</b>	<b>7 257</b>	<b>1 851</b>	<b>13 332</b>
Headline earnings from discontinued operation	–	866	1 485
Attributable profit for the period from discontinued operation	–	866	1 824
Less: Negative goodwill on acquisition of subsidiary	–	–	(339)
<b>Headline earnings</b>	<b>7 257</b>	<b>2 717</b>	<b>14 817</b>
- Trade receivables and trade payables**  
Implementation of the Insurance and Risk Services division's new ledger system enabled the group to give a more accurate breakdown between receivables and payables in the current period than what was previously possible. As a result, certain receivables and payables balances are shown on a gross basis as at 28 February 2009, whilst they have been set off in comparative periods. Prior periods' numbers are not restated; any restatement would however have had no impact on net assets, tangible net assets, earnings or headline earnings.
- Directors**  
There were no changes to the directorate during the period under review.
- Dividends**  
The directors did not recommend any dividend payment to ordinary shareholders for the six months ended 28 February 2009 (February 2008: Nil; August 2008: Nil).
- Post balance sheet events**  
There were no material post balance sheet events.