Audited Group Results

for the year ended 31 March 2005

PEREGRINE

Highlights: Group assets under management R17,99 billion at year end • Profit from wealth and asset management up 73% to R110,7 million
Earnings per share up 138% to 49,1 cents • Headline earnings per share up 45% to 48,2 cents • Dividend increased by 140% to 12,0 cents per share

Introduction

The Peregrine group has enjoyed an outstanding year in terms of a strong increase in earnings as well as the continued establishment of the group's positioning and reputation in the South African wealth and asset management industry. Profit from ordinary activities exceeded R150 million for the first time in the group's history whilst profit from the core wealth and asset management businesses exceeded R100 million for the first time.

Results

Revenue of R372,3 million was 7,1% higher than the previous year or 12,2% higher if compared to turnover levels of the businesses remaining in the group. Operating expenses decreased by 2,9% to R234,9 million, largely a result of an active focus on cost control. The net result was a 30% increase in profit from operations to R137,3 million.

Strong cash generation resulted in net interest earned of R13,9 million for the year, compared to interest paid of R1,6 million the previous year. The positive swing to interest received, together with no amortisation of goodwill as a result of a required change in accounting policy, helped boost profit from ordinary activities by 86,9% to R153,6 million. Without the goodwill benefit, earnings from ordinary activities would have increased by 42,9%.

Notwithstanding a full rate of taxation and an increase in minority interest, attributable earnings increased by 125% to R95,6 million. With a lower number of shares in issue due to on-going share repurchases, earnings per share increased by 138,2% to 49,1 cents per share. Headline earnings increased by 37,2% to R93,9 million, with headline earnings per share up 45,1% to 48,2 cents per share.

Operating highlights

The businesses within the **wealth and asset management** division delivered markedly improved performances across the board, resulting in a 73% increase in the division's profit from ordinary activities to R110,7 million. Comparisons with the previous year have been made at the profit from ordinary activities level which includes interest earned by each division and income from associates.

The group's **wealth management** arm, Citadel, produced profit from ordinary activities of R42,4 million, a 36% increase on the previous year. With only a minor contribution from performance fees, this profit effectively represents an annuity level of earnings off Citadel's average asset base of R8,5 billion for the year. Assets under management were R9,1 billion by year end. Whilst performance of the underlying individual asset classes was satisfactory for the year under review, the strength of the rand continued to put a drag on investment performance. Through its performance fee formula, Citadel maintains a strong gearing towards investment performance and to any weakening of the local currency.

The business also retains a high level of operational gearing and has the ability to substantially increase its assets under management without incurring meaningful additional costs. In this regard, average new inflows exceeded R100 million per month for the year and the client retention remained highly satisfactory. Cambium, a joint-venture with Sanlam Life, was launched in January. Assets have started migrating into the joint venture with significant inflows expected over time.

The **asset management** businesses collectively increased profit from ordinary activities by 107% to R68,3 million. This excludes any proprietary return on group capital, which is included in the return from group investments.

PeregrineQuant (PQ) increased assets under management by 37% to R7,1 billion during the course of the year and has now reached the critical mass required to attain ongoing profitability. The maiden profit achieved is a pleasing turnaround from the losses sustained over the same period last year, resulting in a swing of almost R10 million to group profitability.

PQ recently announced the sale of a 20% equity stake to an empowerment consortium comprising Vunani Capital and Ilitye Investments. The input of the new shareholders, together with PQ's growing reputation as one of the country's leading quantitative asset management firms, is expected to continue fuelling the business' steady growth in assets under management.

Peregrine Capital, the group's fundamental equity hedge-fund manager, increased profit from ordinary activities by more than 50% for the year under review. Assets under management grew to R1,6 billion from R965 million at the beginning of the financial year. Returns were consistently good across the suite of funds with substantial performance fees being earned. The funds remain closed to new business.

During the latter half of the financial year, management's share of the profitability of the business was increased, effectively creating a partnership between management and Peregrine. The board believes that this restructuring has significantly enhanced the sustainability of the single strategy hedge-fund business model within the Peregrine group. Effective 1 January 2005, a modification was made to the fee formula applicable to the local funds, with the hurdle rate being reduced to zero, thus bringing the hurdle rate on all funds into line with the international fund managed by Peregrine Capital. This modification is expected to have an ongoing positive effect on earnings.

Pacific Dunes, which won the award for the best performing South African fixed-income fund over the past year in the Old Mutual Symmetry Multi-manager Hedge Fund Awards, reached profitability during the second half of the year. Several other single strategy funds are in the process of being rolled out. The group continues to see this as a highly viable growth area.

With the group's reputation as a pioneering leader in the South African hedge fund arena, its wealth of experience in single strategy hedge funds and five years of experience in international hedge fund-of-funds (through Citadel), various opportunities in the local fund-of-hedge-fund market are now being explored.

The **structuring, broking and distribution** activities housed within Peregrine Securities generated R24,8 million profit from ordinary activities, compared to R25,2 million in the previous year. The second half performance was particularly pleasing with earnings of R16,4 million for the six months.

The division has substantially increased the scope of its activities and offerings over the past eighteen months. Peregrine Equities has become a substantial player in the hedge fund market though the positioning of its prime-broking and CFD (contract for difference) products. This area, in particular, is being targeted to show strong growth as a major contributor to the division's profitability.

The division's recent focus on bolstering its derivative and quantitative research capability was vindicated post year end by the Financial Mail Analysts Survey, where the division's top rated analyst won both the derivative and quantitative research categories and Peregrine Securities was rated the number one derivative research house in the country for the first time in its history.

Group investments (net of group costs) returned R18,1 million for the year, with a reduction in group costs offset by a lower return on group capital. Contribution to profit from ordinary activities was virtually unchanged from the R18,0 million net return on group investments in the previous year.

Prospects

The Peregrine group's focus on wealth management through Citadel and its strong positioning at several levels in the South African asset management arena, particularly in the area of hedge funds, are expected to be significant drivers of future profitability.

Peregrine's R18 billion asset base and its broking related businesses now provide the group with a relatively predictable level of ongoing annuity cashflow. In addition to this, a substantial portion of the assets under management are subject to performance fee participations. As such, Peregrine's financial performance, on an annual basis, will continue to be closely linked to the investment performance of its underlying businesses.

The directors are confident that the business model of continuing to invest in businesses which build Peregrine's annuity level of earnings whilst retaining significant upside gearing to positive investment performance, will yield substantial value to shareholders over the medium to longer term.

Dividend

Given the group's strong cashflow generation and notwithstanding share repurchases totalling R32,5 million during the course of the year, the directors have resolved to declare a dividend of 12,0 cents per share, an increase of 140% on the previous year.

In compliance with the requirements of STRATE, the following dates are applicable to the dividend payment:

Last date to trade cum dividend Friday, 15 July 2005
Trading ex dividend commences Monday, 18 July 2005
Record date Friday, 22 July 2005
Payment date Monday, 25 July 2005

Shares may not be dematerialised or rematerialised between Monday, 18 July 2005 and Friday, 22 July 2005, both dates inclusive.

Future dividend cover is anticipated to be a maximum of four times and possibly lower, depending on the level of share repurchase activity.

By order of the board

Louis Fourie
Chairman

Sean Melnick
Chief Executive Officer

Sandton, 1 June 2005

Income Statement

	% change	2005 R'000	2004 R'000
Revenue	7%	**372 255**	347 496
Operating expenses	-3%	**(234 935)**	(241 841)
Profit from operations	30%	**137 320**	105 655
Net interest received/(paid)		**13 938**	(1 629)
Interest received		**28 020**	18 996
Interest paid		**(14 082)**	(20 625)
Realised and unrealised net changes in fair value of long term assurance fund investments		**113 045**	76 218
Transfer to long term assurance fund liability		**(113 045)**	(76 218)
Income from associate companies		**2 375**	3 474
Amortisation of goodwill[1]		**-**	(25 305)
Profit from ordinary activities	87%	**153 633**	82 195
Capital surplus on sale of subsidiary/ business of subsidiary		**5 030**	3 096
Capital impairment		**(3 300)**	(3 750)
Profit before taxation	91%	**155 363**	81 541
Taxation		**(46 447)**	(29 219)
Profit after taxation	108%	**108 916**	52 322
Minority interest		**(13 291)**	(9 821)
Attributable earnings	125%	**95 625**	42 501
Reconciliation between earnings and headline earnings:			
Attributable earnings		**95 625**	42 501
Adjustments:			
Capital impairment		**3 300**	3 750
Amortisation of goodwill		**-**	25 305
Capital surplus on sale of subsidiary/ business of subsidiary		**(5 030)**	(3 096)
Headline earnings	37%	**93 895**	68 460
Reconciliation of weighted average issued ordinary shares and diluted weighted average issued ordinary shares:			
Weighted average issued ordinary shares		**194 903**	206 307
Diluted effect of shares vesting at a price below the average share price for the period, as required by AC 104		**7 629**	3 340
		202 532	209 647
Headline earnings per share (cents)	45%	**48.2**	33.2
Earnings per share (cents)	138%	**49.1**	20.6
Diluted headline earnings per share (cents)	42%	**46.4**	32.7
Diluted earnings per share (cents)	133%	**47.2**	20.3
Dividend paid per ordinary share (cents)		**5.0**	-
Dividend per ordinary share declared subsequent to 31 March (cents)		**12.0**	5.0
Number of ordinary shares in issue ('000)		**229 985**	245 116
Treasury shares held ('000)		**39 259**	42 023
Weighted average number of ordinary shares in issue ('000)		**194 903**	206 307
Diluted weighted average number of ordinary shares in issue ('000)		**202 532**	209 647

[1] Refer to note on change in accounting policy

Balance Sheet

	2005 R'000	2004 R'000
ASSETS		
Non-current assets	**1 619 444**	1 252 336
Property, plant and equipment	**84 332**	5 859
Intangible assets	**186 915**	187 562
Investment in associate companies	**17 117**	17 265
Financial investments	**28 662**	38 025
Long term assurance fund investments	**1 259 121**	975 222
Loans and receivables	**29 122**	6 069
Deferred taxation	**14 175**	22 334
Current assets	**1 359 686**	645 129
Trading securities	**190 062**	104 879
Trade and other receivables	**53 292**	53 568
Amounts receivable in respect of stockbroking activities	**933 392**	365 397
Cash and cash equivalents	**182 940**	121 285
Total assets	**2 979 130**	1 897 465
EQUITY AND LIABILITIES		
Capital and reserves	**504 506**	416 586
Share capital	**230**	245
Share premium	**52 437**	87 188
Treasury shares	**(83 693)**	(90 476)
Accumulated profits	**467 471**	385 221
Non-distributable reserves	**32 914**	34 408
Obligation to issue shares	**35 147**	-
Minority interest	**6 573**	4 849
Non-current liabilities	**1 349 043**	991 335
Interest bearing borrowings	**73 061**	-
Long term assurance fund	**1 259 121**	975 222
Deferred taxation	**16 861**	16 113
Current liabilities	**1 119 008**	484 695
Trade and other payables	**91 806**	84 039
Amounts payable in respect of stockbroking activities	**997 293**	387 221
Current portion of long term borrowings	**982**	-
Taxation payable	**28 927**	13 435
Total equity and liabilities	**2 979 130**	1 897 465
Net asset value per share (cents)	**264.5**	205.1

Cash Flow Statement

	2005 R'000	2004 R'000
Cash flow from operating activities	**90 799**	105 958
Cash generated from operating activities	**128 711**	112 851
Working capital changes	**(19 300)**	22 592
Net interest received/(paid)	**12 809**	(1 629)
Dividends paid	**(9 804)**	-
Taxation paid	**(21 617)**	(27 856)
Cash flow from investing activities	**9 615**	(9 158)
Acquisition of property, plant and equipment	**(4 246)**	(3 935)
Acquisition of associate companies	**-**	(64)
Acquisition of investments	**(5 555)**	(15 044)
Net decrease in loans to associate companies	**1 370**	4 113
Disposal of subsidiary/ business of subsidiary	**5 030**	4 200
Proceeds from sale of property, plant & equipment	**135**	433
Proceeds from sale of financial investments	**8 254**	300
Repayment of loans included as part of financial investments	**4 627**	-
Distribution from associate	**-**	839
Cash flow from financing activities	**(38 759)**	(104 808)
Share repurchases	**(32 541)**	-
Acquisition of treasury shares	**-**	(20 796)
Proceeds on vesting of shares held by staff share trust	**987**	27
Share incentive scheme payments received	**4 246**	-
Payments to minorities/ and vendors	**(11 567)**	(39 552)
Decrease in loan receivable	**200**	-
Decrease in interest bearing borrowings	**(84)**	(44 487)
Net increase/(decrease) in cash and cash equivalents	**61 655**	(8 008)
Cash and cash equivalents at beginning of the year	**121 285**	129 293
Cash and cash equivalents at end of the year	**182 940**	121 285

Statement of Changes in Equity

	Share capital & share premium R'000	Accumulated profits R'000	Treasury shares R'000	Non-distributable reserves R'000	Amounts due to vendors R'000	Obligation to issue shares R'000	Total capital & reserves R'000
2005							
Balance at 31 March 2004	**87 433**	**385 221**	**(90 476)**	**34 408**	**-**	**-**	**416 586**
Share repurchases	**(32 541)**	**-**	**-**	**-**	**-**	**-**	**(32 541)**
Treasury shares cancelled	**(2 225)**	**292**	**1 933**	**-**	**-**	**-**	**-**
Write-down in value of treasury shares on vesting	**-**	**(3 863)**	**4 850**	**-**	**-**	**-**	**987**
Currency translation differences	**-**	**-**	**-**	**(925)**	**-**	**-**	**(925)**
Revaluation of available-for-sale assets	**-**	**-**	**-**	**(569)**	**-**	**-**	**(569)**
Obligation to issue shares		**-**	**-**	**-**	**-**	**35 147**	**35 147**
Attributable earnings	**-**	**95 625**	**-**	**-**	**-**	**-**	**95 625**
Dividends paid	**-**	**(9 804)**	**-**	**-**	**-**	**-**	**(9 804)**
Balance at 31 March 2005	**52 667**	**467 471**	**(83 693)**	**32 914**	**-**	**35 147**	**504 506**
2004							
Balance at 31 March 2003	87 433	344 780	(69 921)	37 105	31 500	-	430 897
Treasury shares acquired	-	-	(24 356)	-	-	-	(24 356)
Write-down in value of treasury shares on vesting	-	(3 774)	3 801	-	-	-	27
Currency translation differences	-	-	-	(6 738)	-	-	(6 738)
Revaluation of available-for-sale assets	-	-	-	6 471	-	-	6 471
Attributable earnings	-	42 501	-	-	-	-	42 501
Release from non-distributable reserve on disposal of business of subsidary	-	1 714	-	(1 714)	-	-	-
Reversal of non-distributable reserve raised in respect of trademark sold during the year	-	-	-	(716)	-	-	(716)
Vendor liabilities settled	-	-	-	-	(31 500)	-	(31 500)
Balance at 31 March 2004	87 433	385 221	(90 476)	34 408	-	-	416 586

Segmental Analysis

	Revenue			Profit from ordinary activities		
	2005 R'000	2004 R'000	% change	2005 R'000	2004 R'000	% change
Wealth & asset management	**257 760**	197 797	30%	**110 725**	64 179	73%
Wealth management	**143 026**	128 974	11%	**42 415**	31 258	36%
Asset management	**114 734**	68 823	67%	**68 310**	32 921	107%
Structuring, broking and distribution	**67 779**	71 367	-5%	**24 790**	25 189	-2%
Group investments (net of group costs)	**46 716**	66 465	-30%	**18 118**	17 980	1%
Peresys	**-**	11 867	-	**-**	152	-
	372 255	347 496	7%	**153 633**	107 500	43%
Goodwill amortisation	**-**	-		**-**	(25 305)	
	372 255	347 496		**153 633**	82 195	

Notes

1. Accounting policies
The results are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the Companies Act in South Africa. The accounting policies applied in the preparation of the results are consistent with those of the previous financial year, except as noted below.

2. Change in accounting policy
With effect from 1 April 2004, the group changed its accounting policy with respect to the treatment of goodwill in order to comply with AC140-Business Combinations. Goodwill is no longer amortised, but is carried at cost less cumulative impairment charges. Goodwill is reviewed for impairment at least annually in terms of AC128 - Impairment of Assets.

AUDIT REPORT: The results for the year ended 31 March 2005 have been audited by PKF (Jhb) Inc. and their unqualified audit report is available for inspection at the group's registered office.

PEREGRINE HOLDINGS LIMITED Registration number 1994/006026/06 Share code: PGR ISIN code: ZAE000015152 www.peregrine.co.za

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