



HIGHLIGHTS

- LOCAL ASSETS UNDER MANAGEMENT OF R57.8 BILLION
- THIRD PARTY ASSETS UNDER ADMINISTRATION OF 18.1 BILLION IN SOUTH AFRICA AND €279.4 MILLION GLOBALLY
- PROFIT FROM CONTINUING OPERATIONS UP BY 11%
- HEADLINE EARNINGS PER SHARE OF 2.96 CENTS PER SHARE
- HEADLINE EARNINGS PER SHARE FOR CONTINUING OPERATIONS OF 3.38 CENTS PER SHARE
- INTERIM GROSS DIVIDEND OF 2.5 CENTS PER SHARE

Notes to the unaudited condensed consolidated interim financial statements

Basis of preparation and accounting policies

Statement of compliance

The unaudited condensed consolidated interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting*, as well as the AC 500 standards as issued by the Accounting Practices Board, the requirements of the South African Companies Act, Act No.71 of 2008 and the Listings Requirements of the JSE. The unaudited condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. The unaudited condensed consolidated interim financial statements have been prepared in accordance with the historical cost basis except for certain financial instruments and investment property which are stated at fair value. The unaudited condensed consolidated interim financial statements are presented in Rand, rounded to the nearest thousand. The accounting policies applied in the presentation of the unaudited condensed consolidated financial statements are in accordance with International Financial Reporting Standards and are consistent with those presented in the previous annual financial statements.

These unaudited condensed consolidated interim financial statements were prepared under the supervision of Michael Buckham, CA (SA) CFA (Financial Director) and approved by the Board of Directors on 22 November 2013.

Restatement

The comparative period in the statement of comprehensive income has been restated as Prescient Asset Management Holdings (Ireland) ("Prescient Ireland") has been reclassified as a discontinued operation in terms of IFRS 5 *Non-current Assets-Held-for-Sale and Discontinued Operations*.

A loan receivable of R39.5 million in the comparative period was previously classified as a financial asset at fair value through profit or loss. This has subsequently been re-classified to long-term loan receivables. Financial assets at fair value through profit or loss has decreased by R39.5 million whilst long-term loan

receivables has increased by the same amount in the comparative period.

Judgements and estimates

Preparing the unaudited condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial statements significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the previous annual financial statements as at and for the year ended 31 March 2013.

Related party transactions

The Group entered into various inter-company transactions with related parties in the ordinary course of business.

Subsequent events

On 15 November 2013 the Company signed an agreement to dispose of the entire issued capital of Prescient Ireland. The transaction is subject to regulatory approval and the effective date of the transaction will only be established once the approval has been granted.

With the exception of the proposed sale of Prescient Ireland and other items disclosed in this report there were no material events subsequent to the reporting date.

Review of operations

The Group's results for the period ended 30 September 2013 were highlighted by a growth in profit after tax for continuing operations of 11% from R49.6 million to R54.9 million whilst the discontinued operation of Prescient Ireland reflected a trading loss of R6.6 million in comparison to a profit for the comparative period of R1.1 million. The impairment of goodwill of R31.1 million

has also been reflected in the results from discontinued operations. Further details relating to the sale of Prescient Ireland are reflected in the notes below.

Revenue for the period for continuing operations was R332.8 million (September 2012: R173.9 million) with profit before tax of R77.7 million (September 2012: R70.1 million).

Headline earnings per share for continuing operations for the period has declined by 18% despite the increase in profit after tax of 11%. Note that the weighted average number of shares in issue for the six months ended 30 September 2013 was 1 557 993 785 (September 2012: 1 196 554 992).

Included in the loss from discontinued operations of R37.8 million is the operating loss incurred in Prescient Ireland of R6.6 million, the impairment of goodwill of R31.1 million, the reversal of the contingent liability of R2.3 million and interest costs of R4.0 million incurred on the loan from Standard Bank.

Financial Services

The Financial Services companies focused on their core functions with an emphasis on delivery to clients across the various functional areas.

From an investment management perspective, the investment performance during the most recent six months has improved considerably with most portfolios tracking ahead of their respective benchmarks. Performance in the positive return mandates has improved significantly and compares favourably against their CPI benchmarks. This core portfolio is well positioned for the current market conditions with exposure to some equity upside whilst protecting our clients' capital on the downside. The bond performance has been very strong over the period with the positioning benefiting well from the rate adjustment in May and, despite subsequent rate adjustments, the portfolios have continued to perform well against benchmarks and peers. The equity process is continually being enhanced and strong additions to the team will provide a good base going forward.

The China Balanced Fund has performed well during the most recent quarter following very weak markets in the first quarter, whilst the Africa Equity Fund continues to deliver satisfactory returns despite political and economic uncertainty in Egypt.

Prescient Investment Management had assets under management ("AUM") at 30 September 2013 of R57.8 billion (September 2012: R75.2 billion).

The administration business has continued to deliver efficient and accurate reporting to the continually diversifying client base and there are steps in progress to enhance the service offering considerably. As part of this enhancement, Prescient Administration Services has signed a contract with thinkFolio, a software provider that will implement a front office management solution, as well as with Vermillion Software who will bring a comprehensive investment reporting solution as an add-on to the existing administration backbone. These additions will be integrated with the Eagle software, which has become the foundation for all asset administration at Prescient.

Prescient Administration Services was recently awarded the Innovation Award by Eagle Investment Systems at their recent user conference in Florida, United States. The award was in recognition of it being the first unit trust fund client outside of North America, the successful implementation of the full suite of modules and for the innovative relationships established with providers such as Vermillion and Fincad.

Over the last quarter the administration business has continued to grow with the addition of a number of co-name partner clients. Third party assets under administration ("AUA") grew from R11.9 billion at 30 September 2012 to R18.1 billion at 30 September 2013. Significantly, however, a contract was signed with RE:CM for the administration of all their portfolios. RE:CM's portfolios will migrate across to Prescient Administration Services during the next financial period and will represent a significant addition to the asset base of R18.1 billion.

Globally, Stadia Fund Management, the Dublin-based administration entity has continued to increase its client base and expand its offering to third party clients outside of the Group. It has also taken over the administration of all the Prescient Ireland unit trust funds from another local provider, reducing the cost base for investors as well as improving the efficiency of administration. Stadia Fund Management had third party AUA at 30 September 2013 of €279.4 million (September 2012: €276.6 million). In addition to these third party assets, the Prescient Ireland unit trusts amounted to €1.1 billion.

Prescient Securities performed well in challenging markets. The solid performance can be attributed to improved contributions from the Derivatives and Fixed Income desks. There has also been good growth in the third party trade execution which bodes well for a strategy of expanding the client base. During June 2013, Prescient Securities launched an integrated International Institutional Trading Platform, allowing them to successfully trade, clear and settle internationally.

Prescient Securities' stature as a niche player was once again given a boost with a strong performance in the Spire Awards. Highlights from these awards include the following ratings:

- #1 – Best Agency Broker
 - IR Derivatives – Volumetric (2012: #1)
- #1 – Best Agency Broker
 - FX – Volumetric (2012: #1)
- #1 – Best Agency Broker
 - Cash Bonds (2012: #3)
- #1 – Best Agency Broker House (New)
- #2 – Best Research Team
 - Quantitative Research (New)

The Company entered into an agreement to dispose of Prescient Ireland on 15 November 2013. Refer to the details on the discontinued operations under "Review of operations" above and "Sale of subsidiary" in the notes below.

Overall results for Financial Services – continuing operations

Revenue for the segment was R142.8 million (September 2012: 146.0 million) whilst profit before tax was R58.9 million (September 2012: R64.1 million).

IT Services

The IT Services segment continued to operate well within increasingly competitive markets, both locally and into Africa, the Middle East and Australia, where a large portion of the revenue is generated. The multi-technology solutions approach, with skills across Oracle, SAP, Microsoft, IBM and others is still well received in the market place and provides a competitive advantage over providers that are product specific. Operational conditions are becoming increasingly more difficult with Asian competitors able to provide consulting services at a lower cost, however well established relationships with clients have mitigated some of this risk. Despite operating in politically and economically challenging environments the servicing to clients continues to deliver a very high standard and the collections from these clients has improved significantly through a recently implemented and efficient debtor management process.

Overall results for IT Services

Total revenue for the six months ended 30 September 2013 was R190.0 million compared with R27.9 million for the period ended 30 September 2012. Profit before tax was R18.8 million (September 2012: R5.9 million). The prior comparative period only includes one month of operations for the IT services from the acquisition date of 20 August 2012.

Purchase price allocation

During the current period, a valuation was performed of the identifiable intangible assets at acquisition of the PBT Group of companies.

The valuation of these assets is set out below:

Identified asset	R'000
Goodwill	263 619
Customer contracts	1 611
Customer relations	5 164
Brand	564
Excess of purchase price over net identifiable assets	270 958

Sale of subsidiary

On 15 November 2013 Prescient accepted an offer to sell Prescient Ireland, its investment management operation in Dublin, to J&E Davy ("Davy"), a provider of stockbroking, asset management and financial advisory services in Ireland. The sale is subject to the Central Bank of Ireland approval.

There have been three elements to Prescient's endeavours in Ireland. Initially, after receiving approval as an investment manager and distributor in Ireland, it launched a collective investment scheme to manage the exposure of South African clients in international markets.

Secondly, the group founded Stadia Fund Management, which is approved to undertake the administration of regulated funds in Ireland. The third route was the purchase of a fully-fledged asset management business with a full staff complement and existing assets. This model proved a less comfortable fit and, on receiving Davy's offer, Prescient decided to sell the asset management operation.

The sale consideration will be comprised of an initial consideration of €3.025 million with a deferred consideration component associated with revenue received from pension clients, for five years. For further details of the deferred consideration refer to the SENS announcement on 18 November 2013.

In addition to the sale consideration, Prescient and Davy agreed that the administration of the Prescient Ireland unit trusts would continue for a period of three years.

Prescient Ireland is reflected in the interim results as a discontinued operation. The change in intended use for the subsidiary also indicated an impairment in the goodwill that arose from the purchase of Prescient Ireland. This impairment amounts to R31.1 million and is excluded from headline earnings.

Dividend

An interim gross dividend of 2.5 cents per share, in respect of the six months ended 30 September 2013, declared on 28 November 2013.

Biannually, the directors will consider the payment of a dividend, taking into account prevailing circumstances and future cash and capital requirements of the Group in order to determine the appropriate dividend in respect of a particular financial reporting period.

There are 1 598 022 450 shares in issue at the dividend declaration date, of which 25 011 317 are held as treasury shares. The total dividend amount payable is R40.0 million (September 2012: R52.0 million).

This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves. Dividends declared after 31 March 2012, are no longer subject to the 10% Secondary Tax on Companies (STC) regime, which levied the tax on the declaring company, but are now subject to a 15% Dividends Tax (DT) which is a withholding tax levied on non-exempt shareholder recipients of the dividend. The net dividend payable to shareholders who are subject to dividend tax is 2.125 cents per share, while it is 2.5 cents per share to those shareholders who are exempt from dividend tax. Prescient's income tax reference number is 9725/148/71/3.

In compliance with the Listings Requirements of the JSE, the following dates are applicable:

Last day to trade <i>cum</i> dividend	Friday, 17 January 2014
Shares trade ex dividend	Monday, 20 January 2014
Record date	Friday, 24 January 2014
Payment date	Monday, 27 January 2014

Share certificates may not be dematerialised or rematerialised between Monday, 20 January 2014 and Friday, 24 January 2014; both dates inclusive.

Prospects

Financial Services

There are a number of exciting opportunities for the Group in the context of the changing structural environment in the savings market in South Africa. Retirement Reform is changing the way the market is going to have to deliver its products and we believe with the innovative solutions that Prescient brings to its clients and the cost-effective way in which it does so will stand the group in good stead. The quantitative investment philosophy at Prescient Investment Management will continue to focus on consistency and risk management and this will fit well, not only in the institutional market, but we believe will be well received by the retail market as a core offering to provide stability to client portfolios. The considerable enhancements that are being introduced to the administration environment will not only bolster the service offering but will also create a much broader base from which new clients can be sourced. Prescient Securities has introduced its integrated International Institutional Trading Platform that already in its fledgling stages is generating a great deal of client interest.

Most relevant to Retirement Reform, however, is the innovative "Seamless Transition" product that Prescient Life has introduced to the market. This product reduces the costs and improves the efficiencies between the pre- and post-retirement phases and brings together the most suitable investment products from Prescient Investment Management and the solid administrative base from Prescient Administration Services.

IT Services

The multi-technology solutions approach is already showing its resilience in a competitive market where services are being demanded from clients across different areas. The client base is still relatively concentrated but a continued effort is being made to diversify that base by applying resources efficiently in new installations. There is pressure in the market as a result of strong competition from low cost entrants as well as reduced demand due to difficult economic times, however PBT has built a strong base of skilled consultants and has developed well-entrenched relationships across a continually diversifying client base.

Forward-looking statements

This announcement contains certain forward-looking statements with respect to the financial condition and results of the operations of Prescient Limited that, by their nature, involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. These may relate to future prospects, opportunities and strategies. If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may differ from those anticipated. By consequence, none of the forward-looking statements have been reviewed or reported on by the Group's auditors.

Company information

Directors: AM Louw (*Chairman*), HC Steyn (*CEO*), M Buckham (*Financial Director*), M Kaplan (*Lead Independent non-executive*), H Sonn (*Independent non-executive*), K Moloko (*Independent non-executive*), Z Meyer (*Independent non-executive*), R van Rooyen (*Non-executive*)

Registered office: Prescient House, Westlake Business Park, Otto Close, Westlake, 7945, South Africa

Postal address: PO Box 31142, Tokai, 7966

Registration number: 1936/008278/06

Auditor: KPMG Inc.

Sponsor: Bridge Capital Advisors (Proprietary) Limited

Transfer secretaries: Link Market Services

JSE share code: PCT

ISIN: ZAE000163531

Website: www.prescient.co.za

Unaudited condensed consolidated statement of financial position

	Unaudited 30 Sep 2013 R'000	Reviewed 30 Sep 2012 R'000	Audited 31 March 2013 R'000
ASSETS			
Non-current assets	7 237 398	6 521 309	6 674 148
Equipment	7 534	11 904	14 155
Investment property	20 460	18 162	17 711
Goodwill and intangible assets	424 428	463 984	472 816
Deferred tax asset	5 145	1 166	3 187
Long-term loans receivable	72 138	75 022	73 607
Investment in equity-accounted investees	1 184	4 288	1 398
Financial assets at fair value through profit or loss	112 013	73 541	99 260
Linked investments backing policyholder funds	6 594 496	5 873 242	5 992 014
Current assets	740 344	1 300 284	676 985
Inventories	22 294	19 795	16 096
Trade and other receivables	126 375	153 885	167 139
Amounts owing by clearing houses	88 159	418 099	223 730
Amounts owing from clients	326 594	487 329	151 429
Taxation receivable	4 719	3 651	11 688
Cash and cash equivalents	71 244	217 525	106 903
Assets held-for-sale	100 959	–	–
Total assets	7 977 742	7 821 593	7 351 133
EQUITY AND LIABILITIES			
Equity			
Stated capital	637 062	601 657	637 062
Reserves	1 181	24 535	280
Retained income	87 434	93 105	93 595
Total equity attributable to owners of the Company	725 677	719 297	730 937
Non-controlling interests	10 788	3 923	9 781
Total equity	736 465	723 220	740 718
Liabilities			
Non-current liabilities	6 709 194	6 074 232	6 101 012
Deferred tax liability	7 197	5 208	7 017
Deferred income	–	–	3 206
Policyholder investment contract liabilities	6 594 496	5 873 242	5 989 473
Long-term loans payable	107 501	195 782	101 316
Current liabilities	532 083	1 024 141	509 403
Trade and other payables	78 235	95 638	110 719
Provisions	–	–	518
Amounts owing to clearing houses	–	31 326	–
Amounts owing to clients	412 087	873 791	374 591
Deferred income	–	–	2 491
Current tax payable	8 088	9 844	14 822
Bank overdraft	5 389	13 542	6 262
Liabilities held-for-sale	28 284	–	–
Total liabilities	7 241 277	7 098 373	6 610 415
Total equity and liabilities	7 977 742	7 821 593	7 351 133

Unaudited condensed consolidated segment report

	Financial services			
	Six months unaudited 30 Sep 2013		Six months reviewed 30 Sep 2012	
	R'000		R'000	
	Continuing	Discontinued	Continuing	Discontinued
Segment external revenue	142 807	64 899	146 047	49 926
Segment profit before tax	58 934	(37 792)	64 143	1 129
	IT services			
	Six months unaudited 30 Sep 2013		Six months reviewed 30 Sep 2012	
	R'000		R'000	
	Continuing	Discontinued	Continuing	Discontinued
Segment external revenue	190 034	–	27 873	–
Segment profit before tax	18 768	–	5 916	–
	Group			
	Six months unaudited 30 Sep 2013		Six months reviewed 30 Sep 2012	
	R'000		R'000	
	Continuing	Discontinued	Continuing	Discontinued
Group external revenue	332 841	64 899	173 920	49 926
Group profit before tax	77 702	(37 792)	70 059	1 129

Unaudited condensed consolidated statement of comprehensive income

	Six months unaudited 30 Sep 2013	% Change	Six months reviewed 30 Sep 2012 Restated
R'000			
Continuing operations			
Revenue	332 841	91	173 920
Expenses	(254 553)	152	(100 964)
Profit from operations	78 288	7	72 956
Other income	2 780		
Share of loss of equity – accounted investees (net of tax)	(364)		(309)
Finance costs	(3 002)		(2 588)
Profit before taxation	77 702		70 059
Income tax expense	(22 792)		(20 435)
Profit from continuing operations	54 910	11	49 624
Discontinued operation			
(Loss)/profit from discontinued operations, (net of tax)	(6 649)		1 129
Goodwill impairment on discontinued operations	(31 143)		–
Profit for the period	17 118		50 753
Other comprehensive income			
Exchange gains/(losses) on translating foreign operations	970		(435)
Other comprehensive income for the period, (net of tax)	970		(435)
Total comprehensive income for the period	18 088		50 318
Profit attributable to:			
Owners of the Company	14 911	(71)	50 811
Non-controlling interests	2 207		(58)
Profit for the period	17 118		50 753
Total comprehensive income attributable to:			
Owners of the Company	15 881		50 376
Non-controlling interests	2 207		(58)
Total comprehensive income for the period	18 088		50 318
Basic earnings per share (cents)			
Continuing operations	3.38	(18)	4.14
Discontinued operations	(2.42)		0.09
	0.96		4.23
Diluted earnings per share (cents)			
Continuing operations	3.38		4.14
Discontinued operations	(2.42)		0.09
	0.96		4.23
Notes to the statement of comprehensive income			
Headline earnings per share (cents)			
Continuing operations	3.38	(18)	4.14
Discontinued operations	(0.42)		0.09
	2.96		4.23
Diluted headline earnings per share (cents)			
Continuing operations	3.38		4.14
Discontinued operations	(0.42)		0.09
	2.96		4.23
Dividend per share (cents)			
Interim	2.50		3.30

Earnings per share

	Unaudited 30 Sep 2013	Reviewed 30 Sep 2012
Weighted average number of shares in issue during the period	1 557 993 785	1 196 554 992
Weighted average number of shares potentially in issue	1 557 993 785	1 196 554 992
Actual number of shares in issue at the end of the period	1 598 022 450	1 555 531 687
Treasury shares	(25 011 317)	(24 273 180)
Shares in issue net of treasury shares	1 573 011 133	1 531 258 507
Continuing operations		
Earnings attributable to shareholders	R'000 54 910	49 624
Non-controlling interests	2 207	(58)
Earnings attributable to ordinary shareholders	52 703	49 566
Headline earnings attributable to ordinary shareholders	52 703	49 566
Discontinued operations		
Earnings attributable to shareholders	(37 792)	1 129
Non-controlling interests	–	–
Earnings attributable to ordinary shareholders	(37 792)	1 129
Headline earnings attributable to ordinary shareholders	(6 649)	1 129

Unaudited condensed consolidated statement of cash flows

	Six months unaudited 30 Sep 2013	Six months reviewed 30 Sep 2012
R'000		
Cash flows from operating activities		
Profit for the period	17 118	50 753
Income tax expense	22 792	20 435
Non-cash movements and adjustments to profit before tax	1 708	(13 197)
Changes in working capital	(24 528)	(11 907)
Dividends received	6	721
Dividends paid	(21 072)	(36 919)
Interest received	8 267	6 315
Interest paid	(3 002)	(2 589)
Tax paid	(22 416)	(27 137)
Cash flows from operating activities from discontinued operations	32 424	(12 455)
Goodwill impairment on discontinued operations	31 143	–
Net cash inflow/(outflow) from operating activities	11 297	(25 980)
Cash (outflow)/inflow from investing activities	(10 335)	86 146
Cash flows from investing activities from discontinued operations	(1 422)	(708)
Cash inflow from financing activities	5 350	90 872
Cash flows from financing activities from discontinued operations	(554)	(632)
Net increase in cash and cash equivalents	4 336	149 498
Effect of exchange rate fluctuations on cash held	7 263	1 654
Net cash and cash equivalents at the beginning of the period	100 641	52 831
Net cash and cash equivalents at the end of the period	112 240	203 983
Comprising:		
Cash and cash equivalents	71 244	217 525
Bank overdraft	(5 389)	(13 542)
Cash and cash equivalents held for sale	46 385	–
Net cash and cash equivalents at the end of the period	112 240	203 983

Unaudited condensed consolidated statement of changes in equity

Attributable to owners of the Company

R'000	Attributable to owners of the Company							Total equity
	Stated capital	Translation reserve	Treasury shares	Equity reserve	Retained income	Total	Non-controlling interests	
Balance at 1 April 2012	53 309	–	(13 038)	–	63 963	104 234	–	104 234
Total comprehensive income for the period								
Profit for the period	–	–	–	–	50 811	50 811	(58)	50 753
Total other comprehensive income	–	(435)	–	–	–	(435)	–	(435)
Total comprehensive income for the period	–	(435)	–	–	50 811	50 376	(58)	50 318
Transactions with owners recognised directly in equity								
Contributions by and distributions to owners of the Company								
Treasury shares sold	–	–	2 603	–	–	2 603	–	2 603
Issue of ordinary shares related to business combinations	548 348	–	–	35 405	–	583 753	–	583 753
Total contributions by and distributions to owners of the Company	548 348	–	2 603	35 405	–	586 356	–	586 356
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests	–	–	–	–	(21 669)	(21 669)	3 981	(17 688)
Total changes in ownership interests in subsidiaries	–	–	–	–	(21 669)	(21 669)	3 981	(17 688)
Total transactions with owners of the Company	548 348	–	2 603	35 405	(21 669)	564 687	3 981	568 668
Balance at 30 September 2012	601 657	(435)	(10 435)	35 405	93 105	719 297	3 923	723 220
Balance at 1 April 2013	637 062	12 396	(12 116)	–	93 595	730 937	9 781	740 718
Total comprehensive income for the period								
Profit for the period	–	–	–	–	14 911	14 911	2 207	17 118
Total other comprehensive income	–	970	–	–	–	970	–	970
Total comprehensive income for the period	–	970	–	–	14 911	15 881	2 207	18 088
Transactions with owners recognised directly in equity								
Contributions by and distributions to owners of the Company								
Treasury shares sold	–	–	(69)	–	–	(69)	–	(69)
Dividends declared during the period	–	–	–	–	(21 072)	(21 072)	(1 200)	(22 272)
Total contributions by and distributions to owners of the Company	–	–	(69)	–	(21 072)	(21 141)	(1 200)	(22 341)
Total transactions with owners of the Company	–	–	(69)	–	(21 072)	(21 141)	(1 200)	(22 341)
Balance at 30 September 2013	637 062	13 366	(12 185)	–	87 434	725 677	10 788	736 465