PEREGRINE

REVIEWED RESULTS FOR THE YEAR ENDED 31 MARCH 2009

The Peregrine group has produced an acceptable set of results, under very difficult market conditions, for the year under review. Notwithstanding the highly uncertain environment, all of the group's operating divisions remained comfortably profitable for the period, producing, in aggregate, in excess of R350 million of operating profit (before interest and amortisation of intangibles and after minority interests).

It is worth noting that this level of operating profit includes almost no performance fees for the year under review, in contrast to the previous year in which record performance fees were earned. The absence of performance fees is the principle reason why profit from the group's existing South African operations was 47% lower than the previous year.

The group's earnings were further dampened by negative returns on its proprietary investment portfolio as well as a swing from net interest received to interest paid for the year.

A feature of the year was the acquisition of a controlling interest in international wealth and asset manager Stenham Limited, effective 4 April 2008. This helped boost the annuity component of the group's earnings as well as increase its assets under management by 87% to R80 billion at year end.

RESULTS

Whilst operating revenue increased by 41% (boosted by the acquisition of Stenham), total income of R1,45 billion was only 9% higher than the previous year as a result of the negative returns earned on the group's proprietary investments.

The 72% increase in operating expenses is primarily as a result of consolidating the Stenham operations for the first time. If the Stenham expenses are excluded, operating expenses (including profit participation) declined by 11%.

Interest costs on external funding raised at the beginning of the year resulted in the group moving into a net interest paid position for the year of R49.1 million from net interest received of R64.5 million in the previous year.

Attributable earnings decreased by 75% to R118.0 million and a slight increase in the weighted average number of shares in issue, resulted in basic earnings per share decreasing by 76% to 54.8 cents per share.

Attributable earnings have been reduced by the amortisation of intangible assets resulting from the Stenham transaction in the amount of R19.5 million. By excluding the effect of this amortisation, basic earnings per share decreased by 71% to 64.6 cents per share.

Headline earnings per share decreased by 85%, the principle adjustment between basic and headline earnings being the deduction of the surplus on sale of the group's Sandton head office property as required by circular 8/2007 "Headline earnings".

OPERATING HIGHLIGHTS

Due to the substantial minority interests which exist in the asset management, Stenham and group investments results, the operating highlights are presented on a pro forma 'after minorities' basis as set out in the segmental analysis. The results are reflected at the operating profit level, on a pre-tax basis. This is considered to be the most appropriate basis on which to assess the results. In addition, these pro-forma earnings are shown before the amortisation of intangibles in order to most closely represent the cash generation of the underlying subsidiaries. Minority interests in the income statement are accounted for on an after tax basis.

Profit from ordinary activities of private-client **wealth management** firm, **Citadel**, decreased 49% to R84.3 million, contributing 23% to profit from the group's operating subsidiaries for the year. Performance fees dwindled to almost zero during the course of the year as a result of the difficult market conditions coupled with a high inflation rate. In spite of gross inflows of approximately R130 million per month and a solid relative performance manifesting in a client retention ratio exceeding 98%, assets under management ended the year 10% lower at R13,6 billion. The business remains well placed as a leader in the private client wealth management market but is unlikely to earn meaningful performance fees within the ensuing financial year.

The contribution from the **asset management** division fell by 81% to R18.3 million as a result of minimal performance fees generated. This constituted 5% of the group's profit from operating subsidiaries. The bulk of this contribution came from the group's hedge-fund flag-ship **Peregrine Capital**, which saw assets under management decline from R3,6 billion to R2.9 billion after experiencing its first year of negative returns in 10 years. Assets under management in the group's range of hedge funds housed within Peregrine Investment Managers (**PIM**) declined from R1.1 billion to R600 million as a result of closure of some of the funds. The top performing fund, Big Rock (which also has a ten year track record) won the AfricaHedge Fund of the Year Award with a return of 19.8% for 2008. Peregrine remains the country's largest single strategy hedge fund manager, managing R3.5 billion in single strategy hedge funds.

Caveo, the group's fund of hedge funds joint venture with Investment Solutions, made no material contribution to group earnings for the period. Investment performance for the funds managed by Caveo, which are aimed at institutional investors, was positive for the period and ranked very competitively in its market space. The business achieved net inflows for the year with assets under management growing by 30% to R2.2 billion.

PeregrineQuant, the group's institutional asset manager with a quantitative focus, made a small contribution to profitability. The business experienced a 32% reduction in its assets under management to R14.9 billion at year-end.

Peregrine Securities was the largest contributor to group earnings for the year. The **broking and structuring** activities housed within this division contributed R152.6 million or 41% of profit from the group's operating subsidiaries. The focus on growing the division's operations and on maintaining profitability momentum quickly switched to a focus on risk management and risk mitigation in the wake of the fallout precipitated by the international banking crisis from September 2008 onwards. The business did extremely well to weather the ensuing precarious market conditions without suffering any losses on its contract-for-difference or prime broking book.

The deliberate downsizing of the business combined with a meaningful reduction of market trading volumes in the second half of the year resulted in the division's earnings being 29% lower than the previous year. Earnings pressure is expected to continue in the ensuing year as trading volumes continue to decline and the business continues to feel the full impact of last year's shake-out across the inter-bank, hedge fund and asset management industries.

Stenham, the group's offshore wealth and asset management subsidiary, included in the group's results for the first time, has produced a level of profitability in line with expectations, notwithstanding the difficult market conditions. Profit from ordinary activities of R117.3 million which excludes the amortisation of intangible assets in the amount of R19.5 million, constitutes 31% of profit from the group's operating subsidiaries.

The asset management division of Stenham which houses its fund-of-hedge fund business produced a record level of profitability for the year. Current assets under management of $2.1 billion, however, represent a decline of one third from its peak level reached in August 2008 as a combination of negative investment performance, adverse currency movements as well as redemptions took their toll during the course of the latter half of the financial year. The business remains extremely well placed relative to competitors and is anticipating healthy growth in assets under management in the foreseeable future.

The property division, with £2 billion under management continues to face the challenge of reduced valuations on existing property funds and investments, together with very tight conditions in the financing and re-financing market. At the same time, this presents tremendous opportunity to invest into distressed or 'value' opportunities at very attractive yields and valuations. New funds are being rolled out to take advantage of these opportunities in the current climate.

We believe that the acquisition of a controlling interest in Stenham will materially impact the nature and composition of the Peregrine group going forward. We are particularly pleased with Stenham's long term growth prospects, its annuity flows and its diversification benefits to the group both in geographical terms and from a currency perspective. The Stenham acquisition, combined with existing offshore income already earned by the group, should result in at least one third of the Peregrine group's net income being earned offshore in ensuing years.

As a result of the negative return earned on the group's proprietary investments, **group investments** yielded a loss of R69.4 million compared to a positive return of R150.9 million in the previous year. Whilst mark-to-market losses on the group's hedge fund and investment banking portfolios had no direct impact on the group's cashflow, they served to substantially diminish the group's reported earnings for the period.

Core costs at the group level decreased by 29% year on year largely as a result of lower executive bonuses reflective of the decline in reported earnings.

In the interests of presenting more meaningful disclosure, interest costs incurred on external funding of R119.7 million have not been allocated to the divisions carrying the interest but have been aggregated at a group level. Accordingly return on group investments (net of group costs and external funding) reduced earnings by R205.8 million for the period.

PROSPECTS

The Peregrine board has always maintained that the group's overall financial performance will be closely linked to the investment performance of the underlying businesses, investment markets generally and the ability of the group to continue to attract and retain key members of staff.

The group has proved its ability to generate an acceptable level of profitability and cash flow even under the most arduous conditions of the last year. In contrast, the group generated exceptional profits under favourable conditions in the previous year. Given prevailing market conditions and the low likelihood of material performance fees being earned within the group, the year ahead is likely to be another one of subdued earnings for the group.

DIVIDEND

In keeping with the stated dividend policy of paying out a minimum of 25% of each year's earnings, the directors have resolved to declare a cash dividend of 13 cents per share for the year.

The following dates are applicable to the dividend payment:

Last date to trade cum dividend	Friday, 24 July 2009
Trading ex dividend commences	Monday, 27 July 2009
Record date	Friday, 31 July 2009
Payment date	Monday, 3 August 2009

Shares may not be dematerialised or rematerialised between Monday, 27 July 2009 and Friday, 31 July 2009, both dates inclusive.

Sean Melnick
Group Chief Executive

Leonard Harris
Non Executive Chairman

Sandton
3 June 2009

INCOME STATEMENT

	% change 2008 to 2009	Reviewed year ended 31 March 2009	Audited year ended 31 March 2008
		R'000	R'000
Operating revenue	41	1 541 508	1 095 438
Investment and other income	-138	(89 495)	234 344
Investment contract (liabilities)/benefits		(193 772)	274 121
Investment contract income/(expenses)		193 772	(274 121)
Operating expenses	72	(1 144 528)	(665 901)
Profit from operations	-54	307 485	663 881
Net interest (paid)/received		(49 147)	64 541
Interest received		88 716	87 895
Interest paid		(137 863)	(23 354)
Income from associate companies		9 541	7 101
Profit from ordinary activities	-64	267 879	735 523
Capital (impairment)/surplus		(11 043)	5 500
Profit before taxation	-65	256 836	741 023
Taxation		(40 881)	(160 313)
Profit for the year	-63	215 955	580 710
Attributable to:			
Equity holders of the company	-75	118 041	467 754
Minority interest		97 914	112 956
		215 955	580 710
Determination of headline earnings			
Profit attributable to equity holders of the company - IAS 33 earnings		118 041	467 754
Adjustments:			
Impairment to loan to associate forming part of the net investment in associate - IAS 36		11 043	-
Surplus on sale of property - IAS 16[1]		(56 017)	-
Surplus on sale of subsidiary shares - IAS 27		-	(5 500)
Headline earnings	-84	73 067	462 254
Headline earnings per ordinary share (cents)	-85	33.9	222.7
Basic earnings per ordinary share (cents)	-76	54.8	225.4
Headline earnings per share excluding intangible amortisation (cents)	-80	43.7	223.4
Basic earnings per share excluding intangible amortisation (cents)	-71	64.6	226.1
Dividend paid per ordinary share - in respect of the previous year (cents)	24	56.0	45.0
Dividend per ordinary share declared subsequent to 31 March (cents)	-77	13.0	56.0
Number of ordinary shares in issue ('000)		228 129	228 129
Treasury shares held ('000)		13 978	12 853
Weighted average number of ordinary shares in issue ('000)		215 239	207 548

[1] Surplus on sale of property comprises:

Gross income	115 364
Tax	(14 370)
Minority interest	(44 977)
Net income	56 017

BALANCE SHEET

	Reviewed as at 31 March 2009	Audited as at 31 March 2008
	R'000	R'000
ASSETS		
Non-current assets	4 508 958	3 408 341
Property, plant and equipment	40 369	91 677
Intangible assets	1 455 064	268 157
Investment in associate companies	8 992	16 969
Investments linked to policyholder investment contracts	2 725 372	2 657 024
Financial investments	193 960	337 528
Loans and receivables	11 729	22 142
Deferred taxation	73 472	14 844
Current assets	5 468 696	9 173 946
Financial investments	550 066	899 054
Loans and receivables	5 917	-
Trade and other receivables	281 305	103 234
Amounts receivable in respect of stockbroking activities	3 898 488	7 111 094
Taxation	19 305	6 918
Cash and cash equivalents	713 615	1 053 646
Total assets	9 977 654	12 582 287
EQUITY AND LIABILITIES		
Equity	1 856 868	1 722 093
Total equity attributable to equity holders of the company	1 417 880	1 602 313
Minority interests	438 988	119 780
Non-current liabilities	3 476 147	2 851 444
Interest-bearing borrowings	674 135	57 784
Policyholder investment contract liabilities	2 725 372	2 657 024
Loans and other payables	64 904	88 012
Deferred taxation	11 736	48 624
Current liabilities	4 644 639	8 008 750
Financial instrument liabilities	4 206	-
Current portion of interest-bearing borrowings	169 585	7 688
Trade and other payables	429 735	317 122
Amounts payable in respect of stockbroking activities	3 979 955	7 566 154
Taxation	61 158	117 786
Total equity and liabilities	9 977 654	12 582 287
Net tangible asset value per share	119.8	619.7
Net asset value per share	662.1	744.3

SEGMENTAL ANALYSIS

	Reviewed for the year ended 31 March 2009				Audited for the year ended 31 March 2008				% of profit from operating subsidiaries		% of profit from operating subsidiaries before intangible amortisation adjusted for minorities		% change in profit from ordinary activities	% change in profit from ordinary activities before intangible amortisation adjusted for minorities
	Revenue, investment and other income	Interest and associate income	Profit from ordinary activities as per the income statement	Pro forma profit from ordinary activities before intangible amortisation adjusted for minorities	Revenue, investment and other income	Interest and associate income	Profit from ordinary activities as per the income statement	Pro forma profit from ordinary activities before intangible amortisation adjusted for minorities	2009	2008	2009	2008	2008 to 2009	2008 to 2009
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000						
Wealth and asset management	404 806	10 051	115 201	102 676	621 004	13 735	317 460	265 638	24	60	28	55	-64	-61
Wealth management	299 788	7 695	82 810	84 294	373 239	10 151	165 251	166 735	17	31	23	35	-50	-49
Asset management	105 018	2 356	32 391	18 382	247 765	3 584	152 209	98 903	7	29	5	20	-79	-81
Broking and structuring	370 170	53 767	152 594	152 594	464 343	48 667	216 020	216 020	32	40	41	45	-29	-29
Stenham	758 631	6 840	215 098	117 347	-	-	-	-	44	-	31	-	-	-
Profit from operating subsidiaries	1 533 607	70 658	482 893	372 617	1 085 347	62 402	533 480	481 658	100	100	100	100	-9	-23
Group	(81 594)	(110 264)	(215 014)	(205 798)	244 435	9 240	202 043	127 390						
Operations	5 590	9 963	(16 735)	(16 735)	8 517	8 546	(23 497)	(23 497)						
Investment returns	(87 184)	(525)	(78 577)	(69 361)	235 918	694	225 540	150 887						
Cost of funding	-	(119 702)	(119 702)	(119 702)	-	-	-	-						
	1 452 013	(39 606)	267 879	166 819	1 329 782	71 642	735 523	609 048						

Note: Group funding costs are disclosed as part of "group" and have not been allocated to the appropriate underlying entities.

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Treasury shares	Accumulated profits	Non-distributable	Obligation to issue shares	Total capital and reserves	Minority interest	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Reviewed - 2009									
Balance at 31 March 2008	228	38 024	(37 091)	1 417 860	183 292	-	1 602 313	119 780	1 722 093
Minorities arising on acquisition of subsidiaries	-	-	-	-	-	-	-	397 783	397 783
Acquisition of minority interest in subsidiary within the Stenham group	-	-	-	-	-	-	-	(931)	(931)
Net gains and losses not recognised in the income statement	-	-	-	(582)	(175 488)	-	(176 070)	(56 780)	(232 850)
Profit for the year	-	-	-	118 041	-	-	118 041	97 914	215 955
Dividends paid	-	-	-	(120 554)	-	-	(120 554)	(118 778)	(239 332)
Share repurchases	-	-	(5 850)	-	-	-	(5 850)	-	(5 850)
Balance at 31 March 2009	228	38 024	(42 941)	1 414 765	7 804	-	1 417 880	438 988	1 856 868
Audited - 2008									
Balance at 31 March 2007	228	38 024	(76 576)	1 033 335	60 195	35 147	1 090 353	37 837	1 128 190
Net gains and losses not recognised in the income statement	-	-	39 485	5 432	123 097	(35 147)	132 867	113	132 980
Profit for the year	-	-	-	467 754	-	-	467 754	112 956	580 710
Dividends paid	-	-	-	(88 661)	-	-	(88 661)	(31 126)	(119 787)
Balance at 31 March 2008	228	38 024	(37 091)	1 417 860	183 292	-	1 602 313	119 780	1 722 093

CASH FLOW STATEMENT

	Reviewed year ended 31 March 2009	Audited year ended 31 March 2008
	R'000	R'000
Cash flow from operating activities	(551 399)	549 577
Cash generated from operating activities	429 793	422 761
Working capital changes	(521 546)	302 470
(Arising)/released from stockbroking activities	(373 593)	178 810
(Investment into)/released from working capital	(147 953)	123 660
Interest received	88 142	86 507
Interest paid	(114 024)	(23 354)
Dividends received - financial investments	2 491	12 420
Dividends received - associates	37 141	10 044
Dividends paid - equity shareholders	(120 554)	(88 661)
Dividends paid - minority shareholders	(118 778)	(31 126)
Taxation paid	(234 064)	(141 484)
Cash flow from investing activities	(376 803)	(134 322)
Cash flow from financing activities	619 827	(25 656)
Net (decrease)/increase in cash and cash equivalents	(308 375)	389 599
Cash and cash equivalents at beginning of the year	1 053 646	655 106
Effects of exchange rate changes on cash and cash equivalents	(31 656)	8 941
Cash and cash equivalents at end of the year	713 615	1 053 646

BASIS OF PREPARATION

The results for the year ended 31 March 2009 have been prepared in accordance with, and comply with IFRS, IAS34, the South African Companies Act of 1973, as amended and the JSE listing requirements. The accounting policies and methods of computation are consistent with those applied in the annual financial statements for March 2008, except for IFRS8: segment reporting which has been early adopted. Operating segments have been identified using the management approach as required by IFRS8, in terms of which segment classification is determined according to the basis on which management review the operating results.

REVIEW REPORT

The results for the year ended 31 March 2009 have been reviewed by PKF (Jhb) Inc. and their unqualified review report is available for inspection at the group's registered office.

BUSINESS COMBINATION

On 4 April 2008, Peregrine Financial Services Holdings Limited ("PFS") acquired 51% of the shares in Stenham Limited ("SL"), the holding company of the Stenham group of companies, for a purchase price of R1,158 billion (£75,705 million). Taking account of the shares held by the SL employee share trust, which is consolidated at balance sheet date, Peregrine acquired an effective stake of 52.84%. R1,047 billion (£68,532 million) of the purchase price was settled in cash via transfer of funds from PFS. The balance, in the amount of R111 million (£7,173 million), was settled via a dividend declared by SL at the time of the transaction, out of preacquisition reserves of the company ("the SL dividend"). Costs in the amount of R12,927 million have been capitalised to the cost of the acquisition. The consolidation was accounted for using the purchase method.

In order to comply with SA Exchange Control Regulations, the shares in Stenham SA (Pty) Ltd, a South African subsidiary within the Stenham group, were transferred via dividend in specie to the shareholders of SL with effect from 1 October 2008. Following on the transfer, PFS holds directly 52.84% of the shares in Stenham SA.

In the 12 months to 31 March 2009 the Stenham group contributed revenue of R758,631 million (£50,677 million) and net profit after tax and minorities of R84,290 million (£5,631 million) to the consolidated group attributable earnings. The contribution, after adding back the amortisation of intangibles is R103,787 million (£6,933 million).

The acquisition had the following effect on the group's assets and liabilities. The fair values reflected below represent their carrying values. The analysis is presented net of the SL dividend.

	R'000
Assets	2 079 462
Intangible assets	1 394 414
Property, plant and equipment	21 274
Investment in associate companies	27 772
Financial investments	51 416
Loans receivable	69 140
Deferred taxation	169
Trade and other receivables	259 338
Cash and cash equivalents	255 939
Liabilities	634 282
Interest bearing borrowings	202 974
Deferred taxation	764
Trade and other payables	391 789
Loans and payables	5 212
Provision for taxation	33 543
Net assets and liabilities acquired	1 445 180
Less: Minority interest	(397 783)
Purchase consideration	1 047 397
Comprising:	
Cost of acquisition (including costs capitalised)	1 158 586
Less: the SL dividend	(111 189)

COMMITMENTS

	2009 R'000	2008 R'000
Operating lease commitments	258 451	50 555
Due in one year	48 368	6 713
Due in two to five years	153 533	26 669
Thereafter	56 550	17 173
Capital expenditure	10 533	6 415
Contracted	1 465	2 400
Authorised but not yet contracted	9 068	4 015

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