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**VENFIN LIMITED**

(Reg. No. 1948/031037/06)

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CORPORATE FINANCE

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**DATE: 8 MARCH 2005**

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MAR 14 2005

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FINANCIAL

*DL 23/14*

# **VENFIN LIMITED**

Registration number 1948/031037/06  
ISIN ZAE000026498 Share Code VNF

## **INTERIM REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2004 (UNAUDITED)**

|  |               |
|--|---------------|
| <b>Increase in net asset value per share (at valuation) compared with 30 June 2004</b> | <b>+34.8%</b> |
| <b>Increase in headline earnings per share</b>   | <b>+21.7%</b> |

# VENFIN LIMITED

## ABRIDGED CONSOLIDATED BALANCE SHEET

|                                     | Unaudited           |           | Audited         |
|-------------------------------------|---------------------|-----------|-----------------|
|                                     | 31 December<br>2004 | 2003      | 30 June<br>2004 |
|                                     | R million           | R million | R million       |
| <b>ASSETS</b>                       |                     |           |                 |
| <b>Non-current assets</b>           |                     |           |                 |
| Property, plant and equipment       | 20                  | *         | 26              |
| Intangible assets**                 | 1 084               | 565       | 556             |
| Investments - Associated companies  | 2 360               | 5 371     | 1 555           |
| - Other                             | 1 640               | 542       | 2 497           |
| Deferred taxation                   | 10                  | -         | 12              |
|                                     | 5 114               | 6 478     | 4 646           |
| <b>Current assets</b>               |                     |           |                 |
| Cash and cash equivalents           | 2 105               | 1 481     | 2 548           |
| Other current assets                | 2 023               | 1 452     | 2 389           |
|                                     | 82                  | 29        | 159             |
| <b>Total assets</b>                 | 7 219               | 7 959     | 7 194           |
| <b>EQUITY AND LIABILITIES</b>       |                     |           |                 |
| Capital and reserves                | 7 901               | 8 450     | 7 669           |
| Treasury shares                     | (862)               | (518)     | (636)           |
| Interest of own members             | 7 039               | 7 932     | 7 033           |
| <b>Non-current liabilities</b>      |                     |           |                 |
| Interest-bearing debt               | 18                  | -         | 15              |
| Deferred taxation                   | 8                   | -         | 7               |
|                                     | 10                  | -         | 8               |
| <b>Current liabilities</b>          |                     |           |                 |
|                                     | 162                 | 27        | 146             |
| <b>Total equity and liabilities</b> | 7 219               | 7 959     | 7 194           |

\* Amount smaller than R500 000

\*\* The increase in intangible assets is mainly due to the goodwill created on the acquisition of the 25% interest in Alexander Forbes Limited.

## VENFIN LIMITED

### ABRIDGED CONSOLIDATED INCOME STATEMENT

|   | Unaudited        |            | Audited    |
|---|------------------|------------|------------|
|   | Six months ended |            | Year ended |
|   | 31 December      |            | 30 June    |
|   | 2004             | 2003       | 2004       |
|   | R million        | R million  | R million  |
| <b>Revenue</b>  | <b>137</b>       | <b>80</b>  | <b>115</b> |
| Net interest income   | 54               | 63         | 98         |
| Depreciation  | (4)              | *          | *          |
| Impairment and amortisation of goodwill                       | (45)             | (71)       | (300)      |
| Impairment of investments and assets                          | (16)             | (4)        | (6)        |
| Other expenses  | (16)             | (22)       | (46)       |
| Capital surplus on the disposal of long-term investments      | 23               | 20         | 20         |
| Share of after-tax profit of associated companies             | 353              | 146        | 680        |
| - Profit from operations                                      | 391              | 341        | 700        |
| - Impairment and amortisation of goodwill                     | (35)             | (9)        | (20)       |
| - Impairment of investments and assets                        | (1)              | (185)      | (4)        |
| - Capital surplus/(loss) on disposal of long-term investments | (2)              | (1)        | 4          |
| Profit before taxation  | 349              | 132        | 446        |
| Taxation  | (14)             | (11)       | (14)       |
| <b>NET PROFIT</b>   | <b>335</b>       | <b>121</b> | <b>432</b> |
| <i>Reconciliation of headline earnings:</i>                   |                  |            |            |
| BASIC EARNINGS – net profit                                   | 335              | 121        | 432        |
| Plus/(minus) – attributable to own members:                   |                  |            |            |
| - Impairment and amortisation of goodwill                     | 80               | 59         | 122        |
| - Impairment of investments and assets                        | 12               | 210        | 207        |
| - Capital surplus on the disposal of long-term investments    | (21)             | (19)       | (24)       |
| - Surplus on disposal of property, plant and equipment        | *                | 1          | 3          |
| <b>HEADLINE EARNINGS</b>                                      | <b>406</b>       | <b>372</b> | <b>740</b> |

\* Amount smaller than R500 000

**EARNINGS PER SHARE**

|   | Unaudited<br>Six months ended<br>31 December |               | Audited<br>Year ended<br>30 June |
|---|--|---------------|----------------------------------|
|   | 2004<br>Total                                | 2003<br>Total | 2004<br>Total                    |
| <b>HEADLINE EARNINGS (cents)</b>                            | <b>91.3</b>                                  | <b>75.0</b>   | <b>151.4</b>                     |
| <b>DILUTED HEADLINE EARNINGS (cents)</b>                    | <b>90.9</b>                                  | <b>74.9</b>   | <b>151.0</b>                     |
| <b>BASIC EARNINGS (cents)</b>                               | <b>75.4</b>                                  | <b>24.4</b>   | <b>88.4</b>                      |
| <b>DILUTED BASIC EARNINGS (cents)</b>                       | <b>75.0</b>                                  | <b>24.4</b>   | <b>88.1</b>                      |
| <i>Weighted number of shares in issue (million)</i>         | <b>444.5</b>                                 | <b>496.0</b>  | <b>488.9</b>                     |
| <i>Diluted weighted number of shares in issue (million)</i> | <b>446.4</b>                                 | <b>496.7</b>  | <b>490.1</b>                     |
| <b>DIVIDEND (cents)</b>                                     | -  | -             | 32.5                             |

**SEGMENTAL ANALYSIS – HEADLINE EARNINGS**

|                             | Unaudited<br>Six months ended<br>31 December |                   | Audited<br>Year ended<br>30 June |
|-----------------------------|--|-------------------|----------------------------------|
|                             | 2004<br>R million                            | 2003<br>R million | 2004<br>R million                |
| Telecommunication           | 335  | 240               | 491                              |
| Technology                  | 9  | 13                | 33                               |
| Media                       | 34   | 14                | 25                               |
| Financial and risk services | 20   | 57                | 117                              |
| Corporate                   | 8  | 48                | 74                               |
|                             | <b>406</b>                                   | <b>372</b>        | <b>740</b>                       |

**ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

|   | Unaudited        |           | Audited    |
|---|------------------|-----------|------------|
|   | Six months ended |           | Year ended |
|   | 31 December      |           | 30 June    |
|   | 2004             | 2003      | 2004       |
|   | R million        | R million | R million  |
| Opening balance   | 7 033            | 8 205     | 8 205      |
| Net profit for the period   | 335              | 121       | 432        |
| Dividend paid   | (143)            | (123)     | (123)      |
| Exchange rate adjustments   | (27)             | (275)     | (1 026)    |
| Change in reserves of subsidiary companies and associated companies                         | (27)             | (5)       | 354        |
| Net after-tax fair value adjustments for the period (AC 133)                                | 94               | 184       | 224        |
| Realisation of fair value adjustments of financial instruments                              | -                | (20)      | (20)       |
| Net shares in VenFin Limited acquired by wholly-owned subsidiary and The VenFin Share Trust | (226)            | (155)     | (1 013)    |
| Interest of own members   | 7 039            | 7 932     | 7 033      |
| Interest of own members per share (Rand)  | R16.04           | R16.14    | R15.64     |

**ABRIDGED CONSOLIDATED CASH FLOW STATEMENT**

|   | Unaudited        |              | Audited      |
|---|------------------|--------------|--------------|
|   | Six months ended |              | Year ended   |
|   | 31 December      |              | 30 June      |
|   | 2004             | 2003         | 2004         |
|   | R million        | R million    | R million    |
| <b>Operating activities</b>                               |                  |              |              |
| Net interest received                                     | 54               | 63           | 98           |
| Dividends received  | 256              | 106          | 341          |
| Dividend paid   | (143)            | (123)        | (123)        |
| Other movements   | (17)             | (69)         | (126)        |
| Taxation paid   | (14)             | (47)         | (55)         |
| Net cash inflow/(outflow) from operating activities       | 136              | (70)         | 135          |
| <b>Cash flow from investing activities</b>                |                  |              |              |
|   | (483)            | 108          | 821          |
| Net increase/(decrease) in cash and cash equivalents      | (347)            | 38           | 956          |
| Cash and cash equivalents at the beginning of the period  | 2 370            | 1 414        | 1 414        |
| <b>Cash and cash equivalents at the end of the period</b> | <b>2 023</b>     | <b>1 452</b> | <b>2 370</b> |
| Cash and cash equivalents – balance sheet                 | 2 023            | 1 452        | 2 389        |
| Bank overdraft  | -                | -            | (19)         |

# VENFIN LIMITED

## ADDITIONAL INFORMATION

|  | 31 December<br>2004 | 2003               | 30 June<br>2004    |
|--|---------------------|--------------------|--------------------|
| <b>Number of shares in issue</b>   |                     |                    |                    |
| - Ordinary shares of 1 cent each   | 447 993 648         | 486 493 650        | 447 993 648        |
| - Unlisted B ordinary shares of 10 cents each                            | 35 506 352          | 35 506 352         | 35 506 352         |
| Total number of shares in issue  | 483 500 000         | 522 000 002        | 483 500 000        |
| - Shares held in treasury (ordinary shares of 1 cent each)               | (36 221 948)        | (21 565 620)       | (25 268 657)       |
| - Shares held by The VenFin Share Trust (ordinary shares of 1 cent each) | (8 369 605)         | (9 055 817)        | (8 668 746)        |
|  | <b>438 908 447</b>  | <b>491 378 565</b> | <b>449 562 597</b> |
| <br>   |                     |                    |                    |
| <b>Weighted number of shares in issue</b>                                | <b>444 501 740</b>  | <b>495 966 247</b> | <b>488 922 237</b> |

- In determining the headline earnings and basic earnings per share the weighted number of shares in issue was taken into account.
- In determining the diluted headline earnings and basic earnings per share the weighted number of shares in issue was adjusted for the dilutive effect of the shares offered to participants by The VenFin Share Scheme. The number of shares that was added to the weighted number of issued shares to determine the dilutive effect was 1 927 799 (2003: 747 653).

|   | 31 December<br>2004 | 2003   | 30 June<br>2004 |
|---|---------------------|--------|-----------------|
| <b>Net asset value per share</b>                          |                     |        |                 |
| - At book value   | R16.04              | R16.14 | R15.64          |
| - At market value and directors' valuation of investments | R38.81              | R26.11 | R28.80          |

|                                   | R million | R million | R million |
|-----------------------------------|-----------|-----------|-----------|
| <b>Listed investments</b>         |           |           |           |
| <i>Associated</i>                 |           |           |           |
| - Book value (excluding goodwill) | 717       | 25        | 53        |
| - Market value                    | 1 303     | 47        | 108       |
| <i>Other</i>                      |           |           |           |
| - Book value                      | 920       | 472       | 496       |
| - Market value                    | 920       | 472       | 496       |
| <b>Unlisted investments</b>       |           |           |           |
| <i>Associated*</i>                |           |           |           |
| - Book value (excluding goodwill) | 1 643     | 5 346     | 1 502     |
| - Directors' valuation            | 11 918    | 10 783    | 7 929     |
| <i>Other*</i>                     |           |           |           |
| - Book value                      | 720       | 70        | 2 001     |
| - Directors' valuation            | 941       | 70        | 2 038     |

\* These amounts are not comparable with those of the previous interim financial period due to the effect of the consolidation of R&V from 30 June 2004.

|  |    |   |    |
|--|----|---|----|
| <b>Capital commitments</b><br>(Including amounts authorised, but not yet contracted) | 56 | 8 | 39 |
|--|----|---|----|

# VENFIN LIMITED

## ADDITIONAL INFORMATION (CONTINUED)

|   | Six months ended<br>31 December |                   | Year ended<br>30 June |
|---|---------------------------------|-------------------|-----------------------|
|   | 2004<br>R million               | 2003<br>R million | 2004<br>R million     |
| <b>Net interest income</b>                                  |                                 |                   |                       |
| Interest received – unlisted investments and deposits       | 60                              | 63                | 98                    |
| Interest paid   | (6)                             | (*)               | (*)                   |
|   | 54                              | 63                | 98                    |
| <b>Dividends received</b>                                   |                                 |                   |                       |
| Dividends included in profit                                | 11                              | 10                | 12                    |
| Dividends from associated companies                         | 245                             | 98                | 329                   |
| <b>Capital surplus on disposal of long-term investments</b> |                                 |                   |                       |
| Subsidiary companies:                                       |                                 |                   |                       |
| Capital surplus on the disposal of                          |                                 |                   |                       |
| - Richmond A units  | -                               | 20                | 20                    |
| - Other long-term investments                               | 23                              | -                 | *                     |
| <b>Total per income statement</b>                           | 23                              | 20                | 20                    |
| Associated companies after taxation                         | (2)                             | (1)               | 4                     |
| <b>Total – attributable to own members</b>                  | 21                              | 19                | 24                    |

\*Amount smaller than R500 000

**ANNEXURE A  
COMPOSITION OF HEADLINE EARNINGS**

|                                    | Effective % interest<br>at<br>31 December 2004 | VenFin's share<br>R million |                  |              |
|------------------------------------|--|-----------------------------|------------------|--------------|
|                                    |  | Six months                  |                  | Year         |
|                                    |  | 31 December 2004            | 31 December 2003 | 30 June 2004 |
| Vodacom                            | 15.0   | 330                         | 233              | 480          |
| Psitek                             | 28.2   | 5                           | 8                | 12           |
| Dimension Data Bond <sup>(1)</sup> | 100.0  | 12                          | 12               | 27           |
| Tracker                            | 32.1   | 11                          | 6                | 16           |
| GenuOne                            | 36.8   | (4)                         | (3)              | (6)          |
| Intervid <sup>(2)</sup>            | 100.0  | (11)                        | -                | -            |
| Other technology                   |  | 1                           | (2)              | (4)          |
| Sabido (e.tv)                      | 33.0   | 31                          | 13               | 22           |
| SAIL <sup>(3)</sup>                | 88.0   | 3                           | 1                | 2            |
| Alexander Forbes <sup>(1)(4)</sup> | 25.5   | 20                          | 57               | 117          |
| Corporate and other <sup>(1)</sup> |  | 8                           | 47               | 74           |
| <b>Headline earnings</b>           |  | <b>406</b>                  | <b>372</b>       | <b>740</b>   |

- (1) R&V Holdings Limited (R&V) became a subsidiary on 30 June 2004. The headline earnings attributable to the underlying investments in R&V have been regrouped for the comparative periods to achieve comparability with the current period.
- (2) Intervid became a subsidiary on 30 June 2004. Its earnings for the financial year ended 30 June 2004 was accounted for as an associated company.
- (3) The effective interest in SAIL is a temporary situation. Refer to commentary on changes to investments.
- (4) Alexander Forbes became an associated company during the current period, whereas previously it was accounted for as an investment in an exchangeable bond by R&V. Refer to commentary on changes to investments.

**ANNEXURE B  
COMPOSITION OF NET ASSET VALUE (R million)**

|  | 31 December 2004 |               | 31 December 2003 |               | 30 June 2004 |               |
|--|------------------|---------------|------------------|---------------|--------------|---------------|
|  | Book value       | Valuations    | Book value       | Valuations    | Book value   | Valuations    |
| <b>Listed <sup>(1)</sup></b>               | <b>2 255</b>     | <b>2 223</b>  | <b>511</b>       | <b>519</b>    | <b>678</b>   | <b>624</b>    |
| Alexander Forbes                           | 11 583           | 11 545        |                  |               |              |               |
| Richemont Depository Receipts/A units      | 178              | 170           | 406              | 406           | 411          | 411           |
| Dimension Data                             | 250              | 230           | 26               | 26            | 22           | 22            |
| FrontRange                                 | 1138             | 1131          | 11               | 11            | 31           | 31            |
| Idion                                      | 30               | 30            | 27               | 27            | 28           | 28            |
| iTouch                                     | 75               | 75            | 49               | 49            | 78           | 78            |
| Intervid <sup>(4)</sup>                    |                  |               |                  |               | 19           | 19            |
| SAIL <sup>(4)</sup>                        |                  |               |                  |               | 29           | 29            |
| <b>Unlisted <sup>(2)</sup></b>             | <b>2 802</b>     | <b>12 831</b> | <b>4 171</b>     | <b>9 063</b>  | <b>4 029</b> | <b>9 999</b>  |
| Vodacom                                    | 1 526            | 10 650        | 1 584            | 5 805         | 1 511        | 6 000         |
| Alexander Forbes Bonds <sup>(1)</sup>      |                  |               | 1 322            | 1 132         | 1 273        | 1 273         |
| Dimension Data Bond <sup>(3)</sup>         | 569              | 570           | 637              | 846           | 629          | 666           |
| e.tv                                       | 16               | 51            | 329              | 525           | 315          | 326           |
| Tracker                                    | 28               | 240           | 17               | 241           | 20           | 242           |
| Psitek                                     | 6                | 31            | 65               | 96            | 65           | 96            |
| SAIL <sup>(4)</sup>                        | 93               | 108           |                  |               |              |               |
| Intervid <sup>(4)</sup>                    | 70               | 70            |                  |               |              |               |
| Loans and other investments <sup>(2)</sup> | 90               | 107           | 116              | 203           | 113          | 206           |
| <b>Cash<sup>(3)</sup></b>                  | <b>1 982</b>     | <b>1 982</b>  | <b>3 250</b>     | <b>3 250</b>  | <b>2 326</b> | <b>2 326</b>  |
| <b>Total</b>                               | <b>7 039</b>     | <b>17 036</b> | <b>7 932</b>     | <b>12 832</b> | <b>7 033</b> | <b>12 949</b> |
| <b>Net asset value per share (Rand)</b>    | <b>16.04</b>     | <b>38.81</b>  | <b>16.14</b>     | <b>26.11</b>  | <b>15.64</b> | <b>28.80</b>  |
| <b>Share price (Rand)</b>                  |                  | <b>25.10</b>  |                  | <b>21.10</b>  |              | <b>19.88</b>  |
| <b>Discount to net asset value</b>         |                  | <b>35.3%</b>  |                  | <b>19.2%</b>  |              | <b>31.0%</b>  |

(1) Market value

(2) Directors' valuation

(3) The underlying value of the investment in R&V at 31 December 2003 has been reallocated to achieve comparability with the current financial period.

(4) SAIL and Intervid were delisted during the current interim period.

## COMMENTARY

### Accounting policies

The interim results have been prepared in accordance with accounting statement AC 127 (Interim financial reporting), the Listings Requirements of the JSE Securities Exchange South Africa (JSE) and the South African Companies Act No. 61 of 1973, as amended.

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2004. As previously reported, VenFin adopted AC 140 (Business Combinations) with effect from 1 April 2004. In terms of the provisions of this accounting statement goodwill arising from a business combination for which the agreement date is on or after 31 March 2004, is not amortised but carried at cost less accumulated impairment losses.

As from 1 July 2004 all goodwill that originated prior to 1 April 2004, is also treated in accordance with AC 140.

### Prior year adjustment

#### *Consolidation of The VenFin Share Trust (the "trust")*

As recommended by the JSE, VenFin consolidated the trust on 30 June 2004. Comparative figures for the six months ended 31 December 2003 have been restated accordingly and the 8 369 605 (31 December 2003: 9 055 817) ordinary shares held in the trust for participants are accounted for as if they were treasury shares and are also deducted from the issued number of shares in determining the weighted number of shares. The cost price of the shares has been deducted from equity.

**Restatement of comparative figures as a result of above-mentioned prior year adjustment:**

|                                 | 31 December 2003 |
|---------------------------------|------------------|
| <u>Balance sheet</u>            | R million        |
| Decrease in reserves            | (151)            |
| Decrease in investments – other | (151)            |

### Income statement

The effect of the prior year adjustment on the income statement is not material, therefore the comparative income statement has not been restated.

| <u>Earnings per share</u>                                  | Six months ended<br>31 December 2003 |
|--|--------------------------------------|
| Net profit as previously reported (R million)              | 121                                  |
| Headline earnings as previously reported (R million)       | 372                                  |
| Weighted number of shares in issue as previously reported  | 503 714 598                          |
| Restated weighted number of shares in issue                | 495 966 247                          |
| Basic earnings per share as previously reported (cents)    | 24.0                                 |
| Headline earnings per share as previously reported (cents) | 73.9                                 |
| Restated basic earnings per share (cents)                  | 24.4                                 |
| Restated headline earnings per share (cents)               | 75.0                                 |

### Financial review

The headline earnings for the six months to 31 December 2004 increased by 9.1% from R372 million to R406 million.

The headline earnings per share for the six months to 31 December 2004, however, increased by 21.7% from an adjusted 75.0 cents to 91.3 cents, reflecting the full effect of the shares repurchased during the second half of the previous financial year.

The increase in headline earnings is largely attributable to:

- A 41.6% increase in equity accounted earnings from Vodacom, from R233 million to R330 million, due to steady growth in Vodacom's interim earnings on the back of a higher subscriber base.
- The increased contribution of Sabido (Pty) Limited (e.tv) to VenFin's headline earnings, from R13 million for the six months to 31 December 2003 to R31 million for the six months to 31 December 2004.

#### **Alexander Forbes Limited (Alexander Forbes)**

Alexander Forbes effectively became an associated company at the beginning of September 2004 when VenFin acquired 25% of their issued shares. (Refer to "changes to investments" below)

VenFin has accounted this investment according to the equity method for one month, from 1 September to 30 September 2004, which date coincides with the end of the interim period of Alexander Forbes. Alexander Forbes is a listed company, and in order to comply with the JSE Listings Requirements on price sensitive information, VenFin can only account for financial information disclosed by Alexander Forbes which is also available to the general public, thus the decision to equity account to 30 September 2004.

The attributable earnings from Alexander Forbes for the reporting period thus consist of interest earned on the Bonds for one month to 31 July 2004 and equity accounted earnings from 1 September to 30 September 2004. This has negatively affected the level of increase in headline earnings for the six months to 31 December 2004. Therefore the contribution of the investment in Alexander Forbes to VenFin's headline earnings per share is not comparable with the six-month period ended 31 December 2003.

Looking forward to 30 June 2005, VenFin will account for its 25% interest in Alexander Forbes according to the equity method from 1 September 2004 to 31 March 2005, the financial year-end of Alexander Forbes. For subsequent years VenFin will equity account its interest in Alexander Forbes over the period 1 April to 31 March of every year. VenFin's interim results will therefore include the Alexander Forbes results for the period from 1 April to 30 September.

On the basis that the Alexander Forbes transaction had taken place on 1 April 2004 and not on 6 September 2004, VenFin would have equity accounted its 25% interest in Alexander Forbes for the six months from 1 April to 30 September 2004 compared to accounting for interest on the bond for one month and equity accounting the 25% interest for one month. This basis of accounting would be more comparable with the results of the corresponding six months ended 31 December 2003.

On this pro forma basis, Alexander Forbes's contribution to VenFin's headline earnings for the six months to 31 December 2004 would have amounted to R81 million instead of the R20 million which was actually included. Based on this pro forma formula, VenFin's headline earnings per share would have been 105.1 cents – an increase of 40.1% when compared with earnings for the six months ended 31 December 2003 of 75.0 cents per share.

#### **Net asset value**

The net asset value per share, at market value of listed investments and directors' valuation of unlisted investments, at 31 December 2004 amounted to R38.81 compared to R28.80 per share at 30 June 2004. This represents an increase of 34.8%.

The following factors, or a combination of them, were taken into account in determining the directors' valuations of the unlisted investments:

- Market value and earnings yield of similar listed shares, discounted for limited tradeability of the unlisted shares
- Growth potential and risk factors
- Underlying net asset value
- Profit history
- Cash flow projections

#### **Impairment of investments and goodwill**

Provision for impairment of investments and goodwill amounting to R61 million has been made, of which the most significant are the following:

- An impairment provision amounting to R14 million has been made against the goodwill created on the investment in Intervid Limited to reflect the risks associated with this investment.

- An impairment provision amounting to R36 million has been made against the carrying value of the investment in GenuOne Incorporated.

#### **Exchange rate differences**

Net negative exchange rate differences arising on the translation of the value of foreign entities to SA rand at 31 December 2004 amounted to R27 million (2003: R275 million) and were debited directly to reserves.

#### **Changes to investments**

*The most significant changes to VenFin's investment portfolio for the six months ended 31 December 2004 were:*

##### **£100 million Alexander Forbes Exchangeable Bonds (the Bonds)**

During the period under review, VenFin sold the Bonds to Alexander Forbes Limited (Alexander Forbes) for a cash payment of R1 159.5 million and £12.5 million. The R1 159.5 million was used to subscribe for 114.8 million Alexander Forbes shares.

A further 1.1 million Alexander Forbes shares were acquired in the open market for R12 million during September 2004. At 31 December 2004, VenFin's effective interest in Alexander Forbes was 25.5%. The investment in Alexander Forbes is accounted for as an associated company.

##### **Repurchase of VenFin shares**

VenFin's wholly-owned subsidiary, VenFin Securities (Pty) Limited, acquired a further 11.2 million VenFin ordinary shares at an average price of R21.11 per share for R236 million. At 31 December 2004, the number of shares in treasury was 36.2 million, or 8.1% of the issued ordinary shares of 1 cent each.

Since the repurchase programme started in the 2002 financial year, a total of 83.8 million ordinary shares (18.7% of the current issued ordinary shares of 1 cent each) were acquired at an average price of R19.23 per share.

##### **Intervid Limited (Intervid)**

VenFin acquired, through a scheme of arrangement in terms of section 311 of the Companies Act, 1973 (Act 61 of 1973), as amended, all the Intervid shares it did not already own for a cash consideration of R9 million and 99 458 VenFin shares. Intervid became a wholly-owned subsidiary and was delisted on 24 August 2004.

##### **SAIL Group Limited (SAIL)**

As previously reported, VenFin, as a member of a consortium, made an offer for the shares held by the minority shareholders of SAIL. This transaction was subsequently approved by the competition authorities.

On 31 December 2004, this transaction was partly executed, whereby VenFin, on behalf of the consortium, acquired 172.9 million SAIL shares for a total consideration of R71 million. The transaction is in the process of being finalised. Following this transaction, VenFin's effective interest in SAIL will be 36.5%.

##### **FrontRange Limited (FrontRange)**

VenFin invested a further R54 million in FrontRange. At 31 December 2004, VenFin's effective interest in FrontRange was 17.9%.

##### **Dimension Data Holdings plc (Didata)**

RFS Finance Limited, a wholly-owned offshore subsidiary of VenFin, acquired 69.8 million Didata shares for a consideration of £24.3 million. At 31 December 2004, these shares represented a 5.2% interest in Didata.

##### **Milestone China Opportunities Fund I L.P. (Milestone China)**

VenFin invested a further \$2 million in Milestone China. The total investment to date is \$2.5 million, with a further \$2.5 million committed.

### **Cueincident (Pty) Limited (Cueincident)**

VenFin invested R12 million in Cueincident. Cueincident designs, installs, maintains and operates electronic facilities management systems, utilising surveillance technology. Customers include local government, state-owned enterprises and large corporates. At 31 December 2004, VenFin's interest in Cueincident was 12.4%.

### **Inala Technology Investments (Pty) Limited (Inala)**

VenFin disposed of its 33.5% interest in Inala for a consideration of R5 million. A capital surplus of R1 million was realised.

### **Psitek (Pty) Limited (Psitek)**

VenFin sold 3.8% of its interest in Psitek to the Psitek share trust for R11 million. A capital surplus of R3 million was realised. At 31 December 2004, VenFin's interest in Psitek was 28.2%.

*Since 31 December 2004*

### **Didata**

VenFin acquired a further 24.2 million shares in Didata for £9.4 million. VenFin's investment of 94.0 million shares represents 7.0% of Didata's issued shares.

Assuming the conversion of the Didata Bond into equity, VenFin's interest in the enlarged issued share capital of Didata would be 18.4%.

### **GEMS Oriental and General Fund II (GEMS)**

During February 2005, VenFin invested a further \$1.9 million in GEMS. The total investment to date amounts to \$9.5 million.

## **DIVIDENDS**

In terms of VenFin's dividend policy, which inter alia states that a dividend will be paid on an annual basis, no dividend is declared for the six months ended 31 December 2004.

Signed on behalf of the Board of Directors.

**Johann Rupert**  
*Chairman*

**Josua Malherbe**  
*Chief Executive Officer*

Stellenbosch  
7 March 2005

# DIRECTORS AND ADMINISTRATION

## Change to functions of directors

Mr J Malherbe, the Chief Executive Officer of VenFin, is no longer acting as the Deputy Chairman. With effect from 2 February 2005, Mr J E Newbury, an independent non-executive director, fulfils this role.

### Non-executive directors

Johann Rupert (*Chairman*)  
John Newbury (*Deputy Chairman*)  
Piet Beyers  
Mike Bosman  
Liesbeth Botha  
Jan Dreyer  
GT Ferreira  
Anthony Fletcher  
Elias Links

### Executive directors

Josua Malherbe (*Chief Executive Officer*)  
Jan Durand

**Secretary**  
Mariza Lubbe

**Listing**  
JSE Securities Exchange South Africa  
*Sector:* Financial–Investment Companies

**American depositary receipt (ADR) program**  
Cusip number 922672100 ADR to ordinary share 1 : 1

**Depository**  
The Bank of New York, 101 Barclay Street, New York, NY 10286

**Business address**  
25 Quantum Street, Techno Park, Stellenbosch 7600  
P O Box 456, Stellenbosch 7599

**Registered office**  
Carpe Diem Office Park  
Techno Park, Stellenbosch 7600

**Transfer Secretaries**  
Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street,  
Johannesburg 2001 (P O Box 61051, Marshalltown 2107)

**Auditors**  
PricewaterhouseCoopers Inc.  
Stellenbosch

**Sponsor**  
Rand Merchant Bank (A division of FirstRand Bank Limited)  
Corporate Finance

[www.venfin.com](http://www.venfin.com)

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\*\*\* RX REPORT \*\*\*  
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