PEREGRINE

Unaudited Interim Results

For the six months ended 30 September 2005

Highlights:

- Group assets under management now exceed R20 billion
- Profit from ordinary activities up 111% to R117 million
- Attributable earnings of R100,4 million, up 185%
- Earnings per share of 51,9 cents, up 192%
- Headline earnings of R73,5 million, up 119%
- Headline earnings per share of 37,9 cents, up 123%

Introduction

The Peregrine group has produced excellent results for the six months under review. Favourable market conditions, combined with strong organic growth, resulted in significantly increased contributions from all of the group's businesses. Particularly significant was the progress made in further expanding the group's hedge fund related activities. The outcome of this growth is clearly visible in the results, not only in the asset management division, but in the prime-broking and investment divisions as well.

Results

Revenue of R261,7 million was 63% higher than the previous comparable period, boosted by buoyant markets and increased performance fees. The face of the income statement reflects an increase in operating expenses of 55%. On a like-for-like comparison basis, core operating expenses increased by only 11%, stripping out the effects of increased staff profit participation due to higher business profitability and the first-time consolidation effects of Deloitte Private Clients (DPC) into Citadel from 1 June 2005.

Continued strong cash generation within the group and substantial growth in the group's hedge fund related prime-broking operations resulted in net interest of R25,4 million being earned for the period, compared to R2,1 million the previous period.

A capital profit of R26,9 million was earned principally from the receipt of proceeds arising from the sale of a non-core group subsidiary during 2003.

Notwithstanding a full rate of taxation and an increase in minority interest, earnings attributable to equity holders increased by 185% to R100,4 million and with a lower number of shares in issue, due to share re-purchases over the past year, earnings per share increased by 192% to 51,9 cents per share. Headline earnings increased by 119% to R73,5 million, with headline earnings per share up 123% to 37,9 cents.

Operating highlights

Private-client **wealth manager**, Citadel, which consolidated DPC for the latter half of the period, produced a 69% increase in profit from ordinary activities to R26,5 million. Positive investment performance saw Citadel's asset base rise to just short of R10 billion with the business starting to accrue a consistent level of performance fees in the last three months of the period under review.

One area of concern has been the disappointing inflows into Cambium Capital, Citadel's joint-venture with Sanlam Life, which was launched in January of this year. Management is currently looking at ways of pro-actively addressing this issue.

The businesses within the **asset management** division collectively increased their contribution to group profitability by 43% to R40,5 million. PeregrineQuant (PQ), although a minor contributor to the division's profitability, continued to increase its annuity earnings base, with assets under management increasing 21% to R8,6 billion.

Returns were consistently good across the group's suite of hedge funds with substantial performance fees being earned. Sound progress was made in further diversifying the group's single strategy hedge fund business. In addition to long/short equity, the group's hedge fund range now includes fixed income, macro, trading and volatility arbitrage funds.

Peregrine is currently the country's largest single strategy hedge fund manager, managing in excess of R2 billion of single strategy hedge funds. The group's hedge fund flagship, Peregrine Capital, currently manages R1,85 billion, with the group's newer range of hedge funds managing an additional R300 million.

Over the past year, the Peregrine group has explored the possibility of entering the local fund-of-hedge-fund (FOHF) market. An announcement can be expected in this regard within the next month.

The **structuring, broking and distribution** activities housed within Peregrine Securities produced a 359% increase in profitability to R30,9 million. The focus on building the group's prime-broking capacity within Peregrine Equities was the single most significant reason for this increase in profitability. Buoyant market conditions substantially boosted the profitability of all the other broking businesses in the division too. Similar levels of divisional profitability going forward would require market conditions to remain as favourable as in the previous period.

Return on **group investments** (net of group costs) increased more than four-fold to R19,1 million. During the period, no withdrawals of group capital were made from any of the group's hedge fund investments, and substantial new investments were made in seeding new hedge funds. Sound returns were achieved across this increased asset base. Group costs were unchanged on a pre-bonus level compared to the previous period.

Prospects

Under the favourable market circumstances experienced in the first half of this financial year, the Peregrine group has been able to produce the most profitable six month period in its history. In the short-term, a maintained level of profitability for the balance of the financial year would require equally favourable conditions to prevail.

Over the longer-term, we remain confident that the group's positioning in the niche areas of private wealth management, hedge fund management and trading will continue to provide Peregrine with a platform for meaningful growth in earnings over time.

BEE transaction

Shareholders are referred to the cautionary announcement dated 29 September 2005. The structure and pricing of the BEE transaction are in the process of being finalised. Shareholders are accordingly advised to exercise caution when dealing in their shares until an announcement is made giving details of the transaction, which announcement is expected to be made during November.

By order of the board

Louis Fourie
Chairman

Sean Melnick
Chief Executive Officer

Sandton, 2 November 2005

BALANCE SHEET

	IFRS As at 30 September 2005 R'000	IFRS restated As at 30 September 2004 R'000	IFRS restated As at 31 March 2005 R'000
ASSETS			
Non-current assets	**2 124 644**	1 392 338	1 817 876
Property, plant and equipment	**85 029**	6 788	84 332
Intangible assets	**238 253**	187 037	186 915
Investment in associate companies	**3 249**	17 747	16 948
Financial investments	**41 764**	36 494	28 662
Long term assurance fund investments	**1 372 447**	1 041 635	1 259 121
Fund assets for investment contracts	**355 342**	49 385	202 056
Loans and receivables	**19 520**	35 893	29 971
Deferred taxation	**9 040**	17 359	9 871
Current assets	**2 726 287**	564 964	1 359 686
Trading securities	**252 987**	140 337	190 062
Trade and other receivables	**76 259**	53 690	53 292
Amounts receivable in respect of stockbroking activities	**1 955 022**	262 622	933 392
Cash and cash equivalents	**442 019**	108 315	182 940
Total assets	**4 850 931**	1 957 302	3 177 562
EQUITY AND LIABILITIES			
Equity	**590 515**	448 867	510 979
Share capital, retained earnings and reserves	**670 273**	526 176	588 099
Treasury shares	**(87 071)**	(84 329)	(83 693)
Minority interest	**7 313**	7 020	6 573
Non-current liabilities	**1 843 018**	1 119 357	1 547 575
Interest bearing borrowings	**98 198**	-	73 061
Liability for share based payments	**2 267**	-	-
Obligations under operating leases	**675**	22 176	752
Long term assurance fund	**1 372 447**	1 041 635	1 259 121
Investment contracts	**355 342**	49 385	202 056
Deferred taxation	**14 089**	6 161	12 585
Current liabilities	**2 417 398**	389 078	1 119 008
Trade and other payables	**107 810**	88 770	91 806
Amounts payable in respect of stockbroking activities	**2 259 388**	278 999	997 293
Current portion of interest bearing borrowings	**1 779**	-	982
Obligations under operating leases	**99**	-	-
Taxation	**48 322**	21 309	28 927
Total equity and liabilities	**4 850 931**	1 957 302	3 177 562
Net asset value per share (cents)	**303.2**	228.6	264.5

INCOME STATEMENT

	% change 2004 to 2005	IFRS Six months to 30 September 2005 R'000	IFRS restated Six months to 30 September 2004 R'000	IFRS restated Year ended 31 March 2005 R'000
Revenue	63	**261 717**	160 151	369 797
Operating expenses	55	**(169 146)**	(109 126)	(215 310)
Profit from operations	81	**92 571**	51 025	154 487
Net interest received		**25 440**	2 092	13 938
Interest received		**45 392**	8 089	28 020
Interest paid		**(19 952)**	(5 997)	(14 082)
Realised and unrealised net changes in fair value of long term assurance fund investments		**102 870**	42 279	113 045
Transfer to long term assurance fund liability		**(102 870)**	(42 279)	(113 045)
Realised and unrealised net changes in fair value of fund assets		**26 586**	2 570	4 056
Interest received		**5 917**	244	1 894
Dividends received		**5 345**	450	900
Fair value adjustments		**15 324**	1 876	1 262
Allocation to debenture holders		**(26 586)**	(2 570)	(4 056)
(Loss)/Income from associate companies		**(1 029)**	2 212	2 263
Profit from ordinary activities	111	**116 982**	55 329	170 688
Capital surplus on sale of subsidiaries		**26 939**	5 080	5 030
Capital impairment		**-**	(3 500)	(3 300)
Profit before taxation	153	**143 921**	56 909	172 418
Taxation		**(34 228)**	(15 330)	(51 904)
Profit for the period	164	**109 693**	41 579	120 514
Attributable to:				
Equity holders of the company	185	**100 434**	35 208	107 223
Minority interest		**9 259**	6 371	13 291
		109 693	41 579	120 514
Determination of headline earnings				
Profit attributable to equity holders of the company		**100 434**	35 208	107 223
Adjustments:				
Impairment of loan receivable		**-**	3 500	3 300
Capital surplus on sale of subsidiaries		**(26 939)**	(5 080)	(5 030)
Headline earnings	119	**73 495**	33 628	105 493
Headline earnings per share (cents)	123	**37.9**	17.0	54.1
Earnings per share (cents)	192	**51.9**	17.8	55.0
Diluted headline earnings per share (cents)	114	**35.7**	16.7	52.1
Diluted earnings per share (cents)	179	**48.8**	17.5	52.9
Dividend paid per ordinary share (cents)	140	**12.0**	5.0	-
Dividend per ordinary share declared subsequent to 31 March 2005 (cents)		**-**	-	12.0
Number of ordinary shares in issue ('000)		**229 970**	232 808	229 985
Treasury shares held ('000)		**37 609**	39 490	39 259
Weighted average number of ordinary shares in issue ('000)		**193 684**	198 181	194 903
Diluted weighted average number of ordinary shares in issue ('000)		**205 648**	201 606	202 532

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS AND IAS17

Basis of preparation

The group has adopted International Financial Reporting Standards (IFRS) for the year ending 31 March 2006. IFRS 1- First time adoption of International Financial Reporting Standards has been applied in preparing the group's interim results, which have been prepared in accordance with IAS34 – Interim financial reporting.

IFRS 1 elections

In applying IFRS, the group has made the following notable elections:
1. Business combinations: not to retrospectively apply the requirements of IFRS 3 for business combinations that occurred prior to 1 April 2004;
2. Cumulative foreign currency translation adjustment: to deem the cumulative translation differences in respect of foreign operations to be zero at 31 March 2004, thus reclassifying the foreign currency translation reserves at that date as retained earnings;
3. Share-based payments: not to apply the provisions of IFRS 2 – Share based payments to equity settled awards granted on or before 7 November 2002, but to account retrospectively for all share based payment transactions where the scheme allows the option holder a choice as to cash settlement.

Significant changes

IFRS 3 - Goodwill
The group changed its accounting policy with respect to goodwill for the year ended 31 March 2005, as detailed in the 2005 annual report.

IFRS 2 –Share based payments
There is no change under IFRS to the accounting treatment of either the Peregrine (deferred purchase scheme) or Citadel (options granted prior to 7 November 2002) share incentive schemes.

Deloitte Private Clients has made the election to apply IFRS 2 retrospectively to all share based payment transactions occurring before its transition date, as the scheme allows the option holder a choice of cash settlement. A liability has been raised and the corresponding cost of the options is amortised as an expense over the vesting period of the options.

IAS 27 – Consolidation of investment funds
IAS 27 requires the consolidation of certain investment trusts established and managed by Citadel Life to facilitate investments on behalf of clients. Whilst the consolidation of the funds has a material effect on gross assets and liabilities, there is no effect on net income and net equity.

The group does not consolidate the investment trusts which house various of the funds managed by Peregrine Capital and Peregrine Investment Managers as these trusts are controlled by independent trustees and the benefits accrue directly to investors as beneficiaries of the trusts.

IAS 17 – Leases
The issuance of circular 7/2005 by SAICA on 2 August 2005, clarified the interpretation of IAS 17.

As detailed in the 2005 annual report, the lease of the group's Sandton premises was capitalised as a finance lease in terms of AC105. To the date of capitalisation the lease was accounted for as an operating lease.

The application of IAS 17 results in the recognition of higher lease costs in previous periods with a reduction in the 2004 opening equity and in attributable earnings for the six months to September 2004. On capitalisation of the lease, the full deferred lease liability raised to date of capitalisation under IAS 17, is required to be reversed to earnings in the period that the lease is capitalised. As this took place during the second half of 2005, attributable earnings for that six month period will increase by R15.2 million after tax. The distortion in earnings is created as a result of the timing of the accumulation and subsequent reversal of the deferred lease liability.

IAS 28 – Reclassification of available-for-sale financial assets
The group has historically classified its private equity investments as available-for-sale assets, with changes in fair value recognised in equity. Certain of these investments qualify as associates under IAS 28. IAS 28 and 31 exclude investments in associates held by venture capitalists and similar entities, provided that the investments are classified as held for trading and measured at fair value through the income statement. As it would not be appropriate to equity account the results of the group's private equity investments, the group has extended this treatment to its full private equity portfolio. Previous revaluations through equity (AC133 revaluation reserve) have been transferred to income.

IAS 12 - Reclassification of deferred tax assets and liabilities
The group has set off deferred tax assets and liabilities previously disclosed on a gross basis in accordance with the offset criteria of IAS12.

Directors' statement

Whilst the directors believe the adjustments are correct in terms of current IFRS practice in South Africa, accounting statements and reporting requirements are subject to ongoing revision and interpretation. Changes arising there from could take place prior to the group's financial year ending 31 March 2006.

CASH FLOW STATEMENT

	IFRS Six months to 30 September 2005 R'000	IFRS restated Six months to 30 September 2004 R'000	IFRS restated Year ended 31 March 2005 R'000
Cash flow from operating activities	**252 505**	5 422	90 799
Cash generated from operating activities	**101 342**	53 318	128 711
Working capital changes	**165 194**	(33 610)	(19 300)
Net interest received	**24 248**	2 092	12 809
Dividends paid	**(23 431)**	(9 804)	(9 804)
Taxation paid	**(14 848)**	(6 574)	(21 617)
Cash flow from investing activities	**(8 248)**	5 937	9 615
Cash flow from financing activities	**14 822**	(24 329)	(38 759)
Share repurchases	**(16 964)**	(25 072)	(32 541)
Proceeds on vesting of shares held by staff share trust	**8 138**	440	987
Share incentive scheme payments received	**16 905**	4 503	4 246
Dividends paid to minorities	**(8 519)**	(4 200)	(11 567)
Decrease in loan receivable	**-**	-	200
Increase/(decrease) in interest bearing borrowings	**15 262**	-	(84)
Net increase/(decrease) in cash and cash equivalents	**259 079**	(12 970)	61 655
Cash and cash equivalents at beginning of the period	**182 940**	121 285	121 285
Cash and cash equivalents at end of the period	**442 019**	108 315	182 940

SEGMENTAL ANALYSIS

	IFRS Six months ended 30 September 2005			IFRS restated Six months ended 30 September 2004			IFRS restated Year ended 31 March 2005		
	Revenue R'000	**Interest & associate income R'000**	**Profit from ordinary activities R'000**	Revenue R'000	Interest & associate income R'000	Profit from ordinary activities R'000	Revenue R'000	Interest & associate income R'000	Profit from ordinary activities R'000
Wealth & asset management	**172 811**	**2 370**	**67 036**	113 298	2 680	43 983	257 760	4 181	110 393
Wealth management	**96 542**	**1 976**	**26 512**	68 035	2 640	15 679	143 025	3 478	42 082
Asset management	**76 269**	**394**	**40 524**	45 263	40	28 304	114 735	703	68 311
Structuring, broking & distribution	**47 362**	**28 193**	**30 855**	26 744	2 396	6 715	67 779	11 994	24 790
Group investments (net of group costs)	**41 544**	**(6 152)**	**19 091**	20 109	(772)	4 631	44 258	26	35 505
	261 717	**24 411**	**116 982**	160 151	4 304	55 329	369 797	16 201	170 688

STATEMENT OF CHANGES IN EQUITY

	Share capital & share premium R'000	Accumulated profits R'000	Treasury shares R'000	Non-distributable reserves R'000	Obligation to issue shares R'000	Minority interest R'000	Total equity R'000
2005							
Balance at 31 March 2005 as previously reported	52 667	467 471	(83 693)	32 914	35 147	6 573	511 079
IFRS adjustments	-	(6 093)	-	5 993	-	-	(100)
Balance at 31 March 2005 IFRS restated	**52 667**	**461 378**	**(83 693)**	**38 907**	**35 147**	**6 573**	**510 979**
Shares repurchased and cancelled/ treasury shares repurchased	**(59)**	**-**	**(16 905)**	**-**	**-**	**-**	**(16 964)**
Write-down in value of treasury shares on vesting	**-**	**(5 389)**	**13 527**	**-**	**-**	**-**	**8 138**
Currency translation differences	**-**	**-**	**-**	**1 249**	**-**	**-**	**1 249**
Revaluation of available-for-sale assets	**-**	**-**	**-**	**9 370**	**-**	**-**	**9 370**
Profit for the period	**-**	**100 434**	**-**	**-**	**-**	**9 259**	**109 693**
Dividends paid	**-**	**(23 431)**	**-**	**-**	**-**	**(8 519)**	**(31 950)**
Balance at 30 September 2005	**52 608**	**532 992**	**(87 071)**	**49 526**	**35 147**	**7 313**	**590 515**
2004							
Balance at 31 March 2004 as previously reported	87 433	385 221	(90 476)	34 408	-	4 849	421 435
IFRS adjustments	-	(17 691)	-	3 965	-	-	(13 726)
Balance at 31 March 2004 IFRS restated	87 433	367 530	(90 476)	38 373	-	4 849	407 709
Shares repurchased and cancelled	(27 297)	292	1 933	-	-	-	(25 072)
Write-down in value of treasury shares on vesting	-	(3 774)	4 214	-	-	-	440
Currency translation differences	-	-	-	1 078	-	-	1 078
Revaluation of available-for-sale assets	-	-	-	(144)	-	-	(144)
Liability for shares to be issued	-	-	-	-	37 281	-	37 281
Profit for the period	-	35 208	-	-	-	6 371	41 579
Dividends paid	-	(9 804)	-	-	-	(4 200)	(14 004)
Balance at 30 September 2004 restated	60 136	389 452	(84 329)	39 307	37 281	7 020	448 867

RECONCILIATION OF ASSETS, LIABILITIES AND EQUITIES

	Assets			Liabilities			Equity[2]		
	31 Mar '05 R'000	30 Sept '04 R'000	31 Mar '04 R'000	31 Mar '05 R'000	30 Sept '04 R'000	31 Mar '04 R'000	31 Mar '05 R'000	30 Sept '04 R'000	31 Mar '04 R'000
As previously reported/restated	2 979 130	1 908 501[1]	1 897 465	2 468 051	1 444 407[1]	1 476 030	511 079	464 094[1]	421 435
Adjustments:	198 432	48 801	(3 761)	198 532	64 028	9 965	(100)	(15 227)	(13 726)
IAS17 - Leases	1 067	7 199	6 424	998	22 339	20 093	69	(15 140)	(13 669)
IAS27/SIC12 - Consolidation of investment trusts	202 056	49 385	-	202 056	49 385	-	-	-	-
Adjustments affecting income from associates as a result of IFRS adoption by associates	(169)	(87)	(57)	-	-	-	(169)	(87)	(57)
IAS 12 - Reclassification of deferred tax assets and liabilities	(4 522)	(7 696)	(10 128)	(4 522)	(7 696)	(10 128)	-	-	-
Restated	3 177 562	1 957 302	1 893 704	2 666 583	1 508 435	1 485 995	510 979	448 867	407 709
The movement in equity comprises:									
Adjustments affecting accumulated profits	-	-	-	-	-	-	(6 093)	(20 359)	(17 691)
IAS17 - Leases	-	-	-	-	-	-	69	(15 140)	(13 669)
IAS 28/IAS39 - Reclassification of available-for-sale assets	-	-	-	-	-	-	6 007	6 868	8 035
IAS 21 - Foreign currency translation reserve	-	-	-	-	-	-	(12 000)	(12 000)	(12 000)
Adjustments affecting income from associates as a result of IFRS adoption by associates	-	-	-	-	-	-	(169)	(87)	(57)
Adjustments affecting non-distributable reserves	-	-	-	-	-	-	5 993	5 132	3 965
IAS 28/IAS39 - Reclassification of available-for-sale assets	-	-	-	-	-	-	(6 007)	(6 868)	(8 035)
IAS 21 - Foreign currency translation reserve	-	-	-	-	-	-	12 000	12 000	12 000
	-	-	-	-	-	-	(100)	(15 227)	(13 726)

[1] Previously reported numbers were adjusted for the amortisation of goodwill which ceased with effect from 1 April 2004. The change in accounting policy is detailed in full in the financial results for the year ended 31 March 2005.
[2] Equity includes minority interest.

PROFIT RECONCILIATION

	For the six months ended 30 September 2004			For the year ended 31 March 2005		
	As previously reported[1] R'000	Adjustment for IAS17 and effect of IFRS R'000	Restated R'000	As previously reported R'000	Adjustment for IAS17 and effect of IFRS R'000	Restated R'000
Revenue	161 318	(1 167)	160 151	372 255	(2 458)	369 797
Operating expenses	(107 024)	(2 102)	(109 126)	(234 935)	19 625	(215 310)
Profit from operations	54 294	(3 269)	51 025	137 320	17 167	154 487
Net interest received	2 092	-	2 092	13 938	-	13 938
Interest received	8 089	-	8 089	28 020	-	28 020
Interest paid	(5 997)	-	(5 089)	(14 082)	-	(14 082)
Realised and unrealised net changes in fair value of long term assurance fund investments	42 279	-	42 279	113 045	-	113 045
(Loss)/gain on revaluation of long term assurance fund liability	(42 279)	-	(42 279)	(113 045)	-	(113 045)
Realised and unrealised net changes in fair value of fund assets	-	2 570	2 570	-	4 056	4 056
Allocation to debenture holders	-	(2 570)	(2 570)	-	(4 056)	(4 056)
Income from associate companies	2 242	(30)	2 212	2 375	(112)	2 263
Profit from ordinary activities	58 628	(3 299)	55 329	153 633	17 055	170 688
Net capital profits/impairments	1 580	-	1 580	1 730	-	1 730
Profit before taxation	60 208	(3 299)	56 909	155 363	17 055	172 418
Taxation	(15 961)	631	(15 330)	(46 447)	(5 457)	(51 904)
Profit for the period	44 247	(2 668)	41 579	108 916	11 598	120 514
Minority interest	(6 371)	-	(6 371)	(13 291)	-	(13 291)
Attributable to equity holders	37 876	(2 668)	35 208	95 625	11 598	107 223

[1] Previously reported numbers were adjusted for the amortisation of goodwill which ceased with effect from 1 April 2004. The change in accounting policy is detailed in full in the financial results for the year ended 31 March 2005.