RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2013

PSG GROUP LIMITED

SUM-OF-THE-PARTS VALUE increased by **30%** to **R72,67** per share as at 28 February 2013

RECURRING HEADLINE EARNINGS increased by **27,1%** to **392,3** cents per share

ATTRIBUTABLE EARNINGS of **R1,1bn**

DIVIDEND FOR THE YEAR increased by **35,4%** to **111** cents per share

COMMENTARY

PSG Group Ltd (PSG) is proud to be a New South Africa company, having been established in November 1995. Today PSG is an investment holding company consisting of underlying investments that operate across industries which include financial services, banking, private equity, agriculture and education. PSG's market capitalisation is approximately R11,7bn, with our largest investment being a 28,5% interest in Capitec.

PERFORMANCE

We believe that performance should not be measured in terms of the size of a company, but rather on the return that an investor receives over time. As we are all PSG shareholders, we prefer to focus on *per share* wealth creation. Our objective remains to continuously create wealth for all stakeholders.

When evaluating PSG's performance over the *long term*, one should focus on the *total return index (TRI)* as measurement tool. The TRI is the *compound annual growth rate (CAGR)* of an investment, and is calculated by taking cognisance of share price appreciation, dividend and other distributions. This is a sound measure of wealth creation and a means of benchmarking different companies. PSG's TRI is 51,4%, which is the highest of any JSE-listed company over the 17-year period since PSG's establishment. PSG was ranked 2nd over 10 years and 17th over five years in *The Sunday Times Top 100 Companies 2012* analysis based on TRI. Capitec achieved the number one spot over both measurement periods – an achievement which we believe is unlikely to be easily repeated.

When evaluating PSG's performance over the *short to medium term*, we focus on the growth in PSG's *sum-of-the-parts (SOTP) value* per share and *recurring headline earnings* per share. History confirms that PSG's share price tracks its *SOTP value* per share. Positive growth in PSG's *SOTP value* per share thus inevitably leads to share price appreciation. However, an increase in PSG's *SOTP value* per share over time will ultimately depend on sustained growth in the profitability of our underlying investments. PSG consequently introduced the *recurring headline earnings* per share concept to provide management and investors with a more realistic and transparent way of evaluating PSG's performance from an earnings perspective.

RESULTS

PSG had a successful financial year to 28 February 2013, with strong growth in both its *SOTP value* per share and *recurring headline earnings* per share.

SOTP

The calculation of the *SOTP value* is simple and requires limited subjectivity as approximately 81% of the value is calculated using listed share prices, while the unlisted investments are valued using market-related multiples. At 28 February 2013, the *SOTP value* per PSG share was R72,67 (29 Feb 2012: R55,92), which equated to a 40% CAGR over the last three years. At 11 April 2013, the *SOTP value* was R78,60 per share.

Asset/Liability	28 Feb 2010 Rm	28 Feb 2011 Rm	29 Feb 2012 Rm	**28 Feb 2013 Rm**	% of total
Capitec*	2 367	5 138	5 978	**6 128**	38,7
Curro Holdings*			1 118	**2 607**	16,4
PSG Konsult**	948	1 206	1 483	**2 237**	14,1
Zeder*	742	1 069	1 067	**1 412**	8,9
PSG Private Equity†	834	1 242	728	**681**	4,3
Thembeka Capital†			570	**899**	5,7
PSG Corporate *(incl. PSG Capital)*††	361	350	338	**383**	2,4
Other investments *(incl. cash)*††	400	548	684	**1 505**	9,5
Total assets	5 652	9 553	11 966	**15 852**	100,0
Perpetual pref funding*	(541)	(1 028)	(1 188)	**(1 163)**	
Other debt††	(539)	(507)	(463)	**(845)**	
Total SOTP value	4 572	8 018	10 315	**13 844**	
Shares in issue *(net of treasury shares)* (m)	171,8	171,3	184,5	**190,5**	
SOTP value per share (rand)	26,61	46,81	55,92	**72,67**	
Net asset value per share (rand)	17,66	21,56	26,50	**32,62**	

** Listed on the JSE Ltd   ** Over-the-counter   † SOTP value   †† Valuation*

RECURRING HEADLINE EARNINGS

Recurring headline earnings	Year ended 28 Feb 2011 Rm	Change %	Year ended 29 Feb 2012 Rm	Change %	**Year ended 28 Feb 2013 Rm**
Capitec	223,0	*63*	362,4	*38*	**499,9**
Curro Holdings	1,9	*n/a*	(5,2)	*n/a*	**8,1**
PSG Konsult	93,9	*15*	107,9	*10*	**118,8**
Zeder	109,4	*5*	115,4	*(8)*	**106,6**
PSG Private Equity	36,5	*(12)*	32,0	*134*	**75,0**
Thembeka Capital	8,5	*120*	18,7	*50*	**28,0**
PSG Corporate *(incl. PSG Capital)*	21,0	*(3)*	20,4	*(22)*	**15,9**
Other	19,0	*2*	19,3	*60*	**30,8**
Recurring headline earnings before funding	513,2	*31*	670,9	*32*	**883,1**
Funding	(109,1)	*23*	(134,4)	*25*	**(168,2)**
Recurring headline earnings	404,1	*33*	536,5	*33*	**714,9**
Non-recurring items	108,3	*(72)*	30,6	*423*	**160,1**
Headline earnings	512,4	*11*	567,1	*54*	**875,0**
Non-headline items	196,0	*(31)*	135,9	*95*	**264,8**
Attributable earnings	708,4	*(1)*	703,0	*62*	**1 139,8**
Weighted average number of shares in issue *(net of treasury shares)* (m)	167,1		173,9		**182,2**
Earnings per share (cents)					
– Recurring headline	241,9	*28*	308,6	*27*	**392,3**
– Headline	306,7	*6*	326,2	*47*	**480,2**
– Attributable	424,1	*(5)*	404,4	*55*	**625,5**
Dividend per share (cents)	67,0	*22*	82,0	*35*	**111,0**

Recurring headline earnings for the year ended 28 February 2013 increased by 27,1% to 392,3 cents per share. The growth was (again) predominantly as a result of Capitec's remarkable performance, while the majority of the remaining investments also reported improved earnings.

Headline earnings increased by 47,2% to 480,2 cents per share. The increase in *non-recurring headline earnings* was mainly as a result of substantial marked-to-market profits achieved in Thembeka's portfolio of listed shares in the current financial year.

Attributable earnings increased by 54,7% to 625,5 cents per share mainly as a result of the *non-headline* profits achieved on the disposal of PSG's Capitec rights offer shares and Zeder's disposal of a 15,1% interest in Capevin Holdings.

Operating profit before finance costs and taxation increased by 60,3% to R2bn, mainly as a result of the aforementioned improved performance from our underlying investments, and the *non-headline* profit on disposals.

Although we focus less on headline and attributable earnings due to the volatility of the aforementioned, it is important to note that over a five-year period we reported a cumulative total *recurring headline earnings* of R2,3bn, *headline earnings* of R2,5bn and *attributable earnings* of R3bn. The fact that both headline and attributable earnings are substantially more than recurring headline earnings indicates that PSG has added value having continuously made significant *non-recurring* profits.

CAPITEC

PSG remains proud of its investment in Capitec. Operationally the company continued to perform exceptionally with a 35% increase in headline earnings per share for the year ended 28 February 2013. Capitec has a CAGR of 42% in headline earnings per share over the past 10 years. There has been a lot of negative publicity regarding the unsecured credit market in recent years, and we are well aware that the industry may face challenges going forward. We, however, are confident that Capitec is well positioned to react to any challenge which the market may pose. It is fairly easy to compare most of the players in this market, and it gives us comfort that, as far as we know, 1) Capitec has the most conservative provisioning policy; 2) its sources of funding are the most secure and diverse; 3) Capitec is well capitalised with a capital adequacy ratio of 41%; 4) its banking model continues to attract a vast number of new and sticky, less risky clients; and 5) Capitec is becoming less dependent on interest income as it continues to experience a sharp increase in transaction fee income. But, most important to PSG, 6) Capitec arguably has the best and most focused management team in the industry today.

During November 2012, Capitec concluded a rights offer in terms of which R2,2bn cash was raised. As the largest shareholder in Capitec, PSG supported the rights offer to ensure a successful capital raising. As such, PSG furnished Capitec with an irrevocable undertaking to the value of R724m to take up its share of the rights offer. PSG obtained funding to enable it to do so and has since sold the majority of its Capitec rights offer shares to repay the debt raised in respect thereof. As a result, PSG's shareholding in Capitec has reduced from 32,2% to 28,5%. PSG made a *non-headline* profit of R393m on the sale of these shares.

Capitec continues to be the group's star performer, contributing 56,6% to *recurring headline earnings* before funding, and representing 38,7% of the assets of the group. As an investment company it is the very fact that we can hold on to our winners that differentiates us from the normal fund management industry. We remain positive about Capitec, its business and its management and believe that this investment will continue to be a significant contributor to the future success of PSG for years to come.

Capitec's comprehensive results for the year ended 28 February 2013 are available at *www.capitecbank.co.za*.

OTHER INVESTMENTS

Further detail regarding the latest year-end results of the underlying investments is available on the following websites:

- Curro Holdings: ***www.curro.co.za***
- PSG Konsult: ***www.psg.co.za***
- Zeder: ***www.zeder.co.za***
- Thembeka Capital: ***www.thembekacapital.co.za***

THE HEART OF PSG

The PSG, Zeder and PSG Private Equity ("Private Equity") Executive Committees ("Exco") meet every two weeks, or whenever required, to discuss the performance of and to provide strategic input to the underlying businesses, to receive an update of deals in progress and to monitor and manage the capital requirements, gearing and liquidity of the group. However, twice a year we break away from the detail to collectively revisit and, if necessary, determine a revised strategy for the group or any of the investee companies where we could add strategic value. In the past we have communicated very specific strategies, which included *Project Unlock Value* and *Project Growth*.

Our latest strategy, as approved by the PSG Board in February 2013, is ***Project Internal Focus***.

PROJECT INTERNAL FOCUS

PSG has historically been an active deal-making company and today has a sizeable portfolio of 36 investments with a combined market capitalisation of approximately R80bn, employing in excess of 40 000 people. Some established businesses, such as Capitec, require limited attention from PSG management. However, companies in the development phase, such as Curro, Impak, Energy Partners and Chayton, have the potential to deliver substantial future earnings, but require more active input from PSG's side. Then there are those businesses of which the strategy is under review and where PSG is playing a role. We believe that PSG's investment portfolio has vast potential and, with active involvement from PSG's side, maximum value will be extracted.

Project Internal Focus is therefore all about developing strategy within the portfolio and ensuring the successful implementation thereof. PSG will assist these companies to grow both organically and by means of suitable acquisition and/or merger opportunities. Ideally PSG wants fewer, but larger investments. Our focus will therefore primarily be directed at the optimisation, refinement and growth of PSG's existing portfolio instead of new acquisitions in the year ahead. However, this does not mean (true to our entrepreneurial spirit) that we will ignore an attractive investment opportunity.

Project Internal Focus in action

Although we have only recently formalised this strategy, we have embarked on it some time ago already.

Increased stakes, increased control

Zeder has historically only taken non-controlling strategic stakes in entities. However, during the past financial year, Zeder acquired controlling interests in both Agricol and Chayton. In addition, Zeder is currently in the process of acquiring additional shares in Kaap Agri in order to obtain a more meaningful interest in that company.

Zeder appointed Antonie Jacobs as Agricol's executive chairman. His primary responsibility is to grow the business. The operational control of Chayton now resides with Zeder, with Willem Meyer as acting CEO. Similarly, the Private Equity team acquired control of Impak and brought in a brand new management team to expand the business.

Restructurings/divestments

When an investment does not perform to expectation or does not fit into our defined strategy, it necessitates a review which may lead to a restructuring or disinvestment. We have no time constraints to exit and will mostly do so in conjunction with other shareholders.

During the past financial year, we restructured M&S (Top Fix) by selling its loss-making scaffolding division through a share buyback. Its share price has since increased by more than 170% to 89 cents per share. We were unable to obtain more substantial influence in Petmin and consequently decided to sell our investment for R158m (IRR of 16%). Zeder was instrumental in driving the Capevin Holdings/Investments merger and in the process created significant value for Capevin Holdings shareholders. Zeder subsequently sold the majority of this investment for a R441m *non-headline* profit as it became non-core. The IRR of the KWV/Capevin investment over a seven-year period was 19%.

Changes to management

We have appointed or have been part of the process to appoint successor CEOs at some of our larger investments during the year under review. Norman Celliers (Zeder), Francois Gouws (PSG Konsult) and Phil Roux (Pioneer Foods) are all new additions to our group. We welcome them and wish them the best of luck with the tasks at hand.

We would like to thank Willem Theron (PSG Konsult) and André Hanekom (Pioneer Foods) for the way in which they have built their respective businesses, and for giving the new incumbents a solid platform to grow from.

Curro Holdings

Curro epitomises *Project Internal Focus*. Since PSG initially acquired its controlling stake in June 2009, we have spent significant time with management to help Curro reach its full potential. Bernardt van der Linde, who worked for PSG at the time, has since been employed fulltime as Curro's CFO. In addition, Piet Mouton joined the Curro Exco since the beginning of this year.

Curro is undoubtedly the most successful venture that Private Equity has invested in over the last couple of years. Curro's relentless focus on both organic and acquisitive growth is starting to pay off. Since PSG's involvement, the number of schools has increased from three to 26 and learners from 2 059 to 20 840, and the business has listed on the JSE Ltd. It has a continued pipeline of new opportunities, and the recent acquisition of Northern Academy gives Curro access to a low-fee school model which could have a significant impact on the business in years to come. A plan has been formulated to have 80 schools by 2020!

Our strategy to actively work alongside management proved to be successful in Curro's case. We believe that by applying the same strategy of being more internally focused at other investments in PSG's portfolio, we are likely to achieve further success.

A BEE SUCCESS STORY

Being a New South Africa company, PSG has embraced the principle of creating wealth for the previously disadvantaged. The 51% black-owned and controlled Thembeka Capital is a prime example of same. Under the leadership of KK Combi, its intrinsic value has increased from R1 000 in 2006 to R1,9bn today, creating wealth of more than R900m for its black shareholders.

SHAREHOLDING

The board of directors owns approximately 37% in PSG. Steinhoff is our largest corporate shareholder with a 20% interest. In addition, we are proud to have a loyal shareholder base of individuals who remain invested in PSG having received exceptional returns.

PROSPECTS

PSG operates in a number of diverse industries, the performance of which is not always correlated. Although it is difficult to predict the future, we remain optimistic and believe our strategy will continue to deliver superior returns for shareholders.

DIVIDENDS

Ordinary shares

PSG's policy remains to pay up to 100% of free cash flow as an ordinary dividend, of which one third is payable as an interim and the balance as a final dividend at year-end. The directors have resolved to declare a final gross dividend of 78 cents (2012: 56 cents) per share, which brings the total dividend for the financial year ended 28 February 2013 to 111 cents (2012: 82 cents), an increase of 35,4%.

The company will be utilising secondary tax on companies credits amounting to 78 cents per ordinary share and, as a result, there will be no dividend withholding tax deducted from this dividend for any PSG shareholder. The number of ordinary shares in issue at the declaration date is 208 081 893, and the income tax number of the company is 9950080714.

The salient dates of this dividend distribution are:

Last day to trade cum dividend	Friday, 3 May 2013
Trading ex dividend commences	Monday, 6 May 2013
Record date	Friday, 10 May 2013
Date of payment	Monday, 13 May 2013

Share certificates may not be dematerialised or rematerialised between Monday, 6 May 2013, and Friday, 10 May 2013, both days inclusive.

Preference shares

The directors of PSG Financial Services Ltd have declared a dividend of 351,24 cents per share in respect of the cumulative, non-redeemable, non-participating preference shares for the six months ended 28 February 2013, which was paid on 25 March 2013. The detailed announcement in respect hereof was disseminated on Securities Exchange News Services (SENS).

REVIEWED FINANCIAL RESULTS

This announcement contains only a summary of the information of the full announcement made on SENS on Monday, 15 April 2013, and is the responsibility of the directors. Please refer to the full announcement for additional information. The full announcement is available for viewing on PSG's website at *www.psggroup.co.za* or may be requested and obtained in person, at no charge, at the registered office of the company during office hours. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement made on SENS.

On behalf of the board

Jannie Mouton
Chairman

Wynand Greeff
Financial Director

15 April 2013
Stellenbosch

These results are available on our website at **www.psggroup.co.za**

PSG GROUP LIMITED
Registration number 1970/008484/06 JSE share code: PSG ISIN code: ZAE000013017

PSG FINANCIAL SERVICES LIMITED
Registration number 1919/000478/06 JSE share code: PGFP ISIN code: ZAE000096079

DIRECTORS: JF Mouton (Chairman)+, PE Burton^, ZL Combi^, J de V du Toit^, MM du Toit^, FJ Gouws+, WL Greeff*, JA Holtzhausen*, MJ Jooste+ (Alt: AB la Grange), JJ Mouton+, PJ Mouton*, CA Otto^, W Theron+ **Executive +Non-executive ^Independent non-executive*

SECRETARY AND REGISTERED OFFICE: PSG Corporate Services (Pty) Ltd, 1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600; PO Box 7403, Stellenbosch, 7599

TRANSFER SECRETARY: Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001; PO Box 61051, Marshalltown, 2107

SPONSOR: PSG Capital

AUDITOR: PricewaterhouseCoopers Inc.

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