PSG GROUP LIMITED

ANNUAL REPORT
2011

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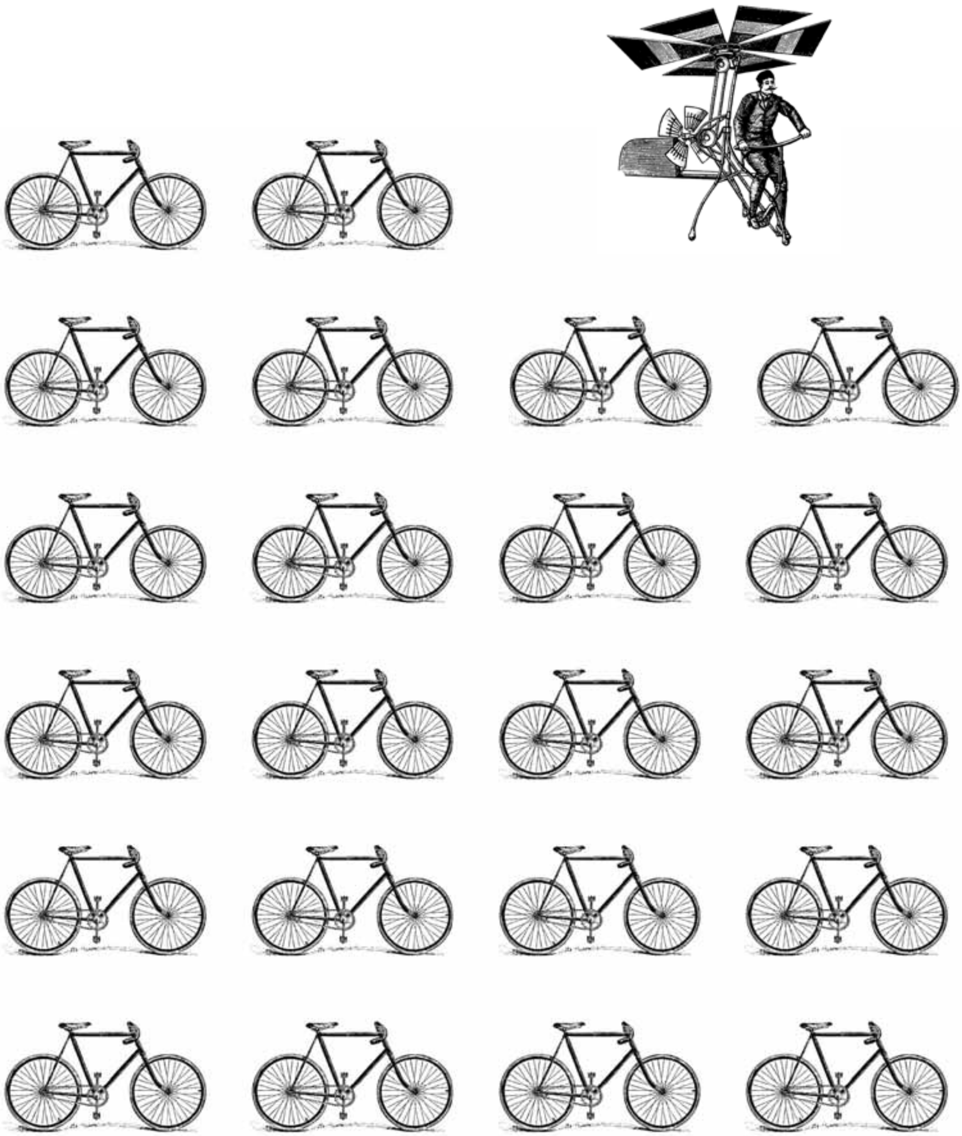
Contents



Chairman's letter

After 15 years

PSG is an investment company established in 1995. The group consists of 35 underlying companies with a combined market capitalisation of R71bn, that operate across industries that include financial services, banking, agriculture, education, construction, manufacturing, mining and now also energy saving. PSG's market capitalisation is currently in excess of R7bn compared to R4,2bn as at 28 February last year.

Management has defined *five main business units* within the group on which we report:

- Capitec Bank (banking)
- PSG Konsult, including PSG Asset Management with effect from 1 March 2011 (wealth planning, asset management and stock broking). For the 2011 financial year, however, these two businesses were still reported on as separate units
- PSG Corporate, including PSG Capital (treasury services and corporate finance)
- Zeder Investments (investments in agricultural, food and beverage sectors)
- Paladin Capital (investments in sectors other than agriculture, food and beverages)

A summary of significant events in PSG's 15-year history can be viewed on pages 8 to 9 of this report.

Our main objective

To create wealth for our shareholders through a combination of share price appreciation and the payment of dividends.

How have we performed?

We use the following two measures to evaluate our performance:

- Total Return Index
- Recurring headline earnings per share

Total Return Index (TRI)

It is our opinion 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. Executives are generally incentivised to build a large company which can justify a big salary bill – if this was the case with PSG, management would probably be earning multiples of their current salaries. As we are all PSG shareholders, we rather focus on shareholder wealth creation.

The TRI is the compounded annual growth rate of an investment, and is calculated by taking cognizance of both share price appreciation and dividends and other distributions paid. This is a sound measure of wealth creation and a means of benchmarking different companies.

Had you bought R100 000's worth of PSG shares in November 1995 and:

- reinvested all the dividends that you received into PSG; and
- held onto the Capitec shares that you received in terms of its unbundling in 2003 and reinvested the dividends received from those shares into Capitec;

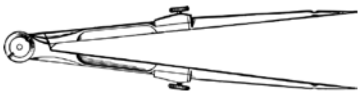
then your R100 000 would be worth approximately R99m today. This translates into a TRI of 56%, which is the highest of any listed company on the JSE Ltd over the 15-year period since PSG's establishment. We are proud of this achievement.

Had you, however, invested R100 000 into the ALSI in November 1995 and assumed that dividends were reinvested, your investment would be worth R914 000 today – a TRI of 15%.

	ALSI		PSG	
Date	Investment* R'000	CAGR %	Investment R'000	CAGR %
15 November 1995	**100**		**100**	
29 February 1996	113		643	
28 February 1997	124	18%	1 371	661%
28 February 1998	124	10%	4 371	420%
28 February 1999	113	4%	3 343	191%
29 February 2000	161	12%	2 992	121%
28 February 2001	190	13%	2 161	79%
28 February 2002	238	15%	1 602	55%
28 February 2003	190	9%	1 871	49%
29 February 2004	254	12%	3 785	55%
28 February 2005	322	13%	9 655	63%
28 February 2006	468	16%	28 808	73%
28 February 2007	646	18%	36 401	69%
29 February 2008	788	18%	30 708	59%
28 February 2009	495	13%	24 931	51%
28 February 2010	733	15%	48 271	54%
28 February 2011	904	15%	95 623	57%
28 April 2011	**914**	**15%**	**98 742**	**56%**

* *Source for ALSI's average dividend yield: I-Net Bridge*

- *Since PSG's establishment in November 1995, it has paid R11,57 per share in dividends.*
- *Capitec was unbundled to shareholders on 1 December 2003 when Capitec was trading at R4,15 per share. The ratio was 1 Capitec share for every 3 PSG shares held.*
- *PSG's share price increased from 36 cents at formation to R43 at 28 April 2011.*



Recurring headline earnings

International Financial Reporting Standards (IFRS) have made our financial statements too complex and difficult to use as a measure of our performance. We consequently introduced the *recurring headline earnings* concept as the predominant measure of the group's financial performance from an earnings perspective.

Recurring headline earnings is calculated on a *see-through basis* throughout the group and is the sum of PSG's effective interest in that of each investment, regardless of our percentage shareholding. The result is that investments in which PSG or an underlying company holds less than 20% and are generally not equity accountable in terms of accounting standards, are included in the calculation of our *consolidated recurring headline earnings*. Marked-to-market fluctuations are excluded. This provides management and investors with a more realistic and simple way of evaluating PSG's earnings performance.

Recurring headline earnings per share increased from 129,5 cents in 2008 to 241,9 cents in 2011 – a compounded annual growth rate (CAGR) of 23%.

Cents per share	2008	2009	2010	2011
Recurring headline earnings	129,5	174,3	207,4	**241,9**
Change year-on-year		*35%*	*19%*	***17%***
Non-recurring items	165,6	(109,0)	41,8	**64,8**
Reportable headline earnings	295,1	65,3	249,2	**306,7**
Change year-on-year		*(78%)*	*282%*	***23%***

How to value PSG

Asset/liability	29 Feb 2008 Rm	28 Feb 2009 Rm	28 Feb 2010 Rm	28 Feb 2011 Rm
Capitec*	1 114	857	2 367	**5 138**
PSG Konsult (incl. PSG Asset Management)**	1 156	873	948	**1 206**
Zeder Investments*	553	342	742	**1 069**
Paladin Capital*	758	413	834	**1 242**
Management fees/agreements†	216	216	361	**350**
Other investments (Thembeka prefs, cash, etc.)†	1 364	745	400	**548**
Total assets	**5 161**	**3 446**	**5 652**	**9 553**
Perpetual pref funding*	(571)	(486)	(541)	**(1 028)**
Other debt†	(143)	(350)	(539)	**(507)**
Total SOTP value	**4 447**	**2 610**	**4 572**	**8 018**
SOTP value per share (R)	**25,99**	**15,31**	**26,60**	**46,81**

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

As PSG is an investment holding company, we believe that a sum-of-the-parts (SOTP) valuation is the most appropriate method to value our business. Listed assets and liabilities are valued using quoted market prices, whereas unlisted assets and liabilities are valued using appropriate valuation methods.

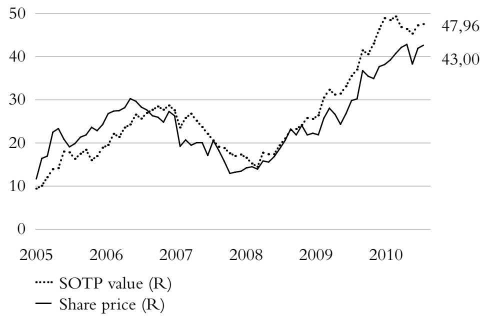
PSG's *SOTP* increased from R9,43 per share in November 2005 to R46,81 as at 28 February 2011 – a CAGR of 34%. At 28 April 2011, the *SOTP value* was R47,96 per share.

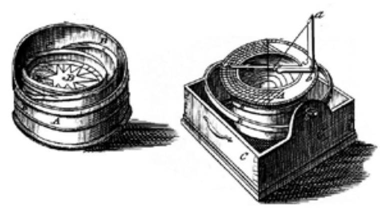
Management also uses the SOTP calculation to evaluate new investment opportunities. A new investment should ultimately have a positive effect on our SOTP value.

PSG has been successful over the years from a value creation perspective when it repurchased PSG shares at the appropriate time. As a rule of thumb, we will only consider buying back PSG shares when same is trading at a substantial discount to the SOTP value and there is no other identified investment opportunity more attractive than PSG itself. It makes logical sense as a buy-back should be seen as an investment in PSG. Similarly, we continue to invest in our existing portfolio when we believe a company is undervalued.

Over the past two financial years we invested R914m into PSG, Paladin, Zeder and Capitec, and at 28 February 2011 had created R585m in additional value for PSG shareholders.

PSG share price vs SOTP value (28 April 2011)

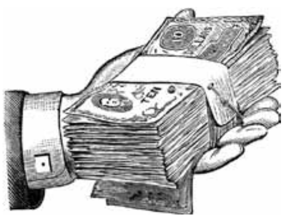




	Number of shares acquired m	Average price per share R	Total cost Rm	Market price as at 28 Feb 2011 R	MTM profit 24 months to 28 Feb 2011 Rm
Paladin	54	1,36	**73**	2,63	**68**
Zeder	173	1,41	**244**	2,62	**211**
Capitec	4	115,97	**436**	159,01	**162**
PSG Group share buy-back	7	22,80	**161**	43,20	**144**
Total			**914**		**585**

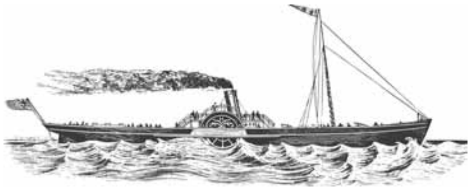
Our investment strategy and philosophy

- We invest in companies with uncomplicated business models operating in industries with attractive growth prospects, and led by talented, hard-working and passionate people.
- We believe in co-investing with management – management as owners are generally focused and dedicated to continuously growing their businesses.
- A culture of good corporate governance is instilled at board level, and is applicable to the entire organisation. It remains a cornerstone of the way we do business. In our opinion, however, good corporate governance is not necessarily represented by set rules, policies or codes, committees, compliance officers or meetings. It is rather relevant, transparent, timely, accurate, succinct information provided to those charged with oversight who by nature are trustworthy and ambitious to act in the best interest of the company, and by extension all stakeholders.
- We are long-term strategic investors with no pre-defined exit strategy.
- We add value by challenging management to innovate and grow their business, both organically and by means of acquisitions. We provide funding when needed.
- A company can only grow when its customer base increases. A focus on client satisfaction thus remains vitally important for our continued success.
- Funding remains critically important and integral to what we do. We talk about it in more detail below.



Funding

- The challenge is to fund long-term investments with long-term capital. People generally under-estimate how expensive it is using ordinary shares as a funding instrument.
- PSG was the first non-bank to issue *listed perpetual preference shares* in 2004. It is essentially a cheaper form of permanent capital and, as it is non-redeemable, eliminates one's risk of having to refinance debt in tough times. Today PSG has R1,19bn of perpetual preference shares in issue, having raised a further R502m to fund, inter alia, the Capitec rights issue during the year under review. With interest rates at a 30-year low, we were prudent in fixing the cost of the majority of this funding mechanism by means of an interest rate hedge. R440m has been fixed at 8,87% per annum until 31 August 2016 and R650m at 8,6% per annum until 31 August 2020.
- As at 28 February 2011, PSG's net gearing inclusive of the exposure under the perpetual preference shares (as a percentage of PSG's balance sheet NAV) amounted to an acceptable 35%. Excluding the never-to-be-redeemed perpetual preference shares, this figure reduces to 7%.



Our people

Our people are our single most important asset. We believe in employing smart individuals who are empowered through trust. They are encouraged to be entrepreneurial, creative, think out of the box and come up with ideas. They must take responsibility. We have faith in the integrity of our people and we all work together to make PSG a better company.

PSG Executive Committee ("Exco")

The PSG Exco comprises myself as chairman, Piet Mouton (CEO), Wynand Greeff (FD), Johan Holtzhausen (CEO: PSG Capital), Chris Otto and Dries Mellet (secretary). The committee meets at least twice per month and:

- Is responsible for determining and implementing the PSG Group strategy, as approved by the PSG Group board of directors
- Acts as the PSG investment committee
- Is the appointed manager to both Paladin Capital and Zeder Investments
- Acts as the PSG group treasurer, monitoring and managing the capital requirements, gearing and liquidity of the group, and allocates and invests the group's resources
- Monitors the group's performance and provides strategic input and direction to the underlying companies
- Is the custodian of good corporate governance throughout the group
- Assumes overall responsibility for growth and performance of PSG

Board of directors

The PSG Group board of directors comprises three executives and eleven non-executive directors. I continue to chair the board, although now as a non-executive. Although only certain of the non-executive directors are independent as defined by some rules, all of the non-executive directors are independent of thought and action.

Contrary to what King III prescribes, we believe that all our directors should own shares in the company. In most cases a large portion of their personal wealth is invested in PSG. Inevitably one looks better after your own car than a rental. A director as shareholder will thus share proportionally with you in the consequences of any good or bad decisions. Today, the directors own 58% in the issued share capital of PSG, net of treasury shares.

Let us look at our major operating companies:

Capitec Bank

Capitec, which now represents more than 50% of PSG's total assets, continues to grow and provide us with stellar returns. It remains an exceptional company run by an exceptional group of people – the same team that started the business eleven years ago. Its motto – Simplicity is the ultimate sophistication – is fast becoming a familiar expression among South Africans. Where Capitec was previously disregarded by the big banks in South Africa, it is now acknowledged as a serious contender.

During the past year, Capitec raised R1,05bn by means of a rights issue bolstering its capital base for future growth – for us it was a no-brainer to write out a cheque for R367m to follow our rights! Today Capitec's TRI stands at 71%, the highest of any listed company in South Africa over the last nine years since listing. Say no more.

PSG Konsult

PSG Konsult is the largest financial intermediary in South Africa offering a one-stop solution for holistic financial planning to more than 150 000 clients. Its 642 (2010: 548) financial planners, stockbrokers and short-term insurance brokers operate out of 216 (2010: 209) offices countrywide. Its subsidiary, PSG Online, has the premier private client online stock-broking business in South Africa and now serves as PSG Konsult's e-Business platform.

During the past couple of years, PSG Konsult acquired a number of businesses. Despite the additional capacity that has been created, its performance has been less than satisfactory – recurring headline earnings for the past financial year is lower than that of three years ago. We are, however confident that management's efforts to increase PSG Konsult's profitability will come to fruition and we will assist them when and where possible.

Effective 1 March 2011, **PSG Asset Management**, which previously consisted of PSG Fund Management, PSG Alphen, PSG Tanzanite, PSG Absolute Investments and PSG FutureWealth, merged with PSG Konsult. Whilst creating structure and space for PSG Konsult to achieve further growth in the financial services sector, it also provides PSG Asset Management with the opportunity to create a simplified structure, to establish a single, comprehensive asset management brand and centralise research, making it more widely available in the market. We support Willem Theron and his team in this initiative and believe that the combined business could serve as the platform for a fully fledged financial services offering.

Well done to the *PSG Flexible Fund* team for winning two Raging Bull awards as the Best Domestic Asset Allocation Flexible Fund over the three and five-year period ended 31 December 2010 – hou so aan!

PSG Corporate

The PSG Group head office in Stellenbosch comprises a mere 28 employees, which include the PSG Exco, those individuals responsible for the day-to-day operations of Paladin Capital and Zeder Investments, eight PSG Capital corporate finance professionals, as well as six secretaries and office assistants. This office administrates no less than five JSE-listed companies and contributed R21m to PSG's recurring headline earnings for the year ended 28 February 2011. We must be the only head office in South Africa that operates as a profit centre!

PSG Capital is the corporate finance arm of PSG Group. It is a JSE-registered sponsor and designated advisor to 32 JSE-listed and numerous unlisted clients. PSG Capital plays an important advisory role to various companies within the group.

Paladin and Zeder

Paladin and Zeder are both listed investment companies. Zeder focuses on the agri, food and beverage related sectors, while Paladin invests in all other sectors.

Their investment philosophy remains to partner with and add value to the underlying investments, to provide them with capital where appropriate and to support management.

Paladin

It was a year of ups and downs for Paladin.

- Not long ago, in July 2009, we sold our dream to the private schools group Curro's management and shareholders. We are happy to report that this dream is fast becoming a reality, with Curro's proposed listing later in 2011 being another step in the right direction.
- Paladin realised an after-tax profit of R208m when it sold its 50% investment in CIC to Imperial

for R364m. Having invested R67m originally and received R24m in dividends, CIC was an extraordinary investment with a compounded return of 64,8% over the four-year period.
- The performance of cyclical companies such as Erbacon and Top Fix in the construction sector, and tanker manufacturer GRW has been disappointing. There are plans in place for each of these businesses to return to profitability.
- With the resignation of the Paladin CEO earlier this year, Piet Mouton has assumed operational responsibility together with the Paladin management team. The PSG Exco remains responsible for managing Paladin's assets and delivering on the Paladin strategy.

Zeder

- During the past year, our KWV and Pioneer investments occupied a lot of our thinking space. Management, with the assistance of PSG Capital, assisted Pioneer to finally resolve its Competition Commission issues – Pioneer can now focus on business again. After a concerted and failed effort to sell KWV to Pioneer (which we still believe would have been a perfect fit), Zeder disposed of its entire interest for R286m cash.
- We continue to evaluate a spectrum of opportunities and we hope that we can build on the satisfactory performance of Zeder's current portfolio of assets.

The proceeds on the sale of the CIC and KWV investments provide Paladin and Zeder respectively with the necessary means to pursue other attractive opportunities.

Our contribution to the wider economy

We appreciate the opportunities that the stable South African economic environment in which we operate, presents. We endorse democracy and acknowledge the responsibility of business in terms of meeting our country's national goals, including the creation of job opportunities, economic growth and wealth creation, with meaningful black participation in the economy.

We believe that Thembeka Capital, a BBBEE investment company in which we own 49% through Paladin Capital, epitomises the latter having created R580m in value for its more than 500 direct and thousands of indirect black shareholders over the last five years. We are proud of our association with this company and encourage other companies throughout the group to follow suit.

PSG Group is profitable and, together with its associated companies, employs 36 000 people. Capitec alone creates more than 180 new jobs every month! The combined salary bill of the group exceeds R6,4bn, with the tax paid by group companies exceeding R1,7bn. This serves to confirm our belief to make a contribution to the wider South African economy by creating jobs and paying taxes.

Corporate social investment

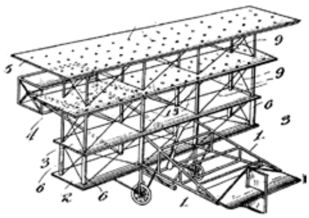
Education remains one of the most basic needs of society. It ranks just after food and shelter in terms of importance. We thoroughly believe that an educated community will sustainably improve the long-term well-being of society. PSG has therefore directed its corporate social investment efforts at supporting education on various levels.

- The *PSG Group Bursary Loan Scheme* at the University of Stellenbosch has since our donation of 100 000 PSG shares, supported a number of gifted but needy students. Their fields of study include medicine, actuarial science, accounting and science.
- PSG continues to financially support *Akkerdoppies*, a pre-primary school, which is part of the Sibusisiwe charity. Akkerdoppies is committed to early childhood development and provides essential education and skills to children from the needy communities of Stellenbosch. Since opening its doors in June 2009, it has grown from 40 to 118 children, and now employs 12 people. We are committed to a long-term relationship with this initiative and anticipate a significant positive contribution to the community.
- To date, Paladin has invested R103m in *Curro Private Schools* and provided funding of R153m. We foresee that the demand for alternatives to government schools will grow and Curro is suitably positioned to take advantage of this, offering affordable private education. It already has twelve campuses across the country, with the development of an additional two campuses currently under way. Given that Curro had four campuses a year ago, we are confident about its growth prospects.

  Although our intention is to profit from this investment, it remains a good cause. South Africa will ultimately benefit from the provision of quality education. However, arguably the biggest advantage will be to enable government to direct its focus on areas where the conditions of education are particularly poor and in so doing provide proper educational facilities to the disadvantaged.

PSG subscribes to social upliftment through *Black Economic Empowerment (BEE)* and, together with Zeder and Paladin, has provided Thembeka with more than R500m in ordinary and preference share funding for BEE investments. This funding enabled broad-based black groups to acquire shares in Thembeka at virtually no cost.

PSG is often approached to make donations or sponsor events. As a holding company, however, we see ourselves as investors and therefore rather encourage our underlying group companies to further contribute to society. PSG Group Ltd has consequently decided to only support our current bursary and pre-school projects in future, and to provide BEE funding to Thembeka. Our formal donation/sponsorship policy can be viewed at *www.psggroup.co.za*.



Our future

Our annual *PSG Growth Conference* was held in February 2011. It serves as a platform for CEOs of the underlying investments to showcase their companies and share their challenges and future growth plans. We remain excited about the potential within our group and we give you the assurance that there are plans in place to increase profitability and ultimately shareholder value.

Capitec

Capitec's compelling alternative value-for-money banking service offering has its roots in the lower market segment, but is rapidly gaining market share in the middle to higher income market. It continues to expand its footprint and opened an additional 54 branches during the past year. It adds 70 000 new satisfied clients every month and its active client base today totals 2,8 million clients.

With its introduction of longer-term loans and its intention to also target the middle to higher income market, we believe this company will continue to grow in the years to come. Capitec, "one of the great brands of tomorrow", remains an exceptional company and management is as focused as ever.

Zeder

Food will forever remain the most basic human need and Africa is seen as the future bread basket of the world. Zeder continues to accumulate agri assets at compelling valuations and we intend to become a leading agri role player.

Paladin

We believe the growth potential in the education sector to be enormous and we are excited about Curro's listing later this year.

BEE remains a prominent factor when doing business in South Africa and the requirements and monitoring thereof are likely to become stricter in the years to come. Being a qualifying BEE company, Thembeka will continue to benefit from BEE investment opportunities. It currently has an intrinsic value of approximately R1bn.

The private sector is capitalising on government's failure to address basic needs such as education, security, health care and other basic services. Paladin continues to evaluate opportunities in this space – Curro is a case in point. We have recently invested in *Energy Partners*, a company that offers energy saving solutions.

PSG Konsult, including PSG Asset Management

PSG Konsult continues to expand its footprint and product offering. The aforementioned merger of PSG Konsult and PSG Asset Management is expected to bring many synergies, and the combined entity is well positioned to compete as a premier financial services company in South Africa.

General

Our focus remains to create wealth for our shareholders by increasing both PSG's *recurring headline earnings* and *SOTP value* per share. We remain committed to uphold our reputation as a company that provides superior returns.

A word of thanks

I would like to thank my fellow directors, members of the PSG Exco and colleagues throughout the greater PSG Group. I enjoy working with you and appreciate your hard work.

Our success will not be possible without the loyal support of you, our shareholders. Thank you.

Jannie Mouton
Stellenbosch
13 May 2011

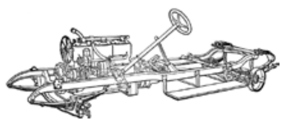
Our 15-year history – significant events

1995/1996
Takeover of personnel agency PAG Ltd (market cap of R7m, 36 cents per share)
Market capitalisation increases to R56m after capitalisation issue of 5 for 100 at R2 in February 1996

1996/1997
Professional Securities Ltd, PSG's stock broking business, start to trade and PSG Fund Management is founded
PSG secures control over Anchor Life Assurance Company for R44m

1997/1998
PAG Ltd changes its name to PSG Group Ltd
PSG sells PAG Placements for R107m in order to focus on financial services
PSG establishes a head office in Stellenbosch
R62m is raised through private placement at institutions at R10 per share
PSG buys remaining stake in PSG Risk Managers, resulting in PSG being sole shareholder
PSG sells its whole business to Servgro for R327m cash and 200m Servgro shares. Servgro's name is changed to PSG Financial Services (Pty) Ltd
BEE transaction with Siphumelele Investments through which Siphumelele obtains an 11,5% interest in PSG for R90m

1998/1999
R1,2bn is raised for PSG Noble Capital Ltd
PSG Noble listed on the JSE
Establishes PSG Investment Bank with share capital of R400m
Establishes PSG Specialised Lending, the predecessor to Capitec
Completes R492m rights issue by PSG Financial Services (R350m invested by PSG)
PSG Online is launched and PSG Konsult is established



1999/2000
Merger of PSG Noble and PSG Investment Bank after which PSG Investment Bank is listed on the JSE as the 7th biggest bank in South Africa
Founds Keynes Rational Group and raises R225m in the market
Buys out minorities in PSG Online and combines with PSG Securities

2000/2001
PSG Investment Bank purchases The Business Bank
Escher Group is listed on the JSE and R41m capital raised – R17bn assets under management

2001/2002
PSG Investment Bank buys Real Africa Durolink Bank for R316m (including R147m cash payment)
Keynes Rational sold to The Business Bank, a 100% subsidiary of PSG Investment Bank; R100m capital is raised, a banking licence obtained and the business changes its name to Capitec
Capitec lists on the JSE
Escher Group merges with m Cubed Capital to form m Cubed Holdings
At year-end PSG shares trade at a discount of 47% to net asset value

2002/2003
A2 banking crises means it is a very difficult year for the financial services industry
PSG trades at discount to net asset value and through Project Unlock Value, cash is distributed to shareholders. Mainly funded through the sale of PSG's interest in PSG Investment Bank for R620m, a normal dividend of 20 cents and special dividend of 200 cents per share are paid
PSG Capital is established as the new investment and corporate services division of PSG. PSG Capital takes over the unwanted assets from the sale of PSG Investment Bank
PSG Investment Services takes over Appleton, one of its largest competitors

2003/2004
PSG unbundles Capitec shareholding
Project Unlock Value deemed complete and Project Growth is the new goal

2004/2005

Dividend of 100 cents per share paid to shareholders

Arch Equity founded as BEE investment company and listed on the JSE AltX; PSG owns 20%

2005/2006

The *Sunday Times* ranks PSG first on list of JSE listed companies that created the most wealth for shareholders over a ten-year period. PSG is also most consistent being top 20 in the one, five and ten-year period

PSG issues R190m perpetual preference shares and raises R104m ordinary capital through a private placement

PSG's market capitalisation increases from R834m to R2,7bn in one year

PSG acquires 15% interest in the JSE Ltd and becomes the largest shareholder

PSG sells controlling interest in Channel Life to Sanlam

2006/2007

Zeder Investments Ltd established and R698m raised through private placement. Zeder is listed on the JSE in the same year

PSG Konsult raises R86m through a successful rights issue – capital used for purchase of Multinet

PSG/Arch Equity merger through which PSG obtains 20% interest in Capitec

A new investment company, Paladin Capital, is established

PSG sells its interest in the JSE for R679m (that was purchased for less than R50m)

PSG obtains R269m through successful rights issue and private placement. R300m is invested in Quince Capital, a new niche financing company together with Reunert

2007/2008

PSG share swop for Capitec shares and PSG manages to increase Capitec shareholding to 34,9%

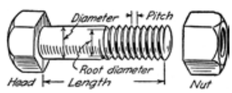
PSG joins Sanlam and Santam in establishing the new direct insurer, MiWay Insurance

PSG obtains 80% interest in Alternative Channel from Channel Life and changes name to PSG FutureWealth. PSG's total investment is R50m

Zeder offers its 5,8% interest in Pioneer Food Group Ltd in exchange for a further 16,8% interest in Kaap Agri to increase total shareholding to 33,6%

Zeder invests R325m in current portfolio and three new companies are added

PSG sells its interest in Quince Capital to Reunert for R345m



2008/2009

PSG sells its 34,6% interest and loan account in Channel Life to Sanlam for R199m

General decline in markets around the world results in PSG's headline earnings decreasing by 77,9% to 65,3 cents per share; recurring headline earnings, however, increases

Capitec is virtually unaffected by world economic crisis

Zeder's investments, Kaap Agri and Pioneer, do rights issues and raise R100m and R500m respectively

PSG declares special dividend of 200 cents per share

2009/2010

PSG makes a R1m contribution to upgrade and expand Akkerdoppies, a Stellenbosch pre-primary school that offers early childhood education to children in the community

PSG's BEE Employees Trust obtains 10,5% in Thembeka Capital, valued at R75m. To date employees have received dividends of more than R1,5m

PSG disposes of its 25% interest in MiWay

Paladin lists on the JSE and raises R150m through a rights issue – PSG invests R52m

Zeder raises R495m through successful rights issue – PSG invests R212m

2010/2011

PSG is 15 years old

PSG Financial Services raises R502m through listed perpetual preference shares

Effective 1 March 2010, PSG Fund Management acquires remaining 20% minority interest in PSG FutureWealth

Paladin increases its 50% interest in private schools group Curro through purchasing a further 26% for R52m

Capitec is rated number one in terms of Total Return Index over five years by the *Sunday Times* survey of country's top 100 companies

Zeder disposes its 35,3% interest in KWV Holdings Ltd for R286m cash. Combined with the market value of the retained interest in Capevin Holdings and dividends received over the investment period, it represents a compounded annual rate of return of 18,8%

Paladin sells its 50% investment in CIC to Imperial for R364m. Having invested R67m originally and received R24m in dividends, CIC was an extraordinary investment with a compounded return of 64,8% over the four-year period

Group structure

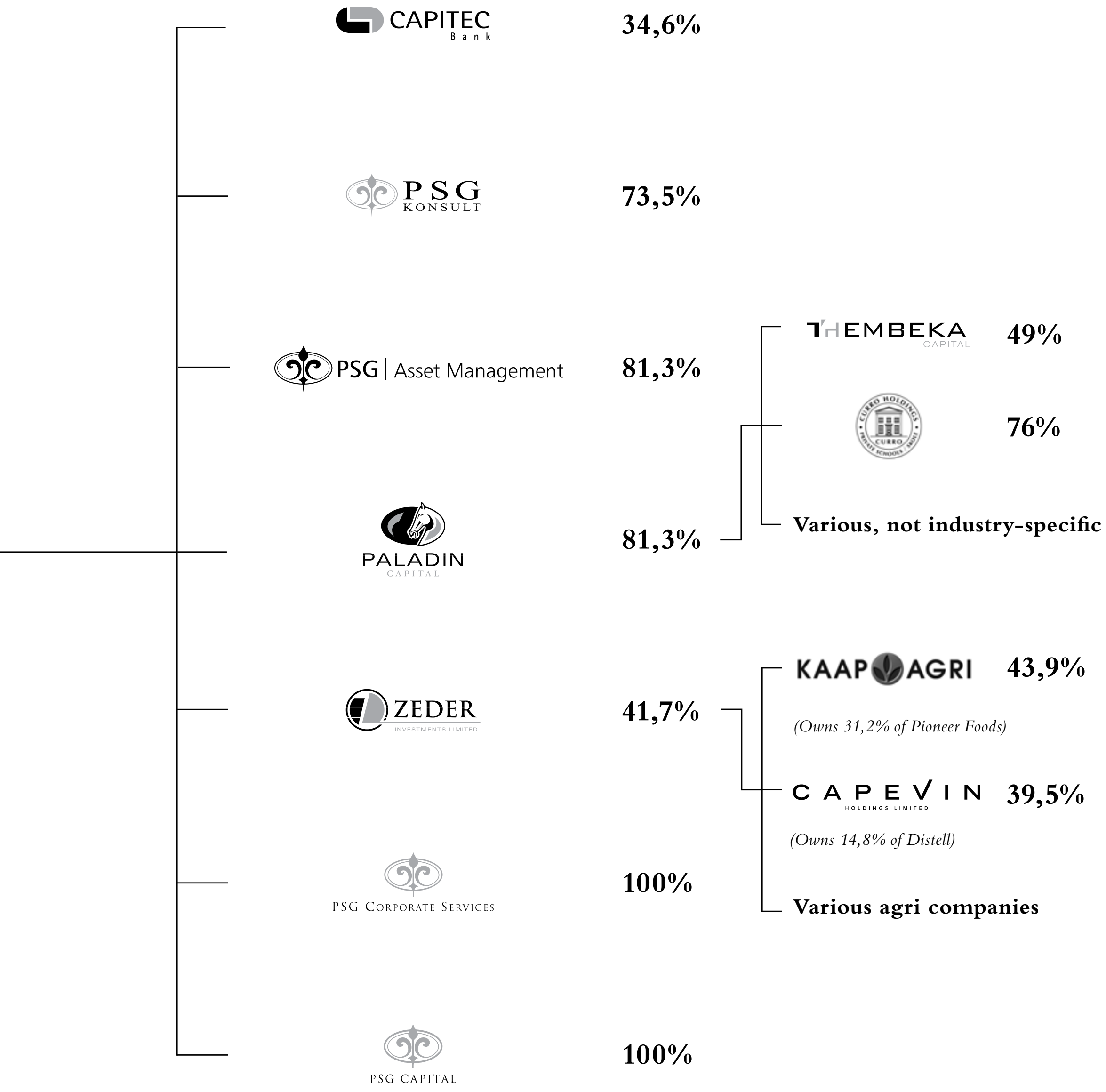
as at 28 February 2011

PSG GROUP LIMITED

100%

PSG FINANCIAL SERVICES LIMITED

R1,19bn nominal listed perpetual preference shares in issue


CAPITEC Bank
34,6%
PSG KONSULT
73,5%
PSG | Asset Management
81,3%
THEMBEKA CAPITAL
49%
CURRO HOLDINGS
76%
Various, not industry-specific
PALADIN CAPITAL
81,3%
KAAP AGRI
43,9%
(Owns 31,2% of Pioneer Foods)
ZEDER INVESTMENTS LIMITED
41,7%
CAPEVIN HOLDINGS LIMITED
39,5%
(Owns 14,8% of Distell)
PSG Corporate Services
100%
Various agri companies
PSG CAPITAL
100%

Board of directors

The boards of directors of PSG Group Ltd and PSG Financial Services Ltd are identical.

EXECUTIVE DIRECTORS

WL (Wynand) Greeff (41)
BCompt (Hons), CA(SA)
Financial director
Appointed 13 October 2008

JA (Johan) Holtzhausen (40)
BIuris, LLB, HDip Tax
Managing director – PSG Capital (Pty) Ltd
Appointed 13 May 2010

PJ (Piet) Mouton (34)
BCom (Mathematics)
Chief executive officer
Appointed 16 February 2009

NON-EXECUTIVE DIRECTORS

MJ (Markus) Jooste (50)[2]
BAcc, CA(SA)
Managing director – Steinhoff International Holdings Ltd
Appointed 25 February 2002

JF (Jannie) Mouton (64)
BCom (Hons), CA(SA), AEP
Non-executive chairman
Appointed 25 November 1995

JJ (Jan) Mouton (36)
BAcc (Hons), CA(SA), MPhil (Cantab)
Manager – PSG Flexible Fund
Appointed 18 April 2005

CA (Chris) Otto (61)[2]
BCom, LLB
Director of companies
Appointed 25 November 1995

W (Willem) Theron (59)
BCompt (Hons), CA(SA)
Chief executive officer – PSG Konsult Ltd
Appointed 2 March 2006

CH (Christo) Wiese (69)[2]
BA, LLB, DCom (h.c.)
Director of companies
Appointed 4 July 2007

INDEPENDENT NON-EXECUTIVE DIRECTORS

L van A (Kleintjie) Bellingan (65)[1, 2]
BCom, LLB, CA(SA)
Entrepreneur
Appointed 25 February 2002

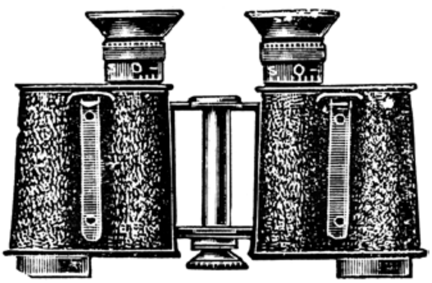
PE (Patrick) Burton (58)[1, 2]
BCom (Hons), PG Dip Tax
Financial director – Snoek Wholesalers (Pty) Ltd
Appointed 19 March 2001

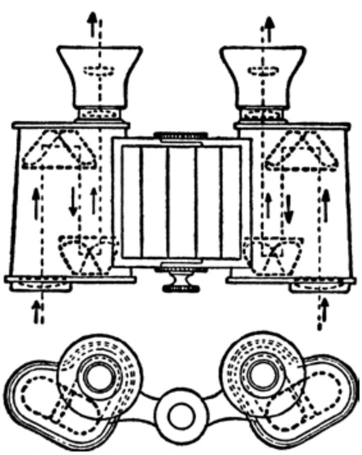
ZL (KK) Combi (59)
Diploma in Public Relations
Executive chairman – Thembeka Capital Ltd
Appointed 14 July 2008

J de V (Jaap) du Toit (57)[1]
BAcc, CA(SA), CFA
Director of companies
Appointed 30 January 1996

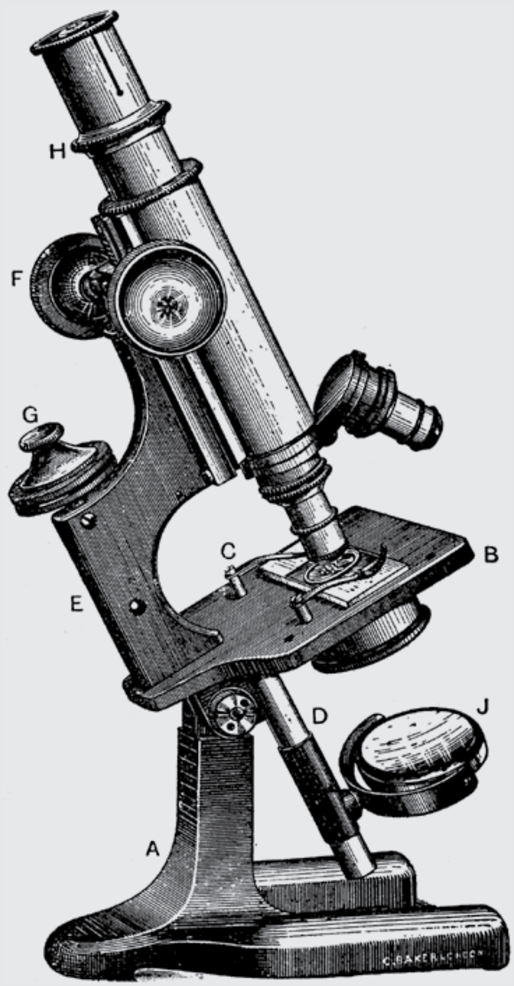
MM (Thys) du Toit (52)[2]
BSc, MBA
Managing director – Rootstock Investment Management (Pty) Ltd
Appointed 29 September 2009

[1] *Member of audit and risk committee*
[2] *Member of remuneration committee*





Review of operations



PSG GROUP LIMITED

RECURRING HEADLINE EARNINGS

	Headline earnings		Number of shares	Net asset value	
	28 Feb 2011 Rm	28 Feb 2010 Rm	**28 Feb 2011 m**	**28 Feb 2011 Rm**	28 Feb 2010 Rm
Recurring headline earnings	**404,1**	359,0		**3 439,9**	2 766,7
Capitec Bank	**223,0**	151,7	32,3	**1 981,6**	1 383,9
PSG Konsult	**66,0**	65,5	538,5	**324,7**	296,1
PSG Fund Management	**27,9**	26,4	15,6	**156,1**	149,2
Paladin Capital	**46,7**	77,2	472,3	**1 123,1**	859,6
Zeder Investments	**109,4**	83,6	407,9	**1 073,1**	925,9
PSG Corporate (incl. PSG Capital)				**22,9**	26,9
Management and other fee income	**92,4**	66,6			
Operating costs	**(61,9)**	(43,2)			
Taxation	**(9,5)**	(8,1)			
BEE pref share investments	**19,9**	20,6		**204,5**	184,8
Funding					
Perpetual pref share funding	**(72,4)**	(53,1)		**(1 058,1)**	(551,3)
Net interest	**(36,7)**	(27,6)		**(426,1)**	(513,9)
Other	**(0,7)**	(0,6)		**38,1**	5,5
Non-recurring headline earnings	**108,3**	72,4		**144,9**	180,3
PSG Konsult	**1,2**				
PSG Fund Management	**5,2**				
Paladin Capital	**93,4**	89,8			
Zeder Investments	**(33,1)**	(23,0)			
PSG Corporate (net of tax)					
Marked-to-market profit	**31,1**	26,2		**144,9**	138,6
Deferred tax assets written off		(20,7)			
Other	**10,5**	0,1			
m Cubed Holdings					41,7
Total headline earnings	**512,4**	431,4		**3 584,8**	2 947,0
Statistics			**Change**		
Weighted average number of shares in issue (million)	**167,1**	173,1			
Recurring HEPS (cents)	**241,9**	207,4	**16,6%**		
HEPS (cents)	**306,7**	249,2	**23,1%**		

PSG continues to use the *recurring headline earnings* method to provide management and investors with a more realistic and transparent way of evaluating PSG's earnings performance. *Recurring headline earnings* represent the sum of PSG's effective interest in that of each investment, regardless of our percentage shareholding. The result is that investments in which PSG or an underlying company holds less than 20% and are generally not equity accountable in terms of accounting standards, are included in the calculation of our consolidated *recurring headline earnings*. Marked-to-market fluctuations are excluded.

Recurring headline earnings per share increased by 16,6% to 241,9 cents during the year under review. Capitec and Zeder were the best performers, while Paladin's investments in the construction and manufacturing sectors have not escaped the aftermath of the economic recession as yet. We, however, remain confident that these businesses will improve their performance in the near future.

Headline earnings increased by 23,1% to 306,7 cents per share, which is 26,8% more than the *recurring headline earnings per share*, and *attributable earnings* by 87,8% to 424,1 cents per share. The significant increase in *attributable earnings* per share was mainly as a result of the *non-headline* profit on Paladin's sale of CIC and Zeder's sale of KWV Holdings.

PSG GROUP CORPORATE ACTION AND INVESTING

- We raised R502m in cash through the issue of 5,8m PSG Financial Services Ltd perpetual preference shares. We now have a nominal total of R1,19bn in perpetual preference share funding. R440m has been fixed at a cost of 8,87% per annum until 31 August 2016 and R650m at 8,6% per annum until 31 August 2020 by means of an interest rate hedge.
- We invested R489,2m in our core portfolio. This has created R145,8m in value for shareholders when measured using market prices at 28 February 2011:
  - R424,1m in Capitec at an average price of R122,81 per share, of which R367,2m related to its rights issue
  - R20,9m in Paladin at an average price of R2,31 per share
  - R21,5m in Zeder at an average price of R1,95 per share
  - R2,7m in PSG Konsult at R1,41 per share
  - Reinvested R20m in PSG Group through the repurchase of 691 257 PSG Group shares at an average price of R28,88 per share
- The investment in m Cubed Holdings (30%) was realised during the year after total distributions of 23 cents per share were returned to shareholders. All matters with the relevant Regulators were settled and the life assurance licence cancelled.

CAPITEC BANK (34,6%)	
Chief executive officer	Riaan Stassen
Capitec is a retail bank that provides innovative transacting, saving and unsecured lending products to serve the needs of all South Africans.	

Financial results

Year ended February	2009	2010	**2011**
Headline earnings (Rm)	302	437	**640**
HEPS (cents)	364	527	**757**
Growth in HEPS (%)	41	44	**44**
Dividend per share (cents)	140	210	**290**
Dividend cover ratio	2,6x	2,5x	**2,6x**
Return on equity (%)	27	32	**34**
Gross loans and advances (Rm)	3 238	5 607	**10 916**
Value of loans advanced (Rm)	6 273	8 645	**14 318**
Net loan impairment expense (Rm)	468	548	**988**
Impairment as percentage of loans and advances	14,5	9,8	**9,1**
Net transaction fee income (Rm)	160	295	**532**
Fee income as percentage of operating expenses	15,0	21,6	**29,3**
Number of active clients (000)	1 545	2 122	**2 829**
Number of branches	363	401	**455**
Number of employees	3 414	4 154	**5 331**

Capitec has since its establishment 10 years ago become a sizeable company with a headline profit of R640m and a market capitalisation of almost R16bn. It has created 5 331 new jobs, of which 1 177 were in the past year.

Capitec again delivered impressive results with headline earnings increasing by 44% to 757 cents per share during the year under review. Capitec granted 5,5m individual loans totalling R14bn during this period, which is 66% more than last year. The total net value of loans outstanding at year-end amounted to R10bn. Capitec opened a further 54 branches, growing its network to 455 branches.

Unsecured lending is a growth segment of the South African banking industry. Although it remains risky, Capitec took preventative measures when it tightened its lending criteria back in 2008. Despite the increase in loans granted, the actual bad debt rate has been on a declining trend. Capitec is risk sensitive when granting long-term credit – the higher the risk, the shorter the term of the loans offered. Its provisioning policy, whereby all loans which are more than three months in arrears are written off, remains conservative. The average loan at Capitec Bank in February 2007 was R1 180 with an average outstanding term of 10 months. Today it is R2 617 and 36 months. Net transaction fee income has grown by at least 80% in each of the last three years. This reduces Capitec's reliance on the income from loans.

In January 2011, Capitec raised R1,05bn in new ordinary capital to fund future growth. Capitec's 38% capital adequacy ratio as well as its liquidity philosophy remains conservative – at year-end it would have been possible to repay all deposits due immediately and on an average throughout the year, within three days. Management was pleased to have doubled fixed retail savings to R2bn.

Capitec's comprehensive results are available at *www.capitec.co.za*.

PSG KONSULT (73,5%)	
CHIEF EXECUTIVE OFFICER	Willem Theron

PSG Konsult is an independent financial services company. Its financial planners, portfolio managers, short-term insurance brokers and stockbrokers offer a unique one-stop integrated service, offering advice and appropriate financial and related products.

Financial results

Year ended February	2009	2010	**2011**
Turnover (Rm)	756	834	**982**
Growth in turnover (%)	4	10	**18**
Headline earnings (Rm)	96,8	89,4	**91,5**
Increase/(decrease) in headline earnings (%)	11	(8)	**3**
HEPS (cents)	13,2	12,2	**12,5**
Increase/(decrease) in HEPS (%)	10	(8)	**3**
Funds under management and administration (Rbn)	43,6	72,4	**97,3**
Short-term premiums on annualised basis (Rm)	1 400	1 450	**1 600**
Number of offices	197	209	**216**
Number of advisors	506	548	**642**

PSG Konsult managed to marginally increase headline earnings to R91,5m during the year under review.

The PSG Konsult group made a number of acquisitions during the year to build capacity for future growth. These included:

- 100% of PSG Prime from PSG Asset Management for R16,7m, resulting in all PSG's stockbroking activities now being housed under PSG Konsult.
- Bouwer Collins for R16m. The company is an independent short-term insurance intermediary with an Eastern Cape client base.
- The business activities of Diagonal Insurance ("Diagonal") effective 1 September 2010 for R71,8m. Diagonal is a national short-term insurance broker and administrator. It has five marketing offices and an administration platform servicing 12 000 clients. Annual premium income amounts to R175m.
- PSG Konsult's BEE subsidiary, PSG Konsult Corporate, concluded various small to medium-sized acquisitions specialising in healthcare brokerage.
- The merger of PSG Konsult and PSG Asset Management with effect from 1 March 2011. The combined business will promote the sharing of resources and skills with the goal of improved service delivery.

Other highlights included the establishment of the e-Business segment operating under PSG Online. This platform serves as a single gateway to all PSG Konsult's products, including share trading, short-term insurance, investments and financial planning.

Funds under administration and management increased by 34,4% to R97,3bn, while short-term premiums administered increased to R1,6bn per annum (2010: R1,45bn).

At year-end, PSG Konsult had 216 offices (2010: 209) and its financial planners, stockbrokers and short-term insurance brokers increased to 642 (2010: 548).

PSG Konsult's comprehensive results are available at *www.psgkonsult.co.za*.

PSG ASSET MANAGEMENT (81,3%)	
CHIEF EXECUTIVE OFFICER	Wayne Waldeck

The operations of PSG Fund Management, PSG Alphen, PSG Tanzanite, PSG Absolute Investments and PSG FutureWealth were amalgamated to form PSG Asset Management ("PSGAM"). PSGAM, as a consolidated unit, is able to offer investors a simple, yet comprehensive range of investment products under one umbrella brand.

Following the merger, PSGAM will have one chief investment officer. The adoption by the team of a 'house view' will mean that investors will be able to enjoy a greater degree of consistency across the range of the PSG unit trusts and portfolios. The interests of all the investment managers are now aligned being shareholders in the holding company.

Financial results

Year ended February	2009	2010	**2011**
Recurring headline earnings (Rm)	29,1	27,8	**34,1**
Funds under administration (Rbn)	20,4	23,4	**30,8**
Funds under management (Rbn)	7,0	11,9	**12,9**

PSGAM's *headline earnings* increased by 46% to R40,5m, while *recurring headline earnings* increased by 23% to R34,1m and *recurring headline earnings per share* by 4,9% to R1,79. Funds under administration increased by 32% to R30,8bn and funds under management by 8% to R12,9bn.

On 7 December 2010, the FSB awarded a category III LISP licence to PSGAM, which enabled it to launch an integrated LISP platform on 1 March 2011.

Special mention should be made of the *PSG Flexible Fund*, which recently won two Raging Bull awards, being 1st in its sector over three years and best risk-adjusted fund over five years. The *PSG Equity Fund* is currently ranked 1st in the general equity sector, both over one and two years, while the *PSG Balanced Fund* has delivered top quartile performance over three years and is currently ranked 1st in its sector over one year.

PSGAM's comprehensive results are available at *www.psgam.co.za*.

PALADIN CAPITAL (81,3%)	
MANAGED BY	PSG Exco
Paladin is PSG Group's listed private equity investment company in sectors other than agriculture, food and beverages.	

Financial results

Year ended February	2009	2010	**2011**
Recurring headline earnings (Rm)	78,2	95,5	**69,8**
Recurring HEPS (cents)	20,0	19,3	**12,1**
Headline (loss)/earnings (Rm)	(18,0)	217,3	**199,9**
HEPS (cents)	(4,6)	43,9	**34,5**
Sum-of-the-parts value (Rm)	486	1 167	**1 736**
Sum-of-the-parts value per share (cents)	123	203	**299**

Paladin had a year of mixed fortunes with a strong increase in its *sum-of-the-parts* (SOTP) valuation and market price, while *recurring headline earnings* decreased significantly.

- The 47,3% increase in Paladin's SOTP value to R2,99 per share was supported by the R208m profit that was realised on the sale of CIC, and the substantial increase in the value of both Curro and Thembeka.
- The 37,3% decline in Paladin's *recurring headline earnings* to 12,1 cents per share was mainly attributable to its investments in the cyclical construction and manufacturing sectors that were negatively affected by the economic recession. However, the management of Erbacon, Top Fix and GRW has introduced measures to improve profitability in the near future. A substantial portion of the proceeds on the disposal of CIC was subsequently invested in Curro, which is currently yielding returns consistent with a venture that is in a growing phase.

Paladin sold its 50% investment in CIC to Imperial for R364m during the year under review. Having invested R67m originally and receiving R24m in dividends, CIC was an extraordinary investment with a compounded return of 64,8% over the four-year period. Paladin also disposed of its investment in Lesotho Milling for R26m.

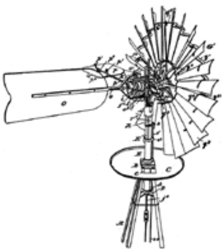
Paladin now owns 76% in Curro, having acquired an additional 26% for R52m. Curro is expanding according to plan. Due to the substantial capital required to fuel growth, the Curro board has decided to list the business and undertake a major rights issue shortly thereafter. Paladin intends to follow its rights. Paladin also increased its interest in Petmin, Erbacon and Spirit Capital during the past year. Subsequent to year-end, Paladin acquired a 45% interest in Energy Partners, a provider of energy saving solutions. We view this as an exciting entry into the emerging energy sector.

At 28 February 2011, Paladin had 12 investments across the economic spectrum:

Industry/ company	Description	% Held
Investment companies		
Thembeka	BEE investment company	49%
Spirit	Leveraged buy-outs	24%
Services		
IQuad	Outsourcing services	44%
African Unity	Life and related insurance	43%
Mining, construction and related services		
Precrete	Mine safety and support services	22%
Green Square	Mining subcontractor	19%
Petmin	Diversified miner	11%
Erbacon	Construction	27%
Top Fix	Construction support services	28%
Manufacturing		
GRW	Tank manufacturer	40%
Protea Gietery	Non-ferrous foundry	50%
Education		
Curro	Private school education	76%

We are optimistic about the prospects of Paladin's portfolio which contains a good mix of stable earners, businesses that have been restructured to extract more value from the current environment and then those with the potential to develop into something really significant.

Paladin's comprehensive results are available at *www.paladincapital.co.za*.



ZEDER INVESTMENTS (41,7%)	
CHIEF EXECUTIVE OFFICER	Antonie Jacobs
Zeder is a listed investment company in the agriculture, food and beverage sectors.	

Financial results

Year ended 28 February	2009	2010	**2011**
Headline earnings (Rm)	153,4	152,1	**184,8**
Recurring headline earnings (Rm)	196,0	208,1	**264,7**
HEPS (cents)	25,2	17,3	**18,9**
Recurring HEPS (cents)	32,2	23,6	**27,1**
Sum-of-the-parts value per share (cents)*	192	211	**274**
Intrinsic value per share (cents)**	285	268	**314**
Dividend per share (cents)	7,0	4,0	**4,0**

* *Calculated using the quoted market prices for all OTC-traded unlisted investments*

** *Calculated using the see-through market prices for Zeder's indirect investments in Pioneer Foods and Distell, quoted market prices for all other OTC-traded unlisted investments and, where applicable, appropriate valuation multiples for unquoted investments*

Zeder's current portfolio of some R2,5bn comprises agriculture, food and beverage related investments, of which Kaap Agri (with its 31,2% interest in Pioneer Foods) and Capevin Holdings (with its 14,8% effective interest in Distell) represent 78%. During the year under review, Zeder invested R211,8m to increase its interest in existing investments trading at attractive values. Zeder disposed of its 35,3% interest in KWV Holdings Ltd during February 2011 for R286m cash. This, combined with the current market value of the retained interest in Capevin Holdings and dividends received over the investment period, represents a compounded annual rate of return of 18,8%.

Recurring headline earnings increased by 27,2% to R264,7m and *recurring headline earnings* per share by 14,8% to 27,1 cents for the year under review. *Headline earnings* per share increased by 9,2% to 18,9 cents, and *attributable earnings* per share by 89,3% to 26,5 cents. The significant increase in *attributable earnings* per share was mainly as a result of the R65,6m *non-headline* profit on the aforementioned disposal of KWV Holdings.

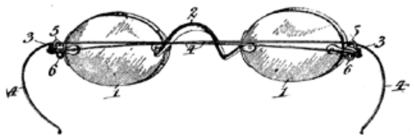
During November 2010, Pioneer Foods and the Competition Commission announced the final penalty settlement amounting to R855m emanating from the investigation into bread and milling price irregularities. Zeder's share of the penalty for the current year amounted to R40,5m, which had a negative impact on both headline and attributable earnings. This matter has been resolved and Zeder remains positive about Pioneer Foods' future.

Current cash and funding resources of R456m provide Zeder with the necessary means to continue pursuing attractive investment opportunities.

As at 28 February 2011, Zeder's investment portfolio comprised:

Kaap Agri Ltd	43,9%
Agricol Holdings Ltd	25,1%
Capevin Holdings	39,5%
Tuinroete Agri Ltd	9,7%
OVK Operations Ltd	9,3%
Capespan Group Ltd	22,7%
NWK Ltd	8,8%
Suidwes Investments Ltd	21,8%
MGK Business Investments Ltd	26,7%

Zeder's comprehensive results are available at *www.zeder.co.za*.

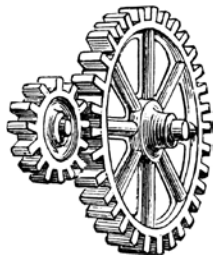


PSG CAPITAL (100%)

Chief executive officer	Johan Holtzhausen

PSG Capital is the corporate finance arm of PSG Group and provides a complete suite of corporate finance and advisory services to a broad spectrum of clients. PSG Capital is a JSE-registered sponsor and designated advisor. They advise on mergers and acquisitions, JSE Listings Requirements, capital raisings and listings, private equity investments and BEE transactions and they perform valuations including fair and reasonable opinions. It currently has 32 JSE-listed and numerous unlisted clients.

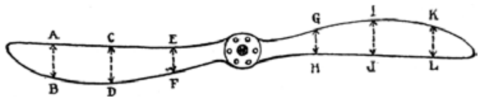
PSG Capital was recently ranked third by finance journal DealMakers in its *2010 DealMakers General Corporate Finance Annual Awards* in the categories Sponsors Transaction Flow and Sponsors Deal Flow.



PSG CORPORATE (100%)

PSG Corporate acts as PSG Group treasurer, allocates capital and determines and monitors the group's gearing. It is also the appointed manager to both Zeder and Paladin. The *recurring* management fees earned from these two companies during the year under review amounted to R61,3m (2010: R40,8m). PSG Corporate's *recurring headline earnings* contribution increased by 37,3% to R21m.

Cash and facilities available for reinvestment amount to R400m.



Stock exchange performance

Year ended February	2011	2010	2009	2008	2007	2006	2005
Market price (cents)							
– High for the year	**4 400**	2 749	2 100	3 050	2 925	2 300	705
– Low for the year	**2 215**	1 302	1 215	1 900	1 570	620	253
– Closing price	**4 320**	2 205	1 456	2 085	2 720	2 266	700
– Average	**3 274**	2 100	1 692	2 714	2 257	1 060	428
Closing price/earnings	**14,1**	8,8	22,3	7,1	5,2	6,4	7,8
Volume of shares traded (000)	**20 127**	21 326	18 290	43 409	37 787	13 933	48 528
Value of shares traded (R000)	**658 940**	447 802	309 415	1 178 129	853 000	147 660	207 742
Volume/weighted average shares (%)	**12,0**	12,3	10,9	26,5	30,1	13,7	45,1

Our track record

Year ended February	2011	2010	2009	2008	2007	2006	2005
Headline earnings per share (cents)	**306,7**	249,2	65,3	295,1	519,3	351,8	90,0
Headline earnings (Rm)	**512,4**	431,4	109,9	482,5	651,4	358,4	96,7
Recurring headline earnings per share (cents)	**241,9**	207,4	174,3	129,5			
Recurring headline earnings (Rm)	**404,1**	359,0	293,4	211,8			
Distribution per share (cents)							
– Normal	**67,0**	42,0	57,0	112,5	90,0	67,5	45,0
– Special			200,0				
Ordinary shareholders' funds (Rm)	**3 585**	2 947	2 755	3 295	2 373	719	362
Net worth per share (cents)	**2 156**	1 765	1 640	1 948	1 585	704	356
Total assets (Rm)	**17 410**	14 686	14 127	14 206	5 501	1 833	2 794
Market capitalisation (Rm)	**8 219**	4 211	2 760	3 953	4 621	2 701	834
Number of shares (000)							
– Issued	**190 262**	190 953	189 579	189 579	169 885	119 195	119 195
– Treasury shares	**24 001**	23 959	21 559	20 386	20 133	17 015	17 619
– Net	**166 261**	166 994	168 020	169 193	149 752	102 180	101 576
– Weighted average	**167 055**	173 113	168 352	163 505	125 446	101 888	107 519
ROE (%)	**15,7**	15,1	3,6	17,0	42,1	66,3	27,7

2004	2003	2002	2001	2000	1999	1998	1997	1996
520	650	885	986	1 585	1 900	1 550	510	300
255	375	440	527	800	495	445	210	20
385	520	476	660	1 000	1 170	1 530	470	225
460	512	675	685	1 114	1 172	966	401	78
5,0	7,4	3,4	4,4	8,3	13,6	32,3	17,9	16,4
56 204	42 636	47 775	49 009	45 265	30 219	23 443	14 120	22 210
258 285	218 168	322 493	335 512	504 273	354 050	226 564	56 557	17 238
50,3	35,5	38,5	36,8	33,1	31,7	32,2	35,7	101,8

2004	2003	2002	2001	2000	1999	1998	1997	1996
76,3	70,7	141,0	150,3	120,6	85,9	47,3	25,5	14,4
85,2	84,8	175,2	200,2	164,7	82,0	34,5	10,1	3,1
30,0	20,0	50,0	45,0	36,0	25,0			
70,0	200,0							
336	993	1 218	1 141	1 085	638	535	78	7
320	828	1 015	899	778	669	617	147	34
2 384	2 594	4 477	3 416	3 474	2 543	1 258	233	25
443	624	571	838	1 395	1 117	1 325	249	49
115 000	120 000	120 000	126 900	139 500	95 445	86 611	52 930	21 818
10 000								
105 000	120 000	120 000	126 900	139 500	95 445	86 611	52 930	21 818
111 700	120 000	124 204	133 200	136 613	95 445	72 869	39 588	21 818
12,8	7,7	14,9	18,0	19,1	14,0	11,3	23,8	88,6

Value added statement

for the year ended 28 February 2011

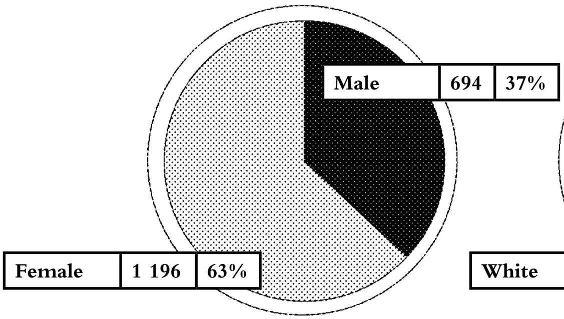
	2011 R000	%	2010 R000	%
VALUE ADDED				
Total income	**1 891 829**		1 332 130	
Dividend income/capital reductions – associated companies	**180 915**		135 598	
Total expenses excluding employee costs and depreciation	**(756 535)**		(714 623)	
	1 316 209		753 105	
Non-recurring items				
Profit on sale/dilution of subsidiaries and associated companies	**(366 053)**		(26 487)	
Loss on sale/dilution of subsidiaries			31 931	
Impairment charges	**3 870**		480	
Other	**3 345**		(8 042)	
	957 371		750 987	
VALUE ALLOCATED				
To employees				
Salaries, wages and other benefits	**391 223**	41	289 017	38
To providers of capital	**279 378**	29	301 487	40
Finance costs	**90 681**	9	93 866	12
Dividends – own shareholders	**82 401**	9	88 688	12
– outside shareholders	**106 296**	11	118 933	16
To government				
Normal tax and secondary tax on companies	**139 034**	15	75 451	10
To expansion and growth	**147 736**	15	85 032	12
Depreciation	**14 893**	2	11 412	2
Retained income – own shareholders	**(84 800)**	(9)	19 807	3
– outside shareholders	**217 643**	22	53 813	7
	957 371	100	750 987	100

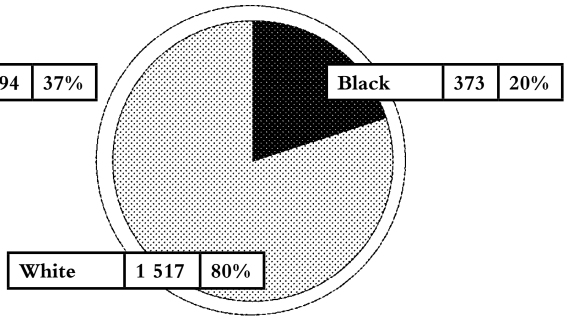
Group employee statistics

at 28 February 2011

GENDER	Number	%
Male	694	37
Female	1 196	63
RACE		
Black	373	20
White	1 517	80
EDUCATION		
Up to grade 11	17	1
Grade 12	542	29
Post grade 12 (e.g. diploma/certificate)	863	45
University degree	220	12
Post-graduate degree or professional qualification	248	13
HIERARCHY		
Executive directors (including CEOs and MDs)	23	2
Senior management	53	0
Middle/Junior management	10	0
Operational	656	37
Support	1 148	61
TOTAL NUMBER OF EMPLOYEES (excluding associated companies)	**1 890**	

Black refers to African Black, Coloured and Indian





Corporate governance

The PSG Group is committed to the principles of transparency, integrity, fairness and accountability as also advocated in the King Code of Governance Principles ("King III"). Accordingly PSG Group's corporate governance policies have in all respects been appropriately applied during the period under review. The board does not consider application of all principles contained within King III appropriate for the PSG Group. Where specific principles have not been applied, explanations for these are contained within this section.

The group's major subsidiaries and associated companies are similarly committed having, inter alia, their own audit, risk and remuneration committees.

BOARD OF DIRECTORS

Details of PSG Group's directors are provided on page 12 of this annual report.

The board met four times during the past year. The attendance of these meetings is set out in the table below.

PSG Group's memorandum of incorporation requires one third of the non-executive directors of the company to retire by rotation and to offer themselves for re-election by shareholders at the annual general meeting. In accordance with the company's memorandum of incorporation, Messrs L van A Bellingan, MJ Jooste and CH Wiese retire by rotation. Mr L van A Bellingan has, however, not offered himself for re-election.

Executive directors do not have service contracts and may not be appointed for a period exceeding five years. Where appropriate, the chief executives and executive directors of subsidiary companies have entered into service contracts with that subsidiary.

PSG Group is a financial services company with little day-to-day operations. There is a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision making, with the majority of directors being non-executive. King III recommends that the majority of non-executive directors be independent. Although only certain of the non-executive directors are independent as defined by King III, all of the non-executive directors are independent of thought and action. Having considered the matter, the board is accordingly satisfied as stated previously that its current composition ensures a balance of power and authority.

Mr JF Mouton fills the role of non-executive chairman and Mr PJ Mouton the role of CEO. Mr JF Mouton is not classified as independent in terms of King III because of his substantial indirect shareholding in PSG Group. At the next board meeting, consideration will be given to the appointment of a lead independent director.

Director	19 Apr 2010	14 Jul 2010	11 Oct 2010	15 Feb 2011
L van A Bellingan	√	√	√	√
PE Burton	√	√	√	√
ZL Combi	√	√	√	√
J de V du Toit	√	√	√	√
MM du Toit	√	√	√	√
WL Greeff	√	√	√	√
JA Holtzhausen*		√	√	√
MJ Jooste	√	√	√	X
JF Mouton (Chairman)	√	√	√	√
JJ Mouton	√	√	√	√
PJ Mouton	√	√	√	√
CA Otto	√	√	√	√
W Theron	√	√	√	√
CH Wiese	√	√	√	√

√ Present
X Absent with apology
** Appointed with effect from 13 May 2010*

The PSG Group nomination committee considers and recommends appropriate appointments of directors to the board. The final appointment of directors is a matter for the board as a whole and is conducted in a formal and transparent manner. The induction of directors is not conducted through a formal process. This has not been necessary to date as new appointees have been familiar with the group's operations and the environment in which we operate. Consideration will be given to an induction programme for future appointees.

The board does not conduct regular appraisals of its members and committees. Consideration will be given to same going forward.

As mentioned in the *Chairman's Letter*, all the directors are shareholders in the company.

The board's key roles and responsibilities are:

- Promoting the interests of stakeholders
- Formulation and approval of strategy
- Retaining effective control
- Ultimate accountability and responsibility for the performance and affairs of the company

The board has appointed the following committees to assist it in the performance of its duties:

- Executive committee
- Remuneration committee
- Nomination committee
- Audit and risk committee

EXECUTIVE COMMITTEE

The PSG executive committee ("Exco") comprises Messrs JF Mouton (non-executive chairman), PJ Mouton (CEO), WL Greeff (financial director), JA Holtzhausen (executive), CA Otto (non-executive) and D Mellet (secretary). This committee meets regularly, at least twice a month, and is primarily responsible for the allocation and investing of the group's resources, including capital.

The major operating subsidiaries and associated companies all operate on similar principles.

REMUNERATION COMMITTEE

The remuneration committee comprises Messrs MJ Jooste (chairman), L van A Bellingan, PE Burton, MM du Toit, CH Wiese and CA Otto. Three of these members are independent non-executive directors. The committee met once during the past year and all members were present.

Each major group subsidiary has its own remuneration committee chaired by Mr CA Otto.

This committee operates according to a board-approved charter and is primarily responsible for overseeing the remuneration and incentives of the executive directors as well as providing strategic guidance to the other remuneration committees in the group. It takes cognisance of both local and international best remuneration practices in order to ensure that such total remuneration is fair and reasonable to both the employee and the company.

Due to the limited number of individuals employed at a group level, disclosure of the remuneration of the three most highly paid employees who are not directors is not deemed to be appropriate as such information is sensitive to peer review and adds no value to stakeholders.

NOMINATION COMMITTEE

The nomination committee comprises Messrs MJ Jooste (chairman), L van A Bellingan, PE Burton, J de V du Toit, MM du Toit, CH Wiese and CA Otto, being non-executive directors, with the majority being independent. The committee met once during the past year and all members were present.

As stated previously, the nomination committee is responsible for assisting the board with the appointment of directors by making appropriate recommendations in this regard.

AUDIT AND RISK COMMITTEE

The audit and risk committee comprises Messrs J de V du Toit (chairman), L van A Bellingan and PE Burton, whilst Messrs WL Greeff, JF Mouton, PJ Mouton and CA Otto attend by invitation. Two audit committee meetings were held during the year and all the members were present. A report by the PSG Group Ltd audit and risk committee has been provided on page 29 of this annual report.

The audit and risk committee operates according to a board-approved charter. Once a year the members of the committee attend a training course presented by the external auditor regarding any new legal, regulatory and/or financial developments which affect their roles and responsibilities.

Mr J de V du Toit has been the chairman of the audit and risk committee for the past two years while Messrs Bellingan and Burton have been members for nine and four years respectively. Mr MM du Toit has been nominated to replace Mr Bellingan as member for the ensuing year, with his appointment to be approved by shareholders at the upcoming annual general meeting.

EXECUTIVE DIRECTORS' REMUNERATION

The remuneration of the executive directors of PSG Group is dealt with in the directors' report.

RISK MANAGEMENT AND INTERNAL CONTROL

The board acknowledges that it is accountable for the process of risk management and the system of internal control of the group.

Each group company has its own board of directors responsible for the risk management and internal control of that company and its business. Detailed risk assessments and management plans have been implemented throughout the group to ensure that risk is properly managed. The board, on recommendation by the audit and risk committee, concluded that the system of internal control and the risk management process were effective for the financial year under review.

The group operates in a highly regulated environment. Compliance officers have been appointed at each of the group's key operating subsidiary and associated company levels to ensure adherence to the various Acts and Codes that govern the group's day-to-day operations.

INTERNAL AUDIT

On the recommendation of the audit and risk committee, the board has decided not to establish an internal audit function at group level given that the board has satisfied itself that, where appropriate, subsidiary and associated companies have their own internal audit departments and that the current systems of internal control and risk management processes of the group are effective.

GOVERNANCE OF INFORMATION TECHNOLOGY

PSG Group has an appointed information technology ("IT") manager who is responsible for IT governance at group level. All the major subsidiary and associated companies are responsible for IT governance in their respective business environments.

As IT does not play a significant role in the sustainability of our business at a group level due to its nature and size, the investment and expenditure in IT at group level are insignificant. The board is accordingly satisfied that the current systems of IT governance at group level are appropriate.

INTEGRATED REPORTING AND DISCLOSURE

PSG Group is a passive investment company that rarely gets involved in the management of its underlying investments. Part of our philosophy is to invest in companies with strong management. We therefore rely on them to apply the principles of King III regarding sustainability reporting and disclosure, to the extent appropriate to their business.

Going forward, PSG Group will apply the principles of integrated reporting at group level to the extent that such principles are considered appropriate.

SUSTAINABILITY

Stakeholder relations

PSG Group subscribes to the principles of objective, honest, timeous, balanced, relevant and understandable communication of financial and non-financial information to stakeholders. This is considered to be so important in a PSG context that most, if not all communication to stakeholders, is handled and/or coordinated by the office of the chairman.

The group acknowledges the task and responsibility of regulators, and our relationships with them are maintained in a businesslike manner – frank, open and with mutual respect.

Safety, health and environment

PSG Group is committed to ensuring that employees work in a safe, healthy and clean environment. Our activities do not have an adverse effect on the environment.

The group recognises that South Africa is facing an HIV/Aids epidemic of considerable proportions. Although our healthcare system will bear (and is already bearing) the brunt of the epidemic, there is little doubt that it is affecting every aspect of our society. We encourage all our people to act responsibly at all times.

Social responsibility

PSG's social responsibility areas of endeavour are socio-economic, the youth and education in a wide sense. The long-term aim is to make a contribution to the advancement of stability in South Africa. Education is one of the most basic needs of society. We thoroughly believe that an educated community will sustainably improve the long-term well being of society. PSG has therefore directed its Corporate Social Investment efforts at supporting education on various levels. PSG also subscribes to social upliftment through Black Economic Empowerment (BEE), and supports this by having invested in various BEE initiatives. Furthermore, PSG Group pays all its taxes regularly and encourages government to spend its receipts responsibly.

Refer to the *Chairman's Letter* for more details regarding PSG's Corporate Social Investment.

Human resources

PSG Group regards its people as the most important element of its business. It is therefore important to make the best use of the human capital we have available.

All employees are encouraged and motivated to better themselves through training and study. Training programmes initiated by companies in the group are regarded as an essential element of PSG Group's investment in human capital.

Employee participation

In order to retain and attract entrepreneurs, the group has a philosophy of encouraging management and key employees in the group to acquire a meaningful interest in the group and/or in its underlying businesses. A significant percentage of employees are shareholders in the company, participants in the share incentive schemes and shareholders in subsidiary and associated companies. Employees are co-owners of the business and are treated as such, with transparent communication a priority.

Employment equity

The group is a New South Africa company and is representative of all the people in South Africa. PSG Group subscribes to the principle of equal opportunity. Group companies have set their own targets and specific action plans.

Ethics

PSG Group's code of ethics commits the group to maintaining high ethical and moral codes of conduct in its professional and social dealings. This is ingrained in the culture of the group.

Products and product development

PSG Group acts as investor for own account, as financier and finance conduit for the group. Group companies develop their own specialist product ranges such as insurance, investment, broking, multi-management, financial training, asset management and investor support products.

The group also provides legal, financial and regulatory support and advice to listed and non-listed clients.

Distribution

Each company has its own distribution channels. These channels are based on one-to-one, one-to-many, internet, or professional intermediary network according to its products and client profile.

A meaningful volume of cross-selling into the various client bases is already taking place and continues to be a priority for growth.

Financial Sector Charter

The group endorses the principles of the Financial Sector Charter and the implementation enjoys the attention of senior management in the group.

Financial reporting

PSG Group provides financial reports to its shareholders twice a year. Details regarding significant transactions undertaken are reported as required by the JSE Listings Requirements.

Annual financial statements PSG Group Limited

Contents

Report of the audit and risk committee

The audit and risk committee ("the committee") reports that it has considered the matters set out in section 270A(5) of the Companies Act, 61 of 1973, as amended by the Corporate Laws Amendment Act, and is satisfied with the independence and objectivity of the external auditor, PricewaterhouseCoopers Inc. The committee has considered and recommended the fees payable to the external auditor and is satisfied with the extent of non-audit-related services performed.

This committee also acted as the statutory audit committee of those public company subsidiaries that are legally required to have such a committee.

The committee has satisfied itself that the financial function, including the financial director, has the appropriate expertise, experience and resources, and is satisfied that the internal financial controls of the company are working effectively.

A board-approved audit and risk committee charter stipulating, inter alia, the committee's composition, duties and responsibilities, has been adopted. The committee is satisfied that it complied with the responsibilities as set out in the audit and risk committee charter as well as relevant legal and regulatory responsibilities.

Based on the information and explanations given by management and discussions with the independent external auditor regarding the results of their audit, the committee is satisfied that there was no material breakdown in the internal financial controls during the financial year under review.

The committee has evaluated the financial statements of PSG Group Ltd and the group for the year ended 28 February 2011 and, based on the information provided to the committee, considers that the group complies, in all material respects, with the requirements of the Companies Act, 61 of 1973, as amended, and International Financial Reporting Standards.

J de V du Toit
Chairman

13 May 2011
Stellenbosch

Approval of annual financial statements

The directors are responsible for the maintenance of adequate accounting records and to prepare annual financial statements that fairly represent the state of affairs and the results of the group. The external auditor is responsible for independently auditing and reporting on the fair presentation of these annual financial statements. Management fulfils this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. Such controls provide assurance that the group's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable. The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and incorporate full and reasonable disclosure. Appropriate and recognised accounting policies are consistently applied.

The audit and risk committee of the group meets regularly with the external auditor, as well as senior management, to evaluate matters concerning accounting policies, internal control, auditing and financial reporting. The external auditor has unrestricted access to all records, assets and personnel as well as to the audit and risk committee.

The financial statements are prepared on the going concern basis, since the directors have every reason to believe that the group has adequate resources to continue for the foreseeable future.

The financial statements set out on pages 31 to 104 were approved by the board of directors of PSG Group Ltd and are signed on its behalf by:

JF Mouton
Chairman

WL Greeff
Financial director

13 May 2011
Stellenbosch

Report of the independent auditor

to the members of PSG Group Ltd

We have audited the group annual financial statements and annual financial statements of PSG Group Ltd, which comprise the consolidated and separate statements of financial position as at 28 February 2011, and the consolidated and separate income statements, statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 31 to 104.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of PSG Group Ltd as at 28 February 2011, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: HD Nel
Registered auditor

13 May 2011
Cape Town

Declaration by the company secretary

We declare that, to the best of our knowledge, the company has lodged with the Registrar all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Wessels

PSG Corporate Services (Pty) Ltd
Per A Wessels
Company secretary

13 May 2011
Stellenbosch

Directors' report

NATURE OF BUSINESS

The company's subsidiaries and associated entities offer diversified financial services.

OPERATING RESULTS

The operating results and the state of affairs of the company and the group are fully set out in the attached income statements, statements of financial position and notes thereto. The group's headline earnings attributable to shareholders amounted to R512,4m (2010: R431,4m). Attributable earnings amounted to R708,4m (2010: R390,9m).

SHARE CAPITAL

Details of the authorised and issued share capital appear in note 14 to the financial statements.

During the year under review, the number of shares in issue changed as follows:

	Number of shares	
	2011	2010
At beginning of year	**190 952 820**	189 579 385
Less: Treasury shares		
Held by a subsidiary company	**(13 873 895)**	(13 873 895)
Held by the PSG Group Share Incentive Trust	**(2 095 000)**	(2 834 500)
Held by the PSG Group Supplementary Share Incentive Trust	**(3 089 614)**	
Held by associated companies	**(4 900 000)**	(4 851 028)
Net shares in issue at beginning of year	**166 994 311**	168 019 962
General issue for cash at R14,40 per share		3 000 000
General issue for cash at R16,23 per share		4 729 358
Issued in terms of a mandatory offer to all Capitec Bank Holdings Ltd shareholders at a ratio of 1,5767 ordinary shares for each Capitec offer share held		7 565
Repurchased and cancelled	**(691 257)**	(6 363 488)
Movement in treasury shares		
Sale of Kumani Holdings (Pty) Ltd, an associated company that held PSG Group shares		2 401 028
Shares acquired by Thembeka Capital Ltd, an associated company	**(124 768)**	(2 450 000)
Shares acquired by the PSG Group Supplementary Share Incentive Trust	**(871 913)**	(3 089 614)
Shares released to participants of the PSG Group Share Incentive Trust	**955 000**	739 500
Net shares in issue at end of year	**166 261 373**	166 994 311

DIVIDENDS

Details of dividends appear in note 32 to the financial statements.

DIRECTORS

The directors of the company at the date of this report appear on page 12. Since the date of the previous report and with effect from 14 July 2010, the capacity of Mr JF (Jannie) Mouton changed from executive chairman to non-executive chairman and that of Mr PJ (Piet) Mouton from executive director to chief executive officer (CEO).

Directors' report

continued

DIRECTORS' EMOLUMENTS

The following directors' emoluments have been incurred by the company and its subsidiaries for the year ended 28 February 2011:

CASH-BASED REMUNERATION

	Fees R000	Basic salaries R000	Company contributions R000	Performance-related R000	**Total 2011 R000**	Total 2010 R000
Executive						
WL Greeff		1 708	20	1 728	**3 456**	1 855
JA Holtzhausen		1 708	20	3 456	**5 184**	1 720
JF Mouton						2 000[1]
PJ Mouton[2]		1 408	18	1 728	**3 154**	1 570
Non-executive						
L van A Bellingan	146				**146**	138
PE Burton	151				**151**	143
ZL Combi	90				**90**	85
J de V du Toit	1 200[3]				**1 200**	1 200
MM du Toit	96				**96**	42
MJ Jooste	96				**96**	90
JF Mouton[1]	180	1 800	20	1 500	**3 500**	
JJ Mouton[4, 5]	90	804	21	6 067	**6 982**	2 741
CA Otto	1 250[6]				**1 250**	1 650
W Theron[4]	90	2 770		3 472	**6 332**	4 420
CH Wiese	96				**96**	90
	3 485	10 198	99	17 951	**31 733**	17 744

[1] *Executive chairman until 13 July 2010; non-executive chairman with effect from 14 July 2010. Mr JF Mouton is no longer involved in the day-to-day running of PSG. However, he remains the leading strategist and generator of ideas and plays an integral part in the success of the group. He is accordingly rewarded, albeit modestly.*

[2] *Appointed as chief executive officer with effect from 14 July 2010.*

[3] *R140 000 (2010: R172 700) in respect of directors' fees, the balance representing fees received at subsidiary level.*

[4] *Executive of subsidiary company.*

[5] *Includes dividend income from a subsidiary company of R3,64m (2009: R1,139m), which has been grossed up for comparative purposes.*

[6] *R96 000 (2010: R90 200) in respect of directors' fees, the balance representing fees received at subsidiary level.*

Directors' report
continued

EQUITY-BASED REMUNERATION

PSG Group Share Incentive Trust

	Number of shares as at 28 Feb 2010	Number of scheme shares during year Granted	Vested	Average market price per share on vesting date R	Vesting price per share R	Date granted	**Number of shares as at 28 Feb 2011**
PSG Group Ltd shares							
Equity-settled							
Executive							
JF Mouton	130 000		(130 000)	28,00	0,48	13/07/2004	**–**
	54 000		(24 000)	36,34	20,16	26/10/2006	**30 000**
	1 000 000		(300 000)	27,81	17,81	21/04/2008	**700 000**
	1 184 000	–	(454 000)				**730 000**
Non-executive							
J de V du Toit	100 000		(100 000)	28,00	0,48	13/07/2004	**–**
	54 000		(24 000)	36,34	20,16	26/10/2006	**30 000**
	154 000	–	(124 000)				**30 000**
CA Otto	100 000		(100 000)	28,00	0,48	13/07/2004	**–**
	73 000		(73 000)	35,94	1,92	12/10/2004	**–**
	54 000		(24 000)	36,34	20,16	26/10/2006	**30 000**
	500 000		(150 000)	27,85	17,59	23/04/2008	**350 000**
	727 000	–	(347 000)				**380 000**
Total PSG Group Share Incentive Trust	2 065 000	–	(925 000)				**1 140 000**

PSG Group Supplementary Share Incentive Trust

	Number of share options as at 28 Feb 2010	Number of shares during year Granted	Vested	Average market price per share on vesting date R	Vesting price per share option R	Date granted	**Number of share options as at 28 Feb 2011**
PSG Group Ltd share options							
Equity-settled							
Executive							
WL Greeff	172 197				15,52	20/04/2009	**172 197**
	196 819				18,77	28/08/2009	**196 819**
	26 686				22,09	28/02/2010	**26 686**
		245 184			39,61	28/02/2011	**245 184**
	395 702	245 184	–				**640 886**
PJ Mouton	140 935				15,52	20/04/2009	**140 935**
	163 309				18,77	28/08/2009	**163 309**
	151 086				22,09	28/02/2010	**151 086**
		301 859			39,61	28/02/2011	**301 859**
	455 330	301 859	–				**757 189**

Directors' report

continued

EQUITY-BASED REMUNERATION *(continued)*

PSG Group Supplementary Share Incentive Trust *(continued)*

	Number of share options as at 28 Feb 2010	Number of share options during year Granted	Vested	Average market price per share on vesting date R	Vesting price per share option R	Date granted	**Number of share options as at 28 Feb 2011**
Executive (continued)							
JA Holtzhausen	131 454				15,52	20/04/2009	**131 454**
	171 156				18,77	28/08/2009	**171 156**
	154 982				22,09	28/02/2010	**154 982**
		197 770			39,61	28/02/2011	**197 770**
	457 592	197 770	–				**655 362**
Non-executive							
JF Mouton		511 521			26,16	22/04/2010	**511 521**
		201 952			39,61	28/02/2011	**201 952**
	–	713 473	–				**713 473**
Total PSG Group Supplementary Share Incentive Trust	1 308 624	1 458 286	–				**2 766 910**
Total equity-settled	3 373 624	1 458 286	(925 000)				**3 906 910**

SHAREHOLDING OF DIRECTORS

The shareholding of directors, excluding the participation in the share incentive schemes, in the issued share capital of the company as at 28 February 2011 was as follows:

	Beneficial Direct	Beneficial Indirect	Non-beneficial Direct	Non-beneficial Indirect	**Total shareholding 2011 Number**	**%**	Total shareholding 2010 Number	%
L van A Bellingan				20 000	**20 000**	**0,0**	20 000	0,0
PE Burton				100 000	**100 000**	**0,1**	135 000	0,1
J de V du Toit				3 810 000	**3 810 000**	**2,2**	3 686 000	2,1
MM du Toit		5 000 000			**5 000 000**	**2,9**	4 729 358	2,8
WL Greeff	91 815	28 185			**120 000**	**0,1**	120 000	0,1
JA Holtzhausen	10 000				**10 000**	**0,0**	10 000	0,0
MJ Jooste				20 000 000	**20 000 000**	**11,7**	20 000 000	11,6
JF Mouton	3 821 847			42 792 769	**46 614 616**	**27,2**	46 035 489	26,8
JJ Mouton	111 000	1 314 000			**1 425 000**	**0,8**	1 423 000	0,8
PJ Mouton	14 148	3 949 500			**3 963 648**	**2,3**	3 831 148	2,2
CA Otto	108			3 522 433	**3 522 541**	**2,1**	3 974 800	2,3
W Theron	5 000			150 000	**155 000**	**0,1**	155 000	0,1
CH Wiese		15 500 000			**15 500 000**	**9,0**	15 500 000	9,0
	4 053 918	25 791 685		70 395 202	**100 240 805**	**58,5**	99 619 795	58,0

Subsequent to year-end, Messrs JF Mouton and CA Otto obtained a further 250 000 and 125 000 PSG Group ordinary shares respectively having taken delivery of same in terms of the PSG Group Share Incentive Trust, while Messrs WL Greeff, PJ Mouton and JA Holtzhausen exercised 43 049, 35 234 and 32 864 share options respectively in terms of the PSG Group Supplementary Share Incentive Trust. There were no other changes to the directors' shareholding between 28 February 2011 and the date of this report.

Directors' report

continued

SUBSIDIARIES

Details of the company's interest in subsidiaries are set out in Annexure A.

SPECIAL RESOLUTIONS OF SUBSIDIARIES

Details of special resolutions passed by subsidiaries during the year under review, which are material to the group, are as follows:

PSG Financial Services Ltd

The Articles of Association of the company were amended in terms of section 62 of the Companies Act to align the terms of its cumulative, non-redeemable, non-participating preference shares with the current Listings Requirements of the JSE Ltd.

The company be authorised to repurchase its own issued shares, upon such terms and conditions as the directors of the company may determine, but subject to the provisions of section 85 to 88 of the Companies Act, the Articles of Association of the company, the Listings Requirements of the JSE Ltd and the requirements of any other stock exchange on which the shares of the company may be quoted or listed.

The company approved the acquisition by itself and/or any subsidiary of the company of shares issued by such subsidiary and/or by the company and/or by its holding company upon such terms and conditions that the directors of PSG Group Ltd may determine, but subject to the provisions of section 85 to 89 of the Companies Act, the Articles of Association of the company, the Listings Requirements of the JSE Ltd (if listed) and the requirements of any other stock exchange on which the shares of the acquiree company may be quoted or listed.

Paladin Capital Ltd

The company be authorised to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors of the company may determine from time to time, but subject to the provisions of section 85 to 88 of the Companies Act, the Articles of Association of the company, the Listings Requirements of the JSE Ltd.

The company approved, as a general approval, and authorised the acquisition by any subsidiary of the company of shares issued by such subsidiary and/or by the company, upon such terms and conditions and in such amount as the directors of such subsidiary/ies may from time to time decide, but subject to the provisions of section 85 to 89 of the Companies Act, the Articles of Association of the company and the Listings Requirements of the JSE Ltd (if applicable).

Zeder Investments Ltd

The company be authorised to repurchase its own issued shares, upon such terms as the directors of the company may determine, but subject to the provisions of section 85 to 88 of the Companies Act, the Articles of Association of the company, the Listings Requirements of the JSE Ltd and the requirements of any other stock exchange on which the shares of the company may be quoted or listed.

The company approved, as a general approval, and authorised the acquisition by any subsidiary of the company of shares issued by such subsidiary and/or by the company, upon such terms and conditions and in such amount as the directors of such subsidiary company(ies) may determine, but subject to the provisions of section 85 to 89 of the Companies Act, the Articles of Association of the company, the Listings Requirements of the JSE Ltd and the requirements of any other stock exchange on which the shares of the company may be quoted or listed.

PSG Konsult Ltd

The company be authorised until the next annual general meeting, to repurchase any of the shares issued by the company upon such terms as the directors may determine, but subject to the provisions of section 85 to 88 of the Companies Act.

PSG Fund Management Group (Pty) Ltd

The company changed its name to PSG Invest (Pty) Ltd.

SECRETARIES

The secretary of the company is PSG Corporate Services (Pty) Ltd. The business and postal addresses are shown on the inside back cover.

Statements of financial position

as at 28 February 2011

		GROUP		COMPANY	
		2011	2010	**2011**	2010
	Notes	**R000**	R000	**R000**	R000
ASSETS					
Property, plant and equipment	1	**410 865**	37 959		
Intangible assets	2	**1 025 260**	780 920		
Investment in subsidiary	3			**1 955 886**	1 976 884
Investment in associated companies	4	**5 212 345**	4 452 693		
Deferred income tax	5	**48 425**	4 071		
Financial assets					
Equity securities	6	**1 128 371**	1 004 861		
Debt securities	7	**2 085 349**	1 648 671		
Unit-linked investments	8	**5 008 029**	4 960 221		
Investment in investment contracts	9	**1 108 686**	975 001		
Loans and advances	10	**42 508**	68 645		
Derivative financial instruments	11	**10 569**	78 156		
Receivables	12	**193 809**	137 623	**170**	
Current income tax assets		**5 366**			
Cash and cash equivalents	13	**1 130 695**	537 502	**92**	685
Total assets		**17 410 277**	14 686 323	**1 956 148**	1 977 569
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	14	**1 663**	1 669	**1 903**	1 909
Share premium		**1 797 783**	1 817 754	**1 797 783**	1 817 754
Treasury shares		**(299 784)**	(309 361)		
Other reserves	15	**40 996**	20 899		
Retained earnings		**2 044 140**	1 416 015	**154 503**	156 039
		3 584 798	2 946 976	**1 954 189**	1 975 702
Non-controlling interest	16	**3 025 828**	2 263 401		
Total equity		**6 610 626**	5 210 377	**1 954 189**	1 975 702
LIABILITIES					
Insurance contracts	17	**29 896**	30 344		
Deferred income tax	5	**126 437**	74 486		
Financial liabilities					
Borrowings	18	**811 854**	645 688		
Derivative financial instruments	11	**5 988**	78 115		
Investment contracts	19	**9 112 357**	8 215 825		
Third-party liabilities arising on consolidation of mutual funds	20	**37 054**	71 715		
Accruals for other liabilities and charges	21	**20 776**	13 766		
Trade and other payables	22	**642 913**	344 380	**1 959**	1 867
Current income tax liabilities		**12 376**	1 627		
Total liabilities		**10 799 651**	9 475 946	**1 959**	1 867
Total equity and liabilities		**17 410 277**	14 686 323	**1 956 148**	1 977 569

Income statements

for the year ended 28 February 2011

		GROUP		COMPANY	
		2011	2010	**2011**	2010
	Notes	**R000**	R000	**R000**	R000
INCOME					
Investment income	23	**492 183**	460 684	**93 300**	99 000
Net fair value gains and losses on financial instruments	24	**379 419**	688 025		
Fair value adjustment to investment contract liabilities	19	**(650 158)**	(923 987)		
Commission and other fee income	25	**1 290 162**	1 060 812		
Insurance premium income	26		1 985		
Other operating income	27	**380 223**	44 611		
Total income		**1 891 829**	1 332 130	**93 300**	99 000
EXPENSES					
Insurance claims and loss adjustments	26	**218**	1 211		
Marketing, administration and other expenses	28	**1 162 433**	981 910	**1 407**	627
Total expenses		**1 162 651**	983 121	**1 407**	627
Share of profits of associated companies	4	**524 808**	411 836		
Results of operating activities		**1 253 986**	760 845	**91 893**	98 373
Finance costs	29	**(90 681)**	(93 866)		
Profit before taxation		**1 163 305**	666 979	**91 893**	98 373
Taxation	30	**(130 963)**	(103 308)		
Profit for the year		**1 032 342**	563 671	**91 893**	98 373
Profit attributable to:					
Owners of the parent		**708 403**	390 925	**91 893**	98 373
Non-controlling interest		**323 939**	172 746		
		1 032 342	563 671	**91 893**	98 373
Earnings per share (cents)	31				
Basic		**424,1**	225,8		
Diluted		**420,2**	224,5		

Statements of comprehensive income

for the year ended 28 February 2011

		GROUP		COMPANY	
		2011	2010	**2011**	2010
	Notes	**R000**	R000	**R000**	R000
Profit for the year		**1 032 342**	563 671	**91 893**	98 373
Other comprehensive income for the year, net of taxation	30	**26 210**	261	**–**	–
Currency translation adjustments		**(1 165)**	(1 609)		
Fair value gains/(losses) on available-for-sale investments		**447**	(2 296)		
Step acquisition from equity securities to investment in associated companies					
Reversal of previous fair value gains after taxation on equity securities			(398)		
Revaluation of assets and liabilities of associated companies			398		
Share of other comprehensive income of associated companies		**16 977**	3 285		
Disposal of associated company's share of other comprehensive income		**10 099**			
Other		**(148)**	881		
Total comprehensive income for the year		**1 058 552**	563 932	**91 893**	98 373
Attributable to:					
Owners of the parent		**722 480**	398 179	**91 893**	98 373
Non-controlling interest		**336 072**	165 753		
		1 058 552	563 932	**91 893**	98 373

Statements of changes in equity

for the year ended 28 February 2011

GROUP	Share capital and premium R000	Treasury shares R000	Other reserves R000	Retained earnings R000	Non-controlling interest R000	Total R000
Balance at 1 March 2009	1 840 467	(207 310)	8 472	1 113 778	1 863 570	4 618 977
Comprehensive income						
Profit for the year				390 925	172 746	563 671
Other comprehensive income	–	–	7 254	–	(6 993)	261
Currency translation adjustments			(1 609)			(1 609)
Fair value losses on investments			(2 296)			(2 296)
Step acquisition from equity securities to investment in associated companies						
Reversal of previous fair value gains after taxation on equity securities				(398)		(398)
Revaluation of assets and liabilities of associated companies				398		398
Share of other comprehensive income of associated companies			10 278		(6 993)	3 285
Other			881			881
Total comprehensive income	–	–	7 254	390 925	165 753	563 932
Transactions with owners	(21 044)	(102 051)	5 173	(88 688)	234 078	27 468
Issue of shares	119 830				357 801	477 631
Share buy-back	(140 858)					(140 858)
Share-based payment costs – employees			5 173			5 173
Treasury shares sold		2 531				2 531
Treasury shares acquired	(16)	(104 582)				(104 598)
Acquired from non-controlling interest					(4 790)	(4 790)
Dividend paid				(88 688)	(118 933)	(207 621)
Balance at 28 February 2010	1 819 423	(309 361)	20 899	1 416 015	2 263 401	5 210 377
Comprehensive income						
Profit for the year				**708 403**	**323 939**	**1 032 342**
Other comprehensive income	**–**	**–**	**14 016**	**61**	**12 133**	**26 210**
Currency translation adjustments			**(873)**		**(292)**	**(1 165)**
Fair value gains on investments			**781**		**(334)**	**447**
Share of other comprehensive income of associated companies			**9 744**		**7 233**	**16 977**
Disposal of associated company's share of other comprehensive income			**4 212**		**5 887**	**10 099**
Other			**152**	**61**	**(361)**	**(148)**
Total comprehensive income	**–**	**–**	**14 016**	**708 464**	**336 072**	**1 058 552**
Transactions with owners	**(19 977)**	**9 577**	**6 081**	**(80 339)**	**426 355**	**341 697**
Share buy-back	**(19 977)**					**(19 977)**
Issue of preference shares					**501 526**	**501 526**
Share-based payment costs – employees			**6 081**			**6 081**
Treasury shares sold		**9 577**				**9 577**
Acquisition of subsidiary					**39 660**	**39 660**
Transactions with non-controlling interest				**2 062**	**(5 381)**	**(3 319)**
Capital reduction by subsidiary					**(3 154)**	**(3 154)**
Dividend paid				**(82 401)**	**(106 296)**	**(188 697)**
Balance at 28 February 2011	**1 799 446**	**(299 784)**	**40 996**	**2 044 140**	**3 025 828**	**6 610 626**

Statements of changes in equity *continued*

for the year ended 28 February 2011

COMPANY	Share capital and premium R000	Retained earnings R000	Total R000
Balance at 1 March 2009	1 840 691	156 496	1 997 187
Comprehensive income			
Profit for the year		98 373	98 373
Transactions with owners			
Issue of shares	119 830		119 830
Repurchase of shares	(140 858)		(140 858)
Dividend paid		(98 830)	(98 830)
Balance at 28 February 2010	1 819 663	156 039	1 975 702
Comprehensive income			
Profit for the year		**91 893**	**91 893**
Transactions with owners			
Repurchase of shares	**(19 977)**		**(19 977)**
Dividend paid		**(93 429)**	**(93 429)**
Balance at 28 February 2011	**1 799 686**	**154 503**	**1 954 189**

Statements of cash flows

for the year ended 28 February 2011

	Notes	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
Cash flows from operating activities					
Cash generated by operating activities	36.1	**308 971**	546 231	**(1 485)**	(1 313)
Interest income		**375 822**	326 997		
Dividend income		**78 285**	105 503	**93 300**	99 000
Finance costs		**(65 029)**	(93 866)		
Taxation paid	36.2	**(133 714)**	(105 498)		
Net cash flow from operating activities		**564 335**	779 367	**91 815**	97 687
Cash flows from investing activities					
Acquisition of subsidiaries	36.3	**(131 965)**	(30 888)		
Acquisition of/loans advanced to associated companies		**(724 161)**	(497 473)		
Proceeds from sale of associated companies/ repayment of loans		**737 067**	201 316		
Acquisition of intangibles		**(56 425)**	(42 633)		
Proceeds from sale of book of business		**23 435**	38 990		
Proceeds from sale of subsidiaries	36.4	**(1 532)**	(2 880)		
Proceeds from disposal of property, plant and equipment		**827**	1 239		
Purchases of property, plant and equipment		**(96 579)**	(17 671)		
Loans from subsidiary company				**20 998**	22 226
Net cash flow from investing activities		**(249 333)**	(350 000)	**20 998**	22 226
Cash flows from financing activities					
Dividends and capital distributions paid to group shareholders		**(82 401)**	(88 688)	**(93 429)**	(98 830)
Dividends/capital distributions paid to non-controlling interest		**(109 450)**	(118 933)		
Capital contributions by non-controlling interest		**45 409**	385 476		
Acquired from non-controlling interest		**(48 770)**	(5 630)		
Increase in borrowings		**73 935**	209 060		
Purchase of treasury shares by subsidiary company		**(33 932)**	(104 598)		
Treasury shares sold by subsidiary company			2 531		
Issue of preference shares		**501 526**			
Shares issued		**9 577**	119 830		119 830
Repurchase of shares		**(19 977)**	(140 858)	**(19 977)**	(140 858)
Net cash flow from financing activities		**335 917**	258 190	**(113 406)**	(119 858)
Net increase/(decrease) in cash and cash equivalents		**650 919**	687 557	**(593)**	55
Cash and cash equivalents at beginning of year		**476 404**	(211 153)	**685**	630
Cash and cash equivalents at end of year	36.5	**1 127 323**	476 404	**92**	685

Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

BASIS OF PREPARATION

The consolidated and company financial statements of PSG Group Ltd have been prepared in accordance with International Financial Reporting Standards (IFRS) and the manner required by the Companies Act of South Africa. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed further on in the accounting policies.

STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE EFFECTIVE FOR THE FIRST TIME IN 2011

New and amended standards adopted by the group

- Amendments to IFRS 2 – Group Cash-settled Share-based Payment Transactions (effective January 2010)
  The amendment clarifies the accounting for group cash-settled share-based payment transactions. The entity receiving the goods or services shall measure the share-based payment transaction as equity-settled only when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction. The entity settling a share-based payment transaction when another entity in the group receives the goods or services recognises the transaction as equity-settled only if it is settled in its own equity instruments. In all other cases, the transaction is accounted for as cash-settled. The group and company adopted the amendment retrospectively from 1 March 2010.

- IFRS 3 Revised – Business Combinations (effective July 2009)
  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group applied the revised standard prospectively from 1 March 2010.

  IFRS 3 Revised impacted on the group where equity securities were transferred to investment in associated companies upon gaining significant influence. Under IFRS 3 these investments were transferred at cost, with a reversal of previous fair value adjustments against equity. The revised standard provides the option of investments to be transferred at fair value.

- IAS 27 Revised – Consolidated and Separate Financial Statements (effective July 2009)
  The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The group applied the revised standard prospectively to transactions with non-controlling interests from 1 March 2010. This resulted in a change in accounting policy, since the group previously treated non-controlling interests as parties external to the group and subsequent to the revision treated non-controlling interests as equity holders.

New and amended standards not currently relevant to the group's operations

- Amendments to IAS 32 Classification of Rights Issues (effective February 2010)
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement Eligible Hedged Items (effective July 2009)
- Amendment to IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 – Financial Instruments: Recognition and Measurement (effective July 2009)
- IFRIC 17 Distribution of Non-cash Assets to Owners (effective July 2009)
- IFRIC 18 Transfers of Assets from Customers (effective July 2009)

Accounting policies

continued

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective July 2010)
- AC 504 – IAS 19 (AC 116) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment (effective April 2009)
- Improvements to IFRS 2008 (effective July 2009)
- Improvements to IFRS 2009 (effective July 2009 and January 2010)
- Improvements to IFRS 2010 (effective July 2010)

The implications of these statements have no impact on measurements of assets and liabilities or disclosures in the current or prior years.

STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 March 2010 or later periods, but which the group has not early adopted, are as follows:

- Amendments to IFRS 7 Financial Instruments: Disclosures (effective July 2011)
- IFRS 9 Financial Instruments (effective January 2013)
  This standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. IFRS 9 applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. IFRIC 9 also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories.
- Amendments to IAS 24 Related Party Disclosures (effective January 2011)
- Improvements to IFRS 2010 (effective January 2011)

Management is in the process of assessing the impact of these amendments and standards on the reported results of the group and the company.

GROUP FINANCIAL STATEMENTS

The group annual financial statements comprise those of the company, its subsidiaries, associated companies and the share incentive trusts ("share trusts").

Subsidiaries

Subsidiaries are all entities (including special-purpose entities and collective investment schemes) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are no longer consolidated from the date on which control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is

Accounting policies

continued

recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the group.

Shares in the company held by the share trusts have been consolidated into the financial results of the group, as the group has effective control over these shares.

Investment in subsidiaries in the company financials are carried at cost less provision for impairment.

Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Mutual funds

Mutual funds, in which the group has greater than 50% economic interest resulting in effective control, are consolidated. The consolidation principles applied are consistent with those applied to consolidated subsidiary companies.

Associated companies

Associated companies are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for by the equity method of accounting and are initially recognised at cost, inclusive of acquisition-related costs. The group's investment in associated companies includes goodwill identified on acquisition (see note 2), net of any accumulated impairment loss.

Where equity securities are transferred to investment in associated companies upon gaining significant influence ("step acquisition"), the investment is transferred at its fair value with the resulting gain or loss, as well as any acquisition-related costs, recognised in the income statement. Goodwill is calculated at each stage of step acquisitions.

Certain associated companies have year-ends that differ from that of the group. The results of associated companies are accounted for according to the equity method, based on their most recent published audited financial statements or latest management information. Equity accounting involves recognising the group's share of its associated companies' post-acquisition profits or losses in the income statement, and its share of post-acquisition movements in other comprehensive income and equity, in the statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the group and its associated companies are eliminated to the extent of the group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Cross-holdings between the group and its associates are eliminated in accordance with normal consolidation procedure. Associates' accounting policies have been changed, where necessary, to ensure consistency with the policies adopted by the group.

Accounting policies

continued

Dilution gains and losses arising in investment in associated companies are recognised in the income statement.

After applying the equity method, investments in associated companies are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If the ownership interest in an associate company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Loans and preference shares to associated companies are disclosed as part of the carrying amount of the investment.

The company accounts for investment in associated companies at cost, inclusive of acquisition-related costs, less provision for impairment.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions. Intersegment transactions are treated consistent with the accounting policies set out under GROUP FINANCIAL STATEMENTS and REVENUE RECOGNITION.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the company entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The consolidated financial statements are presented in South African rand, which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement as part of net fair value gains and losses on financial instruments.

Translation differences on non-monetary financial assets and liabilities, such as equity securities held at fair value through profit or loss, are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equity securities classified as available-for-sale, are recognised in the statement of comprehensive income and included in the fair value reserve in equity.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Income, expenses and equity movements are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions)
- Assets and liabilities are translated at closing exchange rates
- All resulting exchange differences are recognised in the statement of comprehensive income and as a separate component of equity

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as the foreign entity's assets and liabilities and are translated at the closing rate.

Accounting policies

continued

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method at rates considered appropriate to reduce book values to estimated residual values over the useful lives of the assets, as follows:

Buildings	25 years
Motor vehicles	5 years
Plant	15 years
Office equipment	5 years
Computer equipment	3 years

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associated company undertaking at the date of acquisition. Goodwill is reported in the statement of financial position as an intangible asset. Goodwill on acquisition of associated companies is included in investments in associated companies. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The groups of cash-generating units are not larger than operating segments.

An excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities arises where the net assets of a subsidiary or associate at the date of acquisition, fairly valued, exceed the cost of the acquisition. This excess arising on acquisitions is taken directly to income.

Trademarks

Acquired patents, trademarks and licences are shown at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over their estimated useful lives, which vary from 5 to 20 years and are reassessed annually. The carrying amount of each cash-generating unit is reviewed for impairment when an impairment indicator is identified.

Customer lists

Acquired customer lists are shown at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over their estimated useful lives ranging between 5 and 20 years, which reflect the expected life of the book of

Accounting policies

continued

business acquired. The carrying amount of each cash-generating unit is reviewed for impairment when an impairment indicator is identified.

Deferred acquisition costs (DAC)

Commissions, fees and other incremental costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as a deferred acquisition cost intangible asset, since these costs relate to future economic benefits being generated beyond one year. The DAC is subsequently amortised over the expected life of the contracts. All other costs are recognised as expenses when incurred.

An impairment test is conducted annually at reporting date on the DAC balance to ensure that the amount will be recovered from future revenue generated by the applicable remaining investment management contracts.

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use
- Management intends to complete the software product and use or sell it
- There is an ability to use or sell the software product
- It can be demonstrated how the software product will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available
- The expenditure attributable to the software product during its development can be reliably measured

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised using the straight-line method over their estimated useful lives, which do not exceed two years.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

FINANCIAL INSTRUMENTS

Financial instruments recognised on the statement of financial position include financial assets, receivables, cash and cash equivalents, financial liabilities and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Accounting policies

continued

FINANCIAL ASSETS

The group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets and loans and advances. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

This category has two subcategories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Financial assets designated at fair value through profit or loss at inception are those that are managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the group's key management personnel. Derivatives are categorised as held for trading.

Financial assets designated as at fair value through profit or loss at inception relating to the group's linked insurance company, PSG FutureWealth, are those that are held in internal funds to match insurance and investment contract liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities – other than those that meet the definition of loans and advances – that the group's management has the positive intention and ability to hold to maturity.

Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the group intends to sell in the short term. Loans and advances are carried at amortised cost using the effective-interest method. Specific provisions are made against identified doubtful advances.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Recognition and measurement of financial assets

Purchases and sales of financial assets are recognised on trade date – the date on which the group commits to purchase or sell the asset. Financial assets not carried at fair value through profit or loss, are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in the statement of comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment activities.

Interest on available-for-sale securities calculated using the effective-interest method is recognised in the income statement as part of investment income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of investment income when the group's right to receive payment is established.

Accounting policies

continued

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

Held-to-maturity investments are measured at amortised cost using the effective interest rate method less any impairment, with revenue recognised on an effective yield basis.

The group does not apply hedge accounting other than the hedging activities for contracts for differences.

Loans advanced to associated companies and subsidiaries, which are interest-free with no repayment terms, are carried at amortised cost using the effective-interest method.

Impairment of financial assets

The group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Loans and advances are considered impaired if, and only if, there is objective evidence of impairment as a result of events that occurred after initial asset recognition (known as loss events) and these loss events have an adverse impact on the assets' estimated future cash flows that can be reliably measured. Objective evidence that loans and advances may be impaired, includes breach of contract, such as a default or delinquency in interest or principal payments. In this regard instalments past due date are considered in breach of contract. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Impairment losses are recognised in the income statement, and reversed through the income statement.

Held-to-maturity investments are considered impaired when there is objective evidence that the group will not be able to collect all amounts due according to the original contract terms. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the investment is impaired. The amount of the impairment provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The movement in the amount of the provision is recognised in the income statement.

Investment in investment contracts

These are valued at fair value, if issued by an independent credible party, or at fair values of the underlying investments supporting the investment contract policy adjusted for applicable liquidity or credit risk.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised initially at fair value on the date on which a derivative contract is entered into. Subsequent to initial recognition, derivative financial instruments are measured at fair value through profit or loss. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only observable market data.

Accounting policies

continued

RECEIVABLES

Receivables are initially measured at fair value and subsequently recognised at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The movement in the amount of the provision is recognised in the income statement.

CONTRACTS FOR DIFFERENCE (CFD)

The group enters into contracts for difference with clients whereby the company provides leveraged exposure to equities specified by the client. The client pays a margin of between 15,0% and 17,5% of the value of the equities. Margin calls are made for the full value of any decrease in value of the equities.

CFD positions with clients are funded with equal and opposite CFD positions with other financial institutions. External funding is only used on an intra-day basis to purchase the underlying equity positions which are then delivered to the financial institution, at the end of each business day, for settlement of the intra-day funding provided. The CFD positions are classified as financial assets or liabilities at fair value through profit or loss.

The group is contractually bound to pay out or recover any fair value adjustments from the parties entering into the contracts for difference, based on the fair value movement of the specified listed equities invested in for the client.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, other deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings on the statement of financial position.

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

Subsidiary preference shares

Cumulative, non-redeemable, non-participating subsidiary preference shares, where the dividend declaration is subject to the discretion of the subsidiary's board, are classified as equity.

INSURANCE AND INVESTMENT CONTRACTS – CLASSIFICATION

A distinction is made between investment contracts (which fall within the scope of IAS 39, Financial Instruments: Recognition and Measurement) and insurance contracts (where the Financial Soundness Valuation (FSV) method continues to apply, subject to certain requirements specified in IFRS 4, Insurance Contracts). A contract is classified as insurance where the group accepts significant insurance risk by agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk exists where it is expected that for the duration of the policy or part thereof, policy benefits payable on the occurrence of the insured event will exceed the amount payable on early termination before allowance for expense deductions at early termination. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

Accounting policies

continued

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. These contracts are measured at the fair value of the corresponding financial assets.

INSURANCE CONTRACTS

Policyholder contracts that transfer significant insurance risk are classified as insurance contracts. These contracts are valued in terms of the FSV basis contained in PGN 104 issued by the Actuarial Society of South Africa and are reflected as "Insurance policy liabilities".

Liabilities are valued as the present value of future cash flows due to benefit payments and administration expenses that are directly related to the contract discounted at the rate of return at year-end on the assets backing the policyholder funds. Future cash flows are projected on a best estimate basis with an allowance for compulsory margins for adverse deviations as prescribed by PGN 104. Best estimate assumptions are required for future investment returns, expenses, persistency, mortality and other factors that may impact on the financial position of the group. As per PGN 104, contractual premium increases are allowed for, but future voluntary premium increases are ignored.

In addition, certain discretionary margins are created to allow profits to emerge over the lifetime of the policy to reflect the small number of policies and associated volatility. Where the number of policies is small the prescribed margins alone do not result in an acceptable probability of the total reserve being sufficient to meet all liabilities.

The financial soundness methodology includes allowance for liability adequacy testing to ensure that the carrying amount of technical provisions is sufficient in view of estimated future cash flows. Where a shortfall is identified an additional provision is made.

The group reflects premium income relating to insurance business on a gross basis together with the gross amount of any reinsurance premiums. All premiums are accounted for when they become due and payable.

The group shows the gross amount of policyholder benefit payments in respect of insurance contracts together with the gross reinsurance recoveries and accounts for such transactions when claims are intimated.

FINANCIAL LIABILITIES

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities include borrowings, derivative financial instruments, policyholder liabilities under investment contracts, third-party liabilities arising on consolidation at mutual funds and trade and other payables. The group issues investment contracts without fixed terms (unit linked) and with fixed and guaranteed terms (fixed interest rate).

Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the raising of the funds, for all financial liabilities carried at amortised cost. All financial liabilities measured at fair value through profit or loss are initially recognised at fair value. The best evidence of the fair value at initial recognition is the transaction price (i.e. the fair value of the consideration received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

The fair value of a unit-linked financial liability is determined using the current unit price reflecting the fair values of the financial assets contained within the company's unitised investment funds linked to the financial liability, multiplied by the number of units attributed to the policyholder at a reporting date. No initial profit is recognised immediately as any profit on initial recognition is amortised in line with cash flow projections over the life of the contract.

For investment contracts with fixed and guaranteed terms, the amortised cost basis is used. In this case, the liability is initially measured at its fair value less transaction costs that are incremental and directly attributable to the acquisition or issue of the contract.

Subsequent measurement of investment contracts at amortised cost uses the effective-interest method. This method requires the determination of an interest rate (the effective interest rate) that exactly discounts to the net carrying amount of the financial liability, the estimated future cash payments or receipts through the expected life of the financial instrument.

Accounting policies

continued

The liability under investment contracts is derecognised when the contract expires, is discharged or is cancelled by the policyholder. For a contract that can be cancelled by the policyholder, the fair value cannot be less than the surrender value.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective-interest method.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

Trade and other payables

Trade and other payables are recognised initially at fair value, net of translation costs incurred. Trade and other payables are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and redemption value is recognised in profit and loss over the period using the effective-interest method.

DEFERRED REVENUE LIABILITY (DRL)

Service fee income on investment management contracts is recognised on an accrual basis as and when the services are rendered. A DRL is recognised in respect of upfront fees, which are directly attributable to a contract that is charged for securing the investment management service contract. The DRL is then amortised to revenue when the services are provided, over the expected duration of the contract on a straight-line basis.

CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Accounting policies

continued

EMPLOYEE BENEFITS

Pension obligations

The group only has defined-contribution plans. A defined-contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other post-retirement benefits

The group offers no other post-retirement benefits.

Share-based compensation

The group operates two equity-settled share-based compensation schemes.

For the compensation schemes, the fair value of the employee services received in exchange for the grant of the scheme shares/share options, less the amount paid by the employee, is recognised as an expense. The total amount to be expensed over the vesting period, which is between three and five years, is determined by reference to the fair value of the scheme shares/share options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of scheme shares/share options that are expected to become exercisable. At each reporting date, the entity revises its estimates of the number of scheme shares/share options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

If the group cancels or settles a grant of equity instruments during the vesting period, the group accounts for the cancellation or settlement of the grant and recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

The share-based payment costs are recognised in the income statement and a share-based payment reserve is recognised as part of equity and represents the fair value at grant date of the shares/share options that will be delivered on vesting.

Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated annual leave as a result of services rendered by employees up to reporting date.

Profit sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit sharing. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

PROVISIONS

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

Accounting policies
continued

REVENUE RECOGNITION
Revenue comprises the fair value of the consideration received or receivable for services in the ordinary course of the group's activities. Revenue is shown net of value added tax, after eliminating revenue within the group. Revenue is recognised as follows:

Rendering of services
Fee income is recognised when the related company is unconditionally entitled thereto. No profit is recognised when the outcome of a transaction cannot be estimated reliably. Fee income from the rendering of services includes:

Commissions and fees
Revenue arising from brokerage activities and other related services, advisory services and portfolio management offered by the group is recognised in the accounting period in which the services are rendered with reference to completion of the specific transaction.

Dealing and structuring
Upfront payments received for asset management services relating to the rendering of future services are deferred and amortised in proportion to the stage of completion of the service for which they were paid.

Interest income
Interest income for financial assets that are not classified as at fair value through profit or loss is recognised using the effective-interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding discount as interest income. Interest income from financial assets that are classified as at fair value through profit or loss is included in investment income.

Dividend income
Dividend income is recognised when the right to receive payment is established. Dividend income from financial assets that are classified as at fair value through profit or loss is included in investment income.

LEASES
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

DIVIDEND DISTRIBUTIONS
Dividend distributions to the company's shareholders are recognised as a liability in the period in which the dividends are approved by the company's board of directors.

SECONDARY TAX ON COMPANIES (STC)
South African resident companies are subject to a duel corporate tax system, one part of the tax being levied on taxable income and the other, a secondary tax, on distributed income. A company incurs STC charges on the declaration or deemed declaration of dividends (as defined under tax law) to its shareholders. STC is not a withholding tax on shareholders, but a tax on companies.

The STC tax consequence of dividends is recognised as a taxation charge in the income statement in the same period that the related dividend is accrued as a liability. The STC liability is reduced by dividends received during the dividend cycle. Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate on the net amount. Where dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends is carried forward to the next dividend cycle as an STC credit. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the group will declare dividends in the following year to utilise such STC credits.

CONTINGENCIES
A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present

Accounting policies

continued

obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. These contingent liabilities are not recognised in the statement of financial position but disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These contingent assets are not recognised in the statement of financial position but are disclosed in the notes to the financial statements if the inflow of financial benefits is probable.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy on goodwill. The recoverable amounts of cash-generating units have been determined based on value-in-use and fair value less cost to sell calculations. These calculations require the use of estimates (see note 2).

Fair value of derivatives and other unlisted financial instruments

The fair value of financial instruments that are trading on recognised over-the-counter (OTC) platforms is based on the closing price and classified as quoted instruments. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques as disclosed in the policy relating to financial assets. Please refer to accounting policy regarding DERIVATIVE FINANCIAL INSTRUMENTS for further detail regarding fair value valuation techniques.

Employee benefits

Refer to note 14 on share-based compensation schemes.

Equity accounting

The group accounts for certain investments as associates although the group holds less than 20 percent of the issued share capital. This is based on the group's ability to exercise significant influence over the investments through its voting power (both through its equity holding and its representation on the board of directors), its participation in the strategic, financial and operational decisions of the investments and the fact that the influence is also acknowledged by the investments.

Directors' valuation of unlisted associated companies

Directors' valuation of unlisted associated companies is determined with reference to market prices, assessing the fair value of underlying investments as well as the published net asset value or valuation techniques. Valuation techniques used include applying a market-related price-earnings ratio, ranging between 4 and 8 (2010: 7,5), to operational earnings or performing discounted cash flow models to the expected underlying cash flows. The following assumptions are used in the valuation models:

Assumptions	**2011 Range**	2010 Range
Weighted average cost of capital (discount rate)	**14% – 20%**	14% – 19%
Growth rate	**0% – 25%**	0% – 25%
Terminal growth rate	**5%**	6%
Risk-free rate	**8,8%**	8,3%

Accounting policies

continued

Impairment of investment in associated companies

An impairment of investment in associated companies is considered when the fair value is below its carrying value. In determination of whether the decline is significant or prolonged, the following factors may be considered: normal volatility in share price, the financial health of the investee, sector performance, changes in operational and financing cash flow.

An impairment loss is recognised for the amount by which the investment in associated companies carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is calculated with reference to the assumptions noted on the previous page.

The directors are satisfied that the group's investment in associated companies are fairly stated.

Acquisition of associated companies

Details regarding significant new investments in associated companies are disclosed in note 4. Furthermore, the group's interest in certain already existing associated companies was also increased. In accounting for these transactions management had to apply judgement in determining the fair value of the identifiable assets and liabilities of the associated companies acquired, or the portion acquired when an additional interest was acquired.

Investment contracts

The group issues a significant number of investment contracts that are designated as at fair value through profit or loss. These financial instruments are not quoted in active markets, and their fair values are determined by using valuation techniques. Such techniques (for example, valuation models) are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are validated before they are used and calibrated to ensure that outputs reflect actual experience and comparable market prices.

Recognition of intangible assets

Trademarks and customers lists acquired through business combinations or acquisitions are valued on acquisition using discounted cash flow methodology based on assumptions and estimates regarding future revenue growth, weighted cost of capital, marketing costs and other economic factors affecting the value in use of these intangible assets. These assumptions reflect management's best estimates but are subject to inherent uncertainties.

The cost of the trademarks and customer lists are amortised over their estimated useful lives. The remaining useful lives of intangible assets are re-assessed annually.

Notes to the annual financial statements

for the year ended 28 February 2011

GROUP	Land and buildings R000	Vehicles and plant R000	Office equipment R000	Computer equipment R000	Total R000
1. PROPERTY, PLANT AND EQUIPMENT					
As at 28 February 2011					
Cost	**361 658**	**13 694**	**43 332**	**45 232**	**463 916**
Accumulated depreciation	**(1 030)**	**(3 596)**	**(19 651)**	**(28 774)**	**(53 051)**
Balance at end of year	**360 628**	**10 098**	**23 681**	**16 458**	**410 865**
Reconciliation					
Balance at beginning of year	**5 499**	**7 486**	**16 427**	**8 547**	**37 959**
Additions	**76 571**	**1 348**	**6 250**	**12 410**	**96 579**
Disposals	**(133)**	**(189)**	**(320)**	**(255)**	**(897)**
Depreciation	**(239)**	**(1 121)**	**(6 029)**	**(7 504)**	**(14 893)**
Subsidiaries acquired	**278 930**	**2 574**	**7 353**	**3 260**	**292 117**
Balance at end of year	**360 628**	**10 098**	**23 681**	**16 458**	**410 865**
As at 28 February 2010					
Cost	6 290	10 119	30 193	29 690	76 292
Accumulated depreciation	(791)	(2 633)	(13 766)	(21 143)	(38 333)
Balance at end of year	5 499	7 486	16 427	8 547	37 959
Reconciliation					
Balance at beginning of year	2 754	6 989	12 825	10 323	32 891
Additions	2 928	1 115	8 262	5 366	17 671
Disposals	(57)	(96)	(385)	(798)	(1 336)
Depreciation	(126)	(574)	(4 468)	(6 244)	(11 412)
Subsidiaries acquired		52	217	56	325
Subsidiaries sold			(24)	(156)	(180)
Balance at end of year	5 499	7 486	16 427	8 547	37 959

Details of land and buildings are available at the registered offices of the relevant group companies.

The market value of land and buildings at 28 February 2011, as determined by the directors of the relevant property-owning group companies, amounted to R373 251 000 (2010: R17 130 000).

Notes to the annual financial statements

for the year ended 28 February 2011

	GROUP	Deferred acquisition costs R000	Customer lists R000	Trademarks and other R000	Goodwill R000	Total R000
2.	**INTANGIBLE ASSETS**					
	As at 28 February 2011					
	Cost	**8 164**	**396 784**	**50 698**	**660 183**	**1 115 829**
	Accumulated amortisation	**(4 042)**	**(71 044)**	**(16 092)**	**609**	**(90 569)**
	Balance at end of year	**4 122**	**325 740**	**34 606**	**660 792**	**1 025 260**
	Reconciliation					
	Balance at beginning of year	**3 474**	**224 819**	**30 890**	**521 737**	**780 920**
	Additions	**2 376**	**39 345**	**18 150**	**526**	**60 397**
	Disposals		**(11 571)**	**(6 439)**	**(9 397)**	**(27 407)**
	Subsidiaries acquired		**92 882**	**2 809**	**153 418**	**249 109**
	Derecognised on acquisition of subsidiary		**(1 479)**	**(4 462)**	**(1 897)**	**(7 838)**
	Impairment		**(275)**		**(3 595)**	**(3 870)**
	Amortisation	**(1 728)**	**(17 981)**	**(6 342)**		**(26 051)**
	Balance at end of year	**4 122**	**325 740**	**34 606**	**660 792**	**1 025 260**
	As at 28 February 2010					
	Cost	68 726	276 841	45 165	521 737	912 469
	Accumulated amortisation	(65 252)	(52 022)	(14 275)		(131 549)
	Balance at end of year	3 474	224 819	30 890	521 737	780 920
	Reconciliation					
	Balance at beginning of year	19 427	196 040	35 238	485 754	736 459
	Additions	1 351	31 801	2 446	7 035	42 633
	Disposals	(15 687)	(13 058)	(2 438)	(7 807)	(38 990)
	Subsidiaries acquired		23 824		37 643	61 467
	Realised on disposal of subsidiaries				(888)	(888)
	Impairment		(480)			(480)
	Amortisation	(1 617)	(13 308)	(4 356)		(19 281)
	Balance at end of year	3 474	224 819	30 890	521 737	780 920

Details on impairment tests performed

Goodwill is allocated to cash-generating units identified according to the operating segments. A segment level summary of goodwill allocation is as follows:

	GROUP	
	2011 R000	2010 R000
Capitec Bank	**186 620**	186 620
Paladin Capital	**97 698**	67 408
PSG Konsult	**368 222**	257 560
PSG Asset Management (formerly PSG Fund Management)	**8 252**	10 149
	660 792	521 737

Customer lists were evaluated for impairment using the most recent price/earnings ratio's for similar transactions in the market. The range of price/earnings ratio's used vary from 4 to 12 (2010: 4 to 12).

Notes to the annual financial statements

for the year ended 28 February 2011

2. INTANGIBLE ASSETS *(continued)*

PSG Konsult and PSG Asset Management

The recoverable amount of cash-generating units is based on the fair value less cost to sell. As there is no active market, fair value was determined on a price-earnings ratio by multiplying the earnings for the current year by an applicable price-earnings ratio. Ratios for similar listed companies, as well as recent transactions within the group, were used to determine an applicable price-earnings ratio. The average of price-earnings ratios used was 7,5 (2010: 6.5).

Capitec Bank

The recoverable amount is determined based on the higher of fair value less cost to sell and value-in-use calculations. The fair value less cost to sell exceeded the carrying value.

Paladin Capital

For listed and unlisted investments, the recoverable amount is determined based on the higher of fair value less cost to sell and value-in-use calculations. These value-in-use calculations use free cash flow projections based on historical results, the following financial year's management-approved budget extended for a four-year growth phase and comparative market data. Cash flows are discounted using a multi-stage cash flow model with the parameters indicated below.

The key assumptions used for the value-in-use calculations are as follows:

	GROUP	
	2011	2010
Risk-free rate	**8,8%**	8,3%
Growth rate ranging from	**0% – 25%**	0% – 25%
Terminal growth rate	**5%**	6%
Discount rate ranging from	**14% – 20%**	14% – 19%

These assumptions have been used for the analysis of goodwill allocated. The growth rates assumed are based on board-approved budgets of the relevant businesses, and the risk-free rate determined with reference to the risk bond yields.

	COMPANY	
	2011	2010
	R000	R000
3. INVESTMENT IN SUBSIDIARY		
Unlisted shares at cost less provision for impairment	**808 182**	808 182
Amount due by PSG Financial Services Ltd	**1 147 704**	1 168 702
	1 955 886	1 976 884

The loan to PSG Financial Services Ltd has no fixed repayment terms and is interest-free.

The directors' valuation of the investment in the subsidiary is at least equal to the carrying value.

Refer to Annexure A for further information.

Notes to the annual financial statements

for the year ended 28 February 2011

	GROUP 2011 R000	GROUP 2010 R000
4. INVESTMENT IN ASSOCIATED COMPANIES		
Carrying value of ordinary share investments		
Listed	**2 105 496**	1 696 763
Unlisted	**2 629 853**	2 329 232
	4 735 349	4 025 995
Preference share investments – Unlisted	**370 710**	399 124
Thembeka Capital Ltd		
"A" preference shares	**149 577**	134 518
The preference shares are unsecured, carry a dividend rate of prime plus 1% and is redeemable on 1 December 2015.		
"B" preference shares	**54 939**	50 139
The preference shares are unsecured, carry a dividend rate of 95% of prime and is redeemable on 1 December 2015.		
Thembeka Agri Holdings (Pty) Ltd		16 911
The preference shares were unsecured, carried a dividend rate of prime plus 2%, and capital and accrued dividends were redeemable on 2 October 2010.		
Thembeka OVB Holdings (Pty) Ltd	**61 659**	58 414
The preference shares are unsecured, carry a dividend rate of prime, and capital and accrued dividends are redeemable on 3 March 2016.		
Thembeka Crete Holdings (Pty) Ltd	**104 535**	97 001
The preference shares are secured, carry a dividend rate of prime plus 4% and capital and accrued dividends are redeemable on 1 December 2012.		
8 Mile Investments 41 (Pty) Ltd		38 560
The preference shares are secured, carried a fixed dividend rate of 22,2% payable annually on 1 June, and capital was redeemable on 1 November 2010.		
Thembeka Brand Holdings (Pty) Ltd		3 581
The preference shares were unsecured, carried a fixed dividend rate of 11,85%, and capital and accrued dividends were redeemable on 16 January 2015.		
Ordinary and preference share investments	**5 106 059**	4 425 119
Loans	**106 286**	27 574
GRW Holdings (Pty) Ltd		
Unsecured loan bearing interest at prime and is repayable within 12 months.	**7 537**	8 700
Secured loan bearing interest at prime plus 2% and was repayable within 12 months. The loan was secured by means of a rights offer by GRW Holdings (Pty) Ltd if payment terms were not met.		1 822
Propell Group Holdings (Pty) Ltd	**28 500**	
Unsecured loan bearing interest at prime plus 5% and is repayable within 12 months.		
AIC Holding Company (Pty) Ltd	**8 617**	10 286
Unsecured loan, no interest and with no fixed repayment terms.		
Spirit Capital (Pty) Ltd		
Secured loan bearing interest at prime plus 4% and is repayable within 12 months.	**1 891**	5 000
Secured loan bearing interest at prime plus 4% and is repayable on 31 May 2011.		1 766
Spirit Capital Corporate Finance (Pty) Ltd (a subsidiary of Spirit Capital (Pty) Ltd)		
Secured loan bearing interest at prime plus 4% and is repayable within 12 months.	**20 000**	

Notes to the annual financial statements

for the year ended 28 February 2011

	GROUP	
	2011	2010
	R000	R000
4. INVESTMENT IN ASSOCIATED COMPANIES *(continued)*		
Loans (continued)		
Secured loan bearing interest at prime plus 6% and is repayable within 12 months.	**14 742**	
Secured loan bearing interest at 20% and is repayable on 30 April 2013.	**14 724**	
Other associated companies	**10 275**	
Unsecured loans bearing interest ranging from interest-free to 8,82%, which are all repayable within 12 months.		
	5 212 345	4 452 693
Loans and preference shares – Unlisted		
Current portion	**91 562**	76 279
Non-current portion	**385 434**	350 419
	476 996	426 698
Reconciliation		
Carrying value at beginning of year	**4 025 995**	3 252 806
Equity accounted earnings		
Share of profit after tax	**560 938**	472 706
Impairment charges	**(36 130)**	(60 870)
Movement in investment value		
Dividends received	**(180 915)**	(135 598)
Acquisitions	**672 029**	474 048
Disposal of associated companies	**(373 376)**	(22 518)
Net dilution gain/(loss) of interest in associated companies	**15 040**	(11 645)
Transfer from subsidiaries		2 383
Transfer to subsidiaries*	**(49 370)**	
Step acquisition from equity securities to investment in associated companies		
Transfer from equity securities at fair value (2010: cost)	**56 060**	52 366
Revaluation of assets and liabilities of associated companies		398
Share of movement in other comprehensive income of associated companies	**16 977**	3 285
Other movements	**28 101**	(1 366)
Carrying value at end of year	**4 735 349**	4 025 995
Market value of listed investments	**5 447 723**	2 870 605
Directors' valuation of unlisted investments	**3 495 222**	2 920 200

* *Transferred to subsidiaries at fair value as disclosed in note 36.3.*

Notes to the annual financial statements

for the year ended 28 February 2011

4. INVESTMENT IN ASSOCIATED COMPANIES *(continued)*

Acquisitions

Significant acquisitions during the year included further investments in Capitec Bank Ltd and Kaap Agri Ltd, to the amount of R424,1 million and R72,2 million, respectively. A further investment was also made in Capevin Holdings Ltd, to the amount of R37,7 million.

Significant acquisitions during the previous year included further investments in Kaap Agri Ltd and Capevin Holdings Ltd, to the amount of R116,6 million and R164,7 million, respectively. Investments were also made in KWV Holdings Ltd and Curro Holdings (Pty) Ltd, to the amount of R60 million and R50 million, respectively.

Disposals

Significant disposals during the year included the group's interests in CIC Holdings Ltd and KWV Holdings Ltd.

Impairments

The impairment charges recognised on the investment in associated companies were calculated on the basis set out in the accounting policy, and making use of the assumptions set out in the critical accounting estimates and judgements note.

The investment in Erbacon Investment Holdings Ltd, a construction company which was severely affected by the economic recession, had been impaired by R34,7 million during the year.

The investment in GRW Holdings (Pty) Ltd, an aluminium and steel road tanker manufacturer which was severely affected by the downturn in the economy, had been impaired by R52 million during the previous year.

The impairment charges recognised on the investment in associated companies can be allocated to the operating segments as follows:

	GROUP	
	2011	2010
	R000	R000
Paladin Capital	**(34 686)**	(60 870)
Zeder Investments	**(1 444)**	
	(36 130)	(60 870)

Further information

Results of operating activities, as presented in the group's income statement, include share of profits of associated companies as a significant part of the group's business activities is performed through associated companies. The comparatives have been presented on a consistent basis.

Refer to Annexure A for further information.

	GROUP	
	2011	2010
	R000	R000
5. DEFERRED INCOME TAX		
Deferred income tax assets	**48 425**	4 071
Deferred income tax liabilities	**(126 437)**	(74 486)
Net deferred income tax liabilities	**(78 012)**	(70 415)
Deferred income tax assets		
To be recovered within 12 months	**27 882**	3 091
To be recovered after 12 months	**20 543**	980
	48 425	4 071
Deferred income tax liabilities		
To be recovered within 12 months	**(13 719)**	41 643
To be recovered after 12 months	**(112 718)**	32 843
	(126 437)	74 486

Notes to the annual financial statements

for the year ended 28 February 2011

	GROUP	Provisions R000	Tax losses and STC R000	Unrealised profits R000	Intangible assets and other differences R000	Total R000
5.	**DEFERRED INCOME TAX** *(continued)*					
	The movement in the deferred tax asset and liabilities during the year was as follows:					
	At 1 March 2009	(7 569)	(23 765)	17 551	52 873	39 090
	(Credit)/charges to income statement	(97)	11 447	15 480	988	27 818
	Disposal of subsidiary	12	153	328	(4)	489
	Acquisition of subsidiary				3 018	3 018
	At 28 February 2010	(7 654)	(12 165)	33 359	56 875	70 415
	(Credit)/charges to income statement	**(12 698)**	**1 052**	**8 327**	**(4 815)**	**(8 134)**
	(Credit)/charges to statement of comprehensive income	**37**	**2**	**(838)**		**(799)**
	Release to investment contract liabilities			**(21 880)**		**(21 880)**
	Subsidiaries acquired	**27 992**	**(1 088)**	**12 234**	**(728)**	**38 410**
	At 28 February 2011	**7 677**	**(12 199)**	**31 202**	**51 332**	**78 012**

The STC liability, should all distributable reserves be paid out, amounts to R174 178 000 (2010: R124 781 000).

Deferred tax on temporary differences relating to financial assets that are measured at fair value through profit or loss, which form part of the group's long-term investment strategy, is calculated using the capital gains tax rate.

The deferred income tax assets and liabilities were calculated on all temporary differences under the liability method using an effective tax rate of 28% (2010: 28%). For STC credits the rate used was 10% (2010: 10%).

The recoverability of the deferred income tax assets were assessed as set out in the accounting policies.

		GROUP 2011 R000	GROUP 2010 R000
6.	**EQUITY SECURITIES**		
	Direct equity investments	**271 850**	222 203
	Quoted	**161 947**	148 360
	Unquoted	**109 903**	73 843
	Investments linked to investment contracts (refer note 19)	**856 521**	782 658
	Quoted	**856 521**	782 658
	Unquoted		
		1 128 371	1 004 861

Included in quoted equity securities are listed investments to the value of R921 344 000 (2010: R789 435 000).

Notes to the annual financial statements

for the year ended 28 February 2011

	GROUP	Available-for-sale R000	Fair value through profit or loss R000	Total R000
6.	**EQUITY SECURITIES** *(continued)*			
	Reconciliation			
	Carrying amount at 1 March 2009	38 549	1 194 146	1 232 695
	Additions		410 768	410 768
	Disposals	(22 463)	(706 345)	(728 808)
	Subsidiary sold	(16 372)		(16 372)
	Unrealised fair value net gains and reinvestments	2 075	157 332	159 407
	Transfer to investment in associated companies at cost		(52 366)	(52 366)
	Reversal of previous fair value gains on equity securities transfer to investment in associated companies through other comprehensive income		(463)	(463)
	Carrying amount at 28 February 2010	1 789	1 003 072	1 004 861
	Additions	**105**	**569 257**	**569 362**
	Disposals	**(1 549)**	**(518 541)**	**(520 090)**
	Subsidiaries acquired		**64 799**	**64 799**
	Disposal of subsidiaries		**(13 268)**	**(13 268)**
	Transfer to investment in associated companies at fair value		**(56 060)**	**(56 060)**
	Unrealised fair value net gains and reinvestments		**78 767**	**78 767**
	Carrying amount at 28 February 2011	**345**	**1 128 026**	**1 128 371**

The fair value of the unquoted securities are based on directors' valuations which incorporate discounted cash flows based on the market interest rate and the risk premium specific to the unquoted securities.

		GROUP 2011 R000	GROUP 2010 R000
	Current portion	**380 086**	301 836
	Non-current portion	**748 285**	703 025
		1 128 371	1 004 861
7.	**DEBT SECURITIES**		
	Direct investments	**29 235**	34 910
	Quoted	**29 235**	34 910
	Unquoted		
	Investments linked to investment contracts (refer note 19)	**2 056 114**	1 613 761
	Quoted	**2 056 114**	1 613 761
	Unquoted*		
		2 085 349	1 648 671

Included in quoted debt securities are listed investments to the value of R307 552 000 (2010: R310 787 000).

* *The comparative figure for debt security investments linked to investment contracts of R1 387 267 000 previously disclosed as unquoted has been reclassified to quoted.*

Notes to the annual financial statements

for the year ended 28 February 2011

GROUP	Held-to-maturity R000	Fair value through profit or loss R000	Total R000
7. DEBT SECURITIES *(continued)*			
Reconciliation			
Carrying amount at 1 March 2009	303 708	1 187 562	1 491 270
Additions	133 191	397 590	530 781
Disposals	(25)	(522 772)	(522 797)
Unrealised fair value net gains and reinvestments		108 520	108 520
Finance income	40 897		40 897
Carrying amount at 28 February 2010	477 771	1 170 900	1 648 671
Additions	**256 238**	**387 406**	**643 644**
Disposals		**(355 549)**	**(355 549)**
Unrealised fair value net gains and reinvestments		**101 205**	**101 205**
Finance income	**80 458**		**80 458**
Disposal of subsidiaries		**(17 348)**	**(17 348)**
Maturity	**(15 732)**		**(15 732)**
Carrying amount at 28 February 2011	**798 735**	**1 286 614**	**2 085 349**

	GROUP 2011 R000	2010 R000
Current portion	**123 624**	114 389
Non-current portion	**1 961 725**	1 534 282
	2 085 349	1 648 671

The fair value of the unquoted debt securities is stated at directors' valuation based on discounted cash flow valuation methodologies using market interest rates and the risk premium specific to the unquoted securities or is determined by comparing it to the value of the underlying investments.

	GROUP 2011 R000	2010 R000
8. UNIT-LINKED INVESTMENTS		
Direct investments	**251 599**	292 661
Quoted	**228 371**	267 507
Unquoted	**23 228**	25 154
Investments linked to investment contracts (refer note 19)	**4 756 430**	4 667 560
Quoted	**3 193 488**	3 235 729
Unquoted	**1 562 942**	1 431 831
	5 008 029	4 960 221

R140 952 000 (2010: Rnil) of the quoted unit-linked investments are listed.

Notes to the annual financial statements

for the year ended 28 February 2011

GROUP	Fair value through profit or loss R000	Total R000
8. UNIT-LINKED INVESTMENTS *(continued)*		
Reconciliation		
Carrying amount at 1 March 2009	4 377 827	4 377 827
Additions	1 556 303	1 556 303
Disposals	(1 773 891)	(1 773 891)
Subsidiaries sold	(13 752)	(13 752)
Acquisition of subsidiary	69 519	69 519
Unrealised fair value net losses and reinvestments	744 215	744 215
Carrying amount at 28 February 2010	4 960 221	4 960 221
Additions	**1 687 496**	**1 687 496**
Disposals	**(2 140 369)**	**(2 140 369)**
Disposal of subsidiaries	**(34 934)**	**(34 934)**
Unrealised fair value net gains and reinvestments	**535 615**	**535 615**
Carrying amount at 28 February 2011	**5 008 029**	**5 008 029**

	GROUP **2011** **R000**	2010 R000
Current portion	**1 097 856**	992 672
Non-current portion	**3 910 173**	3 967 549
	5 008 029	4 960 221

Fair value of the unit-linked investments are determined by reference to the underlying assets.

	GROUP **2011** **R000**	2010 R000
9. INVESTMENT IN INVESTMENT CONTRACTS		
Reconciliation		
Balance at beginning of year	**975 001**	1 174 551
Investment contract premiums paid	**328 846**	161 247
Investment contracts benefits received	**(247 453)**	(410 067)
Fair value adjustment/finance income to investment contracts	**52 292**	49 270
Balance at end of year	**1 108 686**	975 001
Current portion	**342 375**	242 859
Non-current portion	**766 311**	732 142
	1 108 686	975 001
Held at fair value through profit or loss	**727 627**	675 389
Held-to-maturity	**381 059**	299 612
	1 108 686	975 001

Fair value of the investment in investment contracts is determined by reference to the underlying assets and all these investments are linked to investment contract liabilities (refer note 19).

Notes to the annual financial statements

for the year ended 28 February 2011

		GROUP 2011 R000	GROUP 2010 R000
10.	**LOANS AND ADVANCES**		
	Direct investments	**42 508**	68 645
	Secured loans		674
	Unsecured loans	**42 508**	67 971
		42 508	68 645
	Current portion	**32 124**	56 870
	Non-current portion	**10 384**	11 775
		42 508	68 645
	The secured loans were secured by pledge of unquoted shares.		
	The effective interest rates on loans and advances ranged from 6% to 12% (2010: 9,5% to 11,5%).		
11.	**DERIVATIVE FINANCIAL INSTRUMENTS**		
	Derivative financial assets	**10 569**	78 156
	Derivative financial liabilities	**(5 988)**	(78 115)
	Net derivative financial instruments	**4 581**	41
	Derivative financial assets		
	Current portion	**10 569**	78 156
	Non-current portion		
	Derivative financial liabilities		
	Current portion	**(5 988)**	(78 115)
	Non-current portion		
		4 581	41
	Analysis of net derivative balance		
	Equity/index contracts		
	Fixed-for-variable interest rate swap (refer note 38)	**4 546**	(2 222)
	Contracts for difference	**35**	2 263
		4 581	41

Trading derivatives are classified as current financial assets and liabilities valued at fair value through profit or loss.

Notes to the annual financial statements

for the year ended 28 February 2011

		GROUP		COMPANY	
		2011	2010	**2011**	2010
		R000	R000	**R000**	R000
12.	**RECEIVABLES**				
	Trade receivables	**97 049**	74 856		
	Brokers and clearing houses	**68 786**	28 137		
	Contracts for differences	**16 846**	26 565		
	Prepayments and sundry debtors*	**11 128**	8 065	**170**	
	Total trade and other receivables	**193 809**	137 623	**170**	–
	* *Includes non-financial assets of R7 985 000 (2010: R5 238 000).*				
	Current portion	**190 979**	136 319	**170**	
	Non-current portion	**2 830**	1 304		
		193 809	137 623	**170**	–
13.	**CASH AND CASH EQUIVALENTS**				
	Cash at bank and money market funds	**1 127 865**	398 653	**92**	685
	Short-term deposits	**2 830**	138 849		
		1 130 695	537 502	**92**	685
	The effective interest rate on short-term deposits was 5,5% (2010: 7%). These deposits have an average maturity of 30 days or less.				
	Cash and cash equivalents included above relating to investment contract liabilities amounted to R334 606 000 (2010: R176 845 000).				
14.	**SHARE CAPITAL**				
	Authorised				
	400 000 000 shares with a par value of 1 cent each (2010: 400 000 000)	**4 000**	4 000	**4 000**	4 000
	Issued				
	190 261 563 shares with a par value of 1 cent each (2010: 190 952 820)	**1 903**	1 909	**1 903**	1 909
	13 873 895 shares held by a subsidiary company (2010: 13 873 895)	**(139)**	(139)		
	5 024 768 shares held by associated companies (2010: 4 900 000)	**(50)**	(49)		
	5 101 527 shares held by share incentive trusts (2010: 5 184 614)	**(51)**	(52)		
		1 663	1 669	**1 903**	1 909

Unissued shares, limited to 5% of the number of the company's shares in issue at 28 February 2010, are placed under the control of the directors until the next annual general meeting. The directors are authorised to buy back shares subject to certain limitations and JSE requirements.

Notes to the annual financial statements

for the year ended 28 February 2011

14. SHARE CAPITAL *(continued)*

Share schemes

During the current and prior year PSG Group had two equity-settled share incentive schemes, being the deferred delivery and supplementary share schemes. In terms of these schemes, shares are granted to executive directors, senior and middle management.

For the share incentive schemes the shares/share options are allocated to participants at grant date at market price. The settlement of the purchase consideration payable by the employee in terms of the shares granted occurs on delivery/vesting.

The weighted average fair value of the shares/share options issued in terms of the equity-settled share schemes during the year under review, calculated using the Black and Scholes valuation model, was R3,89 (2010: R2,99) per share.

The assumptions made regarding share options issued during the year are set out as part of the PSG Group Supplementary Share Incentive Trust disclosures in this note.

The total share-based payment costs recognised in the income statement was R6 081 000 (2010: R5 173 000). A share-based payment reserve of R30 290 000 (2010: R24 209 000) was recognised as part of equity and represents the fair value of the shares and share options determined at grant date.

PSG Group Share Incentive Trust

The PSG Group Share Incentive Trust currently holds 1 140 000 (2010: 2 095 000) PSG Group Ltd shares which have been allocated to participants at a total consideration of R20,4 million (2010: R30,2 million). The maximum number of shares which may be offered to participants is 10% of the issued share capital of the company at any time.

	PSG Group Ltd shares	
	2011	2010
Number of shares allocated at beginning of year	**2 095 000**	2 834 500
Number of shares released to participants during the year	**(955 000)**	(739 500)
Number of shares allocated at end of year	**1 140 000**	2 095 000

The weighted average market share price of the shares released during the year amounted to R29,05 (2010: R18,43).

Notes to the annual financial statements

for the year ended 28 February 2011

14. SHARE CAPITAL *(continued)*

Granting of shares occurred as follows:	Number of shares	Price R
26 October 2006	90 000	20,16*^
21 April 2008	700 000	17,81^
23 April 2008	350 000	17,59^
	1 140 000	

* *In October 2006, PSG Group undertook a rights offer whereby 1 rights offer share was allocated for every 12 PSG Group shares held. As a result, the PSG Group Share Incentive Trust was allocated 315 343 rights offer shares. At the time, the ruling price of a rights offer share amounted to R5,25 per share. The vesting price of each PSG Group deferred delivery share tranche was consequently reduced by 43,75 cents per share. In August 2008, PSG Group paid a special dividend. The vesting price of each PSG Group deferred delivery share tranche was consequently reduced by 200 cents per share.*

^ *In September 2009, Paladin Capital Ltd, a subsidiary company, conducted a renounceable rights issue in terms of which PSG Group renounced 64% of its Paladin rights in favour of PSG Group shareholders. In terms of the PSG Group Share Incentive Trust deed, the vesting price of outstanding scheme shares needed to be adjusted to give effect to same. The vesting price of each outstanding PSG Group share was consequently reduced by the 21,362 cents volume weighted average traded price per Paladin right during the time of the rights issue, which equated to 8,972 cents per PSG Group share on the basis of 1 rights offer share for every 2,381 PSG Group shares held.*

Vesting of shares occurs as follows:	%
2 years after grant date	30
3 years after grant date	25
4 years after grant date	20
5 years after grant date	15
6 years after grant date	10
	100

Analysis of outstanding scheme shares by year of maturity:	**2011** Weighted average strike price (R)	**2011** Number	2010 Weighted average strike price (R)	2010 Number
Financial year-end				
2010/11			10,20	955 000
2011/12	**18,04**	**429 000**	18,04	429 000
2012/13	**18,00**	**336 000**	18,00	336 000
2013/14	**17,74**	**225 000**	17,74	225 000
2014/15	**17,74**	**150 000**	17,74	150 000
		1 140 000		2 095 000

Notes to the annual financial statements

for the year ended 28 February 2011

14. SHARE CAPITAL *(continued)*

PSG Group Supplementary Share Incentive Trust

The PSG Group Supplementary Share Incentive Trust currently holds 3 961 527 (2010: 3 089 614) PSG Group Ltd shares, of which 3 892 759 (2010: 2 457 448) have been allocated as share options to participants at a total consideration of R103,6 million (2010: R44,8 million). The maximum number of shares which may be offered to participants is 10% of the issued share capital of the company at any time.

	PSG Group Ltd shares **2011**	2010
Number of shares allocated at beginning of year	**2 457 448**	
Number of shares cancelled during the year	**(388 158)**	
Number of shares allocated during the year	**1 823 469**	2 457 448
Number of shares allocated at end of year	**3 892 759**	2 457 448

Granting of shares occurred as follows:	**Number of shares**	Price R	Volatility used %	Dividend yield %	Risk-free rate %	Fair value R
20 April 2009	**682 126**	15,52^	37,2	2,6	8,1	4,58
28 August 2009	**921 527**	18,77^	35,7	2,1	8,0	3,10
28 February 2010	**465 637**	22,09	33,6	2,3	8,1	3,45
22 April 2010	**511 521**	26,16	31,2	1,9	7,8	3,89
28 February 2011	**1 311 948**	39,61	26,4	1,7	7,6	5,19
	3 892 759					

^ *In September 2009, Paladin Capital Ltd, a subsidiary company, conducted a renounceable rights issue in terms of which PSG Group renounced 64% of its Paladin rights in favour of PSG Group shareholders. In terms of the PSG Group Supplementary Share Incentive Trust deed, the vesting price of outstanding share options needed to be adjusted to give effect to same. The vesting price of each outstanding PSG Group share option was consequently reduced by the 21,362 cents volume weighted average traded price per Paladin right during the time of the rights issue, which equated to 8,972 cents per PSG Group share on the basis of 1 rights offer share for every 2,381 PSG Group shares held.*

Vesting of shares occurs as follows:	%
2 years after grant date	25
3 years after grant date	25
4 years after grant date	25
5 years after grant date	25
	100

Analysis of outstanding scheme shares by year of maturity:	**2011** Weighted average strike price (R)	**2011** Number	2010 Weighted average strike price (R)	2010 Number
Financial year-end				
2011/12	**18,45**	**517 323**	18,24	614 362
2012/13	**26,59**	**973 190**	18,24	614 362
2013/14	**26,59**	**973 190**	18,24	614 362
2014/15	**26,59**	**973 190**	18,24	614 362
2015/16	**35,84**	**455 866**		
		3 892 759		2 457 448

Notes to the annual financial statements

for the year ended 28 February 2011

GROUP	Available-for-sale R000	Foreign currency translation R000	Share-based payment R000	Other R000	Total R000
15. OTHER RESERVES					
Balance as at 1 March 2009	621	642	19 036	(11 827)	8 472
Share-based payment costs – employees			5 173		5 173
Share of other comprehensive income of associated companies				10 278	10 278
Currency translation adjustments		(1 609)			(1 609)
Fair value losses on investments	(2 296)				(2 296)
Other				881	881
Balance as at 28 February 2010	(1 675)	(967)	24 209	(668)	20 899
Share-based payment costs – employees			**6 081**		**6 081**
Share of other comprehensive income of associated companies				**9 744**	**9 744**
Disposal of associated company's share of other comprehensive income				**4 212**	**4 212**
Currency translation adjustments		**(873)**			**(873)**
Fair value gains on investments	**781**				**781**
Other				**152**	**152**
Balance as at 28 February 2011	**(894)**	**(1 840)**	**30 290**	**13 440**	**40 996**

	GROUP 2011 R000	GROUP 2010 R000
16. NON-CONTROLLING INTEREST		
Non-controlling interest	**1 967 685**	1 712 098
Cumulative, non-redeemable, non-participating preference shares of subsidiary company	**1 058 143**	551 303
	3 025 828	2 263 401

Cumulative, non-redeemable, non-participating preference shares of subsidiary company

Authorised

20 000 000 (2010: 10 000 000) cumulative, non-redeemable, non-participating preference shares of R1,00 (2010: R1,00) each.

Issued

11 885 206 (2010: 6 079 738) cumulative, non-redeemable, non-participating preference shares of R1,00 (2010: R1,00) each.

The discretionary preference dividend is calculated on a daily basis at 75% of the prime interest rate and is payable in two semi-annual instalments. Arrear preference dividends shall accrue interest at the prime overdraft rate.

Notes to the annual financial statements

for the year ended 28 February 2011

		GROUP	
		2011	2010
		R000	R000
17.	**INSURANCE CONTRACTS**		
	Balance at beginning of year	**30 344**	30 769
	Liabilities released for payments on death, surrender and other terminations for the year	**(3 237)**	(3 201)
	Fees deducted from account balances	**(230)**	(239)
	Transfer to policyholder funds	**3 019**	3 976
	Deconsolidation of subsidiary		(961)
	Balance at end of year	**29 896**	30 344
18.	**BORROWINGS**		
	Non-current		
	Redeemable preference shares	**160 000**	200 000
	Unsecured loans	**199 239**	171 890
	Unsecured bonds		110 000
	Secured loans	**182 337**	55 714
	Total non-current borrowings	**541 576**	537 604
	Current		
	Bank overdrafts and CFD facilities	**3 372**	61 098
	Unsecured loans	**126 350**	42 263
	Unsecured bonds	**114 520**	4 520
	Secured loans	**26 036**	203
	Total current borrowings	**270 278**	108 084
	Total borrowings	**811 854**	645 688

The carrying value of short-term borrowings approximates their fair value.

The secured loans and redeemable preference shares are secured by the pledge of listed shares, to the value of R4 432 956 000 (2010: R2 430 034 000), and the shareholding in a subsidiary, PSG Online (Pty) Ltd. In terms of the surety agreements, the value of security provided could be increased or reduced should there be a significant change in the market value of the listed shares pledged.

The effective interest rates applied to borrowings range between 7,5% and 13,0% (2010: 9% and 13%).

A subsidiary listed the following bond on the Bond Exchange of South Africa during 2007:

- PSG01 Bond, nominal issued value R110 000 000. The maturity date is 12 October 2011 and the bond bears interest at a rate of 10,79% p.a. fixed. Accrued interest amounts to R4 520 000 (2010: R4 520 000).

Notes to the annual financial statements

for the year ended 28 February 2011

		GROUP	
		2011	2010
		R000	R000
19.	**INVESTMENT CONTRACTS**		
	Balance at beginning of year	**8 215 825**	7 717 025
	Investment contract receipts	**1 788 009**	1 519 097
	Investment contract benefits paid	**(1 523 019)**	(1 910 359)
	Commission and administration expenses	**(18 616)**	(33 925)
	Fair value adjustment to investment contract liability	**650 158**	923 987
	Balance at end of year	**9 112 357**	8 215 825
	Current portion	**1 770 977**	1 510 470
	Non-current portion	**7 341 380**	6 705 355
		9 112 357	8 215 825
	Held at fair value through profit or loss	**7 774 639**	7 396 927
	At amortised cost	**1 337 718**	818 898
		9 112 357	8 215 825
	Investment contracts are represented by the following investments:		
	Equity securities	**856 521**	782 658
	Debt securities	**2 056 114**	1 613 761
	Unit-linked investments	**4 756 430**	4 667 560
	Investment in investment contracts	**1 108 686**	975 001
	Cash and cash equivalents	**334 606**	176 845
		9 112 357	8 215 825
20.	**THIRD-PARTY LIABILITIES ARISING ON CONSOLIDATION OF MUTUAL FUNDS**		
	Balance at beginning of year	**71 715**	13 752
	Capital contributions received	**10 396**	
	Fair value adjustment to third-party liabilities	**306**	
	Redemptions	**(3 978)**	
	Consolidation of mutual fund	**26 346**	71 715
	Deconsolidation of mutual fund	**(67 731)**	(13 752)
	Balance at end of year	**37 054**	71 715
	Current portion	**10 708**	12 415
	Non-current portion	**26 346**	59 300
		37 054	71 715

Notes to the annual financial statements

for the year ended 28 February 2011

	GROUP	Employee benefits R000	Other R000	Total R000
21.	**ACCRUALS FOR OTHER LIABILITIES AND CHARGES**			
	As at 28 February 2011			
	Balance at beginning of year	**11 702**	**2 064**	**13 766**
	Additional accruals	**20 503**		**20 503**
	Utilised during the year	**(11 429)**	**(2 064)**	**(13 493)**
		20 776	**–**	**20 776**
	As at 28 February 2010			
	Balance at beginning of year	13 980	4 501	18 481
	Additional accruals	1 139	361	1 500
	Utilised during the year	(3 660)	(2 798)	(6 458)
	Subsidiaries acquired	938		938
	Subsidiaries sold	(695)		(695)
		11 702	2 064	13 766

	GROUP 2011 R000	GROUP 2010 R000
Current portion	**20 776**	10 696
Non-current portion		3 070
	20 776	13 766

The movement in accruals for other liabilities and charges were charged to the income statement.

The employee benefits accrual relates to performance-based remuneration.

		GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
22.	**TRADE AND OTHER PAYABLES**				
	Trade payables*	**497 406**	256 149	**1 959**	1 867
	Contracts for difference	**23 255**	40 303		
	Deferred revenue	**14 288**	8 397		
	Subsidiary/associated company purchase consideration payable	**102 619**	32 237		
	Investment policy benefits payable	**5 345**	7 294		
		642 913	344 380	**1 959**	1 867
	Current portion	**589 931**	297 555	**1 959**	1 867
	Non-current portion	**52 982**	46 825		
		642 913	344 380	**1 959**	1 867

* *Includes non-financial liabilities of R6 221 000 (2010: Rnil).*

Notes to the annual financial statements

for the year ended 28 February 2011

		GROUP		COMPANY	
		2011	2010	**2011**	2010
		R000	R000	**R000**	R000
23.	**INVESTMENT INCOME**				
	Interest income				
	Loans and advances	**18 834**	4 439		
	Equity securities – at fair value through profit or loss	**17 112**	29 407		
	Debt securities – at fair value through profit or loss	**198 770**	167 701		
	Unit-linked investments – at fair value through profit or loss	**99 369**	68 196		
	Cash and short-term funds	**41 737**	57 254		
		375 822	326 997		
	Dividend income				
	Equity securities – at fair value through profit or loss	**69 910**	87 511		
	Equity securities – available-for-sale	**1 765**			
	Preference shares – debt securities	**44 686**	46 176		
	Dividend income from subsidiary company			**93 300**	99 000
		116 361	133 687	**93 300**	99 000
	Investment income	**492 183**	460 684	**93 300**	99 000
	Rnil interest income (2010: Rnil) was earned on impaired financial assets during the year.				
24.	**FAIR VALUE GAINS AND LOSSES ON FINANCIAL INSTRUMENTS**				
	Foreign exchange gains	**427**	1 128		
	Foreign exchange losses	**(771)**	(1 765)		
	Net fair value gains/(losses) on financial assets and financial liabilities at fair value through profit or loss:				
	Unrealised fair value gains/(losses)				
	– designated items	**125 285**	620 279		
	– held-for-trading	**6 988**	(7 623)		
	Realised fair value gains/(losses)				
	– designated items	**246 645**	68 866		
	– held-for-trading	**(570)**	1 252		
	Net realised gains on available-for-sale financial assets:				
	Equity securities	**1 415**	5 888		
		379 419	688 025		
25.	**COMMISSION AND OTHER FEE INCOME**				
	Commissions and fees	**1 112 133**	874 015		
	Dealing and structuring	**178 029**	186 797		
		1 290 162	1 060 812		
26.	**INSURANCE INCOME AND EXPENSES**				
	Net insurance premium revenue				
	Insurance premium income		1 985		
	Insurance claims and loss adjustments				
	Individual life long-term insurance contracts – death, maturity, surrender and sick leave benefits and transfers to policyholder liabilities	**(218)**	(1 211)		

Notes to the annual financial statements

for the year ended 28 February 2011

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
27. OTHER OPERATING INCOME				
Other operating income	**14 170**	18 124		
Profit on sale/dilution of interest in associated companies (2010: subsidiaries and associated companies) – refer to notes 4 and 36.4	**366 053**	26 487		
	380 223	44 611		
28. MARKETING, ADMINISTRATION AND OTHER EXPENSES				
Expenses by nature				
Depreciation	**14 893**	11 412		
Land and buildings	**239**	126		
Vehicles and plant	**1 121**	574		
Office equipment	**6 029**	4 468		
Computer equipment	**7 504**	6 244		
Amortisation of intangible assets	**26 051**	19 281		
Operating lease rentals	**42 631**	35 048		
Properties	**39 446**	32 776		
Other	**3 185**	2 272		
Auditor's remuneration	**12 323**	10 689		
Audit services				
– current year	**11 201**	9 392		
– prior year	**591**	856		
Tax services	**107**	99		
Other services	**424**	342		
Employee benefit expenses	**391 223**	289 017		
Salaries, wages and allowances	**350 030**	258 926		
Termination benefits	**4 880**	118		
Social security costs (e.g. UIF, medical benefits)	**13 114**	10 311		
Equity-settled share-based payment costs	**6 081**	5 173		
Pension costs – defined-contribution plans	**17 118**	14 489		
Loss on sale/dilution of subsidiaries		31 931		
Impairment of intangible assets	**3 870**	480		
Loss on sale of property, plant and equipment	**70**	97		
Marketing and administration costs	**226 605**	254 665	**1 407**	627
Management and administration fees	**88 689**	71 558		
Marketing	**15 159**	12 766		
Other administration costs	**114 821**	162 677		
Professional fees	**7 936**	7 664		
Expenses for acquisition of insurance and investment contracts	**22 093**	22 897		
Fair value adjustment to third-party liabilities	**306**			
Commission paid	**422 368**	306 393		
	1 162 433	981 910	**1 407**	627

Refer to directors' report for detail of directors' remuneration.

Notes to the annual financial statements

for the year ended 28 February 2011

		GROUP		COMPANY	
		2011	2010	**2011**	2010
		R000	R000	**R000**	R000
29.	**FINANCE COSTS**				
	Bank overdrafts and CFD facilities	**25 511**	41 897		
	Redeemable preference shares	**15 306**	8 829		
	Secured loans	**28 430**	30 867		
	Unsecured loans	**11 905**	12 273		
	Derivative financial instruments	**9 529**			
		90 681	93 866		
30.	**TAXATION**				
	Current taxation				
	Current year	**132 442**	67 961		
	Prior year	**(1 645)**	(648)		
		130 797	67 313		
	Deferred taxation				
	Current year	**(11 370)**	19 235		
	Prior year	**587**	(551)		
		(10 783)	18 684		
	Foreign taxation				
	Current year	**63**	69		
	Prior year		(30)		
		63	39		
	Secondary tax on companies				
	Current taxation	**8 237**	8 138		
	Deferred taxation	**2 649**	9 134		
		10 886	17 272		
		130 963	103 308		

		%	%	**%**	%
	Reconciliation of rate of taxation				
	South African normal taxation rate	**28,0**	28,0	**28,0**	28,0
	Adjusted for:				
	Non-taxable income	**(3,3)**	(5,6)	**(28,4)**	(28,2)
	Capital gains tax differential in rates	**(4,3)**	0,4		
	Non-deductible charges	**3,2**	7,4	**0,4**	0,2
	Income from associated companies	**(13,0)**	(17,3)		
	Secondary tax on companies	**0,7**	2,6		
	Effective rate of taxation	**11,3**	15,5	**–**	–

		R000	R000
	Unutilised STC credits		
	STC credits available within the group	**130 439**	64 323
	Deferred tax asset provided for	**(566)**	(27 317)
	Available for future utilisation	**129 873**	37 006
	Tax charge relating to components of other comprehensive income		
	Fair value losses on available-for-sale investments	**799**	
	Share of other comprehensive income of associated companies		65
		799	65

Notes to the annual financial statements

for the year ended 28 February 2011

	GROUP 2011 R000	2010 R000
31. EARNINGS PER SHARE		
The calculations of earnings per share are based on the following:		
Total earnings attributable to ordinary shareholders	**708 403**	390 925
Adjustments (net of non-controlling interest):		
Net loss/(profit) on sale/dilution of investments in subsidiaries	**–**	7 634
Gross amount		7 694
Non-controlling interest		(60)
Tax effect		
Net loss/(profit) on sale/dilution of associated companies	**(243 326)**	521
Gross amount	**(366 053)**	9 362
Non-controlling interest	**80 731**	(8 841)
Tax effect	**41 996**	
Impairment of associated companies	**28 818**	49 074
Gross amount	**36 130**	60 870
Non-controlling interest	**(7 312)**	(11 796)
Tax effect		
Impairment of available-for-sale financial asset	**–**	(5 412)
Gross amount		(8 492)
Non-controlling interest		2 253
Tax effect		827
Impairment of shareholders' loans	**–**	4 853
Gross amount		7 000
Non-controlling interest		(1 167)
Tax effect		(980)
Impairment of intangible assets (incl. goodwill)	**2 738**	480
Gross amount	**3 870**	480
Non-controlling interest	**(1 290)**	
Tax effect	**158**	
Negative goodwill	**–**	(18 142)
Gross amount		(18 142)
Non-controlling interest		
Tax effect		
Other investment activities	**(2 409)**	(567)
Gross amount	**(3 023)**	(1 107)
Non-controlling interest	**354**	217
Tax effect	**260**	323
Non-headline items of associated companies	**18 141**	1 992
Gross amount	**17 307**	7 727
Non-controlling interest	**834**	(5 735)
Tax effect		
Headline earnings	**512 365**	431 358

The profit on disposal of associated companies related mainly to Paladin Capital's disposal of CIC Holdings Ltd, as well as Zeder Investments' disposal of KWV Holdings Ltd. The impairment of associated companies related mainly to Erbacon Investment Holdings Ltd, is disclosed in more detail in note 4.

During the prior year, negative goodwill arose on an additional interest obtained in Zeder Investments Ltd. The impairment of associated companies during the prior year related mainly to GRW Holdings (Pty) Ltd, is disclosed in more detail in note 4.

Notes to the annual financial statements

for the year ended 28 February 2011

	Number of shares 2011 000	Number of shares 2010 000
31. EARNINGS PER SHARE *(continued)*		
The calculation of the weighted average number of shares and diluted weighted average number of shares is as follows:		
Number of shares at beginning of year	**166 994**	168 020
Weighted number of shares issued during the year		5 849
Net movement in treasury shares/share buy-back	**61**	(755)
Weighted number of shares at end of year	**167 055**	173 114
Number of bonus element shares to be issued in terms of share purchase scheme	**1 522**	1 015
Diluted weighted number of shares at end of year	**168 577**	174 129
Basic		
Earnings attributable to ordinary shareholders (R000)	**708 403**	390 925
Headline earnings (R000)	**512 365**	431 358
Weighted average number of ordinary shares in issue	**167 055**	173 114
Attributable earnings per share (cents)	**424,1**	225,8
Headline earnings per share (cents)	**306,7**	249,2

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the volume weighted average annual market share price of the company's shares) based on the monetary value of the equity-settled shares granted to participants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the vesting of all equity-settled scheme shares.

	GROUP		COMPANY	
	2011 R000	2010 R000	**2011 R000**	2010 R000
Earnings attributable to ordinary shareholders	**708 403**	390 925		
Headline earnings	**512 365**	431 358		
Diluted weighted average number of ordinary shares in issue (000)	**168 577**	174 129		
Diluted attributable earnings per share (cents)	**420,2**	224,5		
Diluted headline earnings per share (cents)	**303,9**	247,8		
32. DIVIDEND PER SHARE				
Normal dividend	**82 401**	88 688	**93 429**	98 830

Interim

20 cents per share (2010: 13 cents)

Final

47 cents per share (2010: 29 cents)

Dividends are not accounted for until they have been approved by the company's board.

Notes to the annual financial statements

for the year ended 28 February 2011

	GROUP 2011 R000	GROUP 2010 R000
33. CAPITAL COMMITMENTS AND CONTINGENCIES		
Operating lease commitments		
Operating leases – equipment		
Due within one year	**2 021**	10 435
One to five years	**5 192**	21 149
	7 213	31 584
Operating leases – premises		
Due within one year	**28 312**	16 821
One to five years	**40 097**	34 294
	68 409	51 115

At the current and previous reporting dates the group had no contracted or authorised, but not yet incurred, capital expenditure.

34. BORROWING POWERS

In terms of the company's articles of association, borrowing powers are unlimited. Details of actual borrowings are disclosed in note 18 to the financial statements.

35. RELATED-PARTY TRANSACTIONS

PSG Group Ltd and its subsidiaries enter into various financial services transactions with members of the group. These transactions include a range of investment, administrative, advisory and corporate services in the normal course of business. All intergroup transactions have been eliminated on consolidation. The group received an underwriting fee of R9,6 million, net of elimination, from Capitec Bank Holdings Ltd during the year.

For details of the intergroup loan account between PSG Group Ltd and PSG Financial Services Ltd, please refer to note 3.

A subsidiary of the group and a company in which Mr MM du Toit, a director, has an interest, remain co-investors in an agricultural commodity business. No benefit has realised from this relationship during the current or prior year.

The shareholding of directors and the directors' remuneration are set out in the directors' report.

Key management compensation

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the group.

	GROUP 2011 R000	GROUP 2010 R000
Salaries, performance bonuses and company contributions	**22 044**	13 196
Share incentive schemes	**5 583**	4 758
	27 627	17 954

Notes to the annual financial statements

for the year ended 28 February 2011

		GROUP		COMPANY	
		2011	2010	**2011**	2010
		R000	R000	**R000**	R000
36.	**NOTES TO THE STATEMENTS OF CASH FLOWS**				
36.1	**Cash generated by operating activities**				
	Profit before taxation	**1 163 305**	666 979	**91 893**	98 373
	Adjusted for:				
	Non-cash items	**(172 078)**	49 651		
	Interest income	**(375 822)**	(326 997)		
	Dividend income	**(116 361)**	(133 687)	**(93 300)**	(99 000)
	Finance costs	**90 681**	93 866		
		589 725	349 812	**(1 407)**	(627)
	Change in working capital	**125 365**	315 543	**(78)**	(686)
	Change in insurance contracts	**(448)**	535		
	Change in other financial instruments	**(405 671)**	(119 659)		
		308 971	546 231	**(1 485)**	(1 313)
36.2	**Taxation paid**				
	Charge to income statement	**(130 963)**	(103 308)		
	Movement in deferred taxation	**(8 134)**	27 818		
	Movement in net taxation liability	**5 383**	(30 008)		
		(133 714)	(105 498)		

36.3 Subsidiaries acquired
2011 acquisitions

Curro

On 1 July 2009 the group, through Paladin Capital, acquired 50% of the share capital of Curro Holdings Ltd ("Curro"), a provider of private schooling, for R50 000 000 and classified the investment as an investment in an associated company. On 1 July 2010 the group acquired a further 26% of the share capital for R52 050 000 cash consideration to gain control of Curro. The carrying value and fair value of Curro immediately preceding the acquisition of the controlling stake amounted to R52 200 000 and R75 000 000, respectively. This resulted in a R22 800 000 profit on the previously held interest to fair value which was recognised in other operating income in the income statement. The acquired subsidiary contributed total income of R38 800 000 and net profit of R3 400 000 to the group for the period from 1 July 2010 to 28 February 2011. The non-controlling interest was calculated based on their interest in the fair value of the net identifiable assets.

Aurora

On 1 January 2011 the group, through Paladin Capital's investment in Curro, acquired 100% of the share capital of Aurora College (Pty) Ltd and Plot 100 Bush Hill (Pty) Ltd (collectively referred to as "Aurora") for a total consideration of R42 000 000. Aurora is principally involved in the private school industry. The acquired subsidiaries contributed no income or profit to the group for the period from 1 January 2011 to 28 February 2011.

Diagonal

On 1 September 2010 the group, as part of PSG Konsult's strategy to grow through acquisitions, acquired the entire business of Diagonal Street Financial Services (Pty) Ltd and Wescol Brokers (Pty) Ltd (collectively referred to as "Diagonal"), a short-term insurance broker and administrator, for R71 762 000, of which R33 165 000 was still payable at the reporting date. The amount still payable is dependant on a profit warranty. At the reporting date it is estimated that the profit warranty will be met, and therefore the fair value is considered equal to the carrying value. The acquired business contributed total income of R13 011 000 and net profit of R5 348 000 to the group for the period from 1 September 2010 to 28 February 2011.

Notes to the annual financial statements

for the year ended 28 February 2011

GROUP

36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*

36.3 Subsidiaries acquired (continued)

Other

Other business combinations included, amongst others, the acquisition of 100% of the share capital of Bouwer Collins Insurance Brokers (Pty) Ltd, increasing the group's interest in Multinet Insurance Administrators (Pty) Ltd from 50% to 65% and increasing the group's interest in PSG Konsult Corporate Ltd from 49% to 74%. The total purchase consideration amounted to R55 328 000, which included aggregate goodwill recognised of R76 687 000.

GROUP	Curro 2011 R000	Aurora 2011 R000	Diagonal 2011 R000	Other 2011 R000	Total 2011 R000
Recognised amounts of identifiable assets acquired and liabilities assumed					
Property, plant and equipment	**(226 174)**	**(45 553)**	**(580)**	**(19 810)**	**(292 117)**
Intangible assets	**(20 533)**	**(7 482)**	**(23 572)**	**(44 104)**	**(95 691)**
Equity securities				**(64 799)**	**(64 799)**
Loans and advances				**(4 268)**	**(4 268)**
Receivables	**(3 206)**	**(590)**		**(4 255)**	**(8 051)**
Cash and cash equivalents	**(2 494)**			**(5 661)**	**(8 155)**
Third-party liabilities arising on consolidation of mutual funds				**26 346**	**26 346**
Deferred income tax	**14 436**		**6 600**	**17 374**	**38 410**
Borrowings	**90 623**			**30 260**	**120 883**
Trade and other payables	**9 234**	**11 625**	**438**	**28 829**	**50 126**
Current income tax liabilities				**413**	**413**
Total identifiable net assets	**(138 114)**	**(42 000)**	**(17 114)**	**(39 675)**	**(236 903)**
Non-controlling interest	**33 147**			**6 513**	**39 660**
Previously held interest in associated company at fair value	**75 000**			**4 517**	**79 517**
Previously held equity securities				**42 167**	**42 167**
Previously held intangible asset				**7 838**	**7 838**
Goodwill	**(22 083)**		**(54 648)**	**(76 687)**	**(153 418)**
Total consideration	**(52 050)**	**(42 000)**	**(71 762)**	**(55 327)**	**(221 139)**
Consideration					
Cash	**52 050**		**38 597**	**27 873**	**118 520**
Deferred purchase consideration outstanding		**42 000**	**33 165**	**27 454**	**102 619**
Total consideration	**52 050**	**42 000**	**71 762**	**55 327**	**221 139**
Cash consideration paid	**(52 050)**		**(38 597)**	**(27 873)**	**(118 520)**
Cash and cash equivalents acquired	**2 494**			**5 661**	**8 155**
Prior year's deferred purchase consideration paid				**(21 600)**	**(21 600)**
	(49 556)	**–**	**(38 597)**	**(43 812)**	**(131 965)**

Goodwill recognised from these business combinations can be attributed to the employee corps of the respective businesses and synergies expected to be obtained. Transaction costs relating to these business combinations were insignificant and expensed through the Income Statement.

Had Curro, Aurora and Diagonal been consolidated with effect from 1 March 2010 instead of their respective acquisition dates, the group income statement would have shown total income of R1 930 696 000 and net profit of R1 039 909 000.

Deferred purchase consideration of R15 500 000 relating to other acquisitions are dependant on profit warranties. At the reporting date, it is estimated that the full profit warranty will be met and therefore the fair value is considered equal to the carrying value.

Notes to the annual financial statements

for the year ended 28 February 2011

GROUP

36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*

36.3 Subsidiaries acquired (continued)

2010 acquisitions

T-Sec

The group acquired the private client stockbroking division of Tlotlisa Securities (Pty) Ltd ("T-Sec") with effect from 30 April 2009 for a consideration of R54 035 000. Goodwill amounting to R37 643 000 and customer lists of R23 824 000 were recognised on acquisition. The deferred purchase consideration was paid on 1 March 2010.

PSG Multi Strategy LLP Fund

The Group obtained control over the PSG Multi Strategy LLP Fund, and accordingly this fund has been consolidated effective 28 February 2010.

GROUP	T-Sec 2010 R000	PSG Multi Strategy LLP Fund 2010 R000	Total 2010 R000
Recognised amounts of identifiable assets acquired and liabilities assumed			
Property, plant and equipment	(325)		(325)
Intangible assets	(23 824)		(23 824)
Unit-linked investments		(69 519)	(69 519)
Receivables		(877)	(877)
Cash and cash equivalents		(1 547)	(1 547)
Third-party liabilities arising on consolidation of mutual funds		71 715	71 715
Deferred income tax	3 018		3 018
Provisions for other liabilities and charges	938		938
Trade and other payables	3 801	228	4 029
Total identifiable net assets	(16 392)	–	(16 392)
Goodwill	(37 643)		(37 643)
Total consideration payable	(54 035)	–	(54 035)
Deferred purchase consideration outstanding	21 600		21 600
Cash consideration paid	(32 435)	–	(32 435)
Cash and cash equivalents acquired		1 547	1 547
	(32 435)	1 547	(30 888)

Notes to the annual financial statements

for the year ended 28 February 2011

36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*

36.4 Disposal of subsidiaries

2011 disposals

Due to disinvestments during the year, the group deconsolidated two mutual funds, being the AB & A Balanced Moderate Fund of Funds and the Orange Absolute Return Fund.

GROUP	Mutual funds 2011 R000	Total 2011 R000
Net assets of subsidiaries sold		
Equity securities	**13 268**	**13 268**
Debt securities	**17 348**	**17 348**
Unit-linked investments	**142 064**	**142 064**
Receivables	**877**	**877**
Cash and cash equivalents	**1 532**	**1 532**
Third-party liabilities arising on consolidation of mutual funds	**(67 731)**	**(67 731)**
Trade and other payables	**(228)**	**(228)**
	107 130	**107 130**
Transfer to unit-linked investments	**(107 130)**	**(107 130)**
Cash proceeds on sale	**–**	**–**
Cash and cash equivalents of subsidiaries	**(1 532)**	**(1 532)**
Net cash flow on disposal of subsidiaries	**(1 532)**	**(1 532)**

2010 disposals

Therefore, during the 2010 year, the group's interest in AIC Holding Company (Pty) Ltd diluted to 46%, following FSB approval in August 2009 for the issuance of new shares in respect of the acquisition of the African Unity Insurance business in 2009. AIC Holding Company (Pty) Ltd was deconsolidated and is now accounted for as an associated company. The transaction was accounted for effective on 1 March 2009. Furthermore, during the 2010 year the group's investment in the PSG Tanzanite Flexible Fund reduced to below 50%. Therefore, the PSG Tanzanite Flexible Fund was deconsolidated effective 1 March 2009.

Notes to the annual financial statements

for the year ended 28 February 2011

GROUP	AIC Holding Company (Pty) Ltd 2010 R000	PSG Tanzanite Flexible Fund 2010 R000	Total 2010 R000
36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*			
36.4 Disposal of subsidiaries *(continued)*			
Net assets of subsidiaries sold			
Property, plant and equipment	180		180
Intangible assets	888		888
Equity securities	16 372		16 372
Unit-linked investments		13 752	13 752
Receivables	4 365		4 365
Cash and cash equivalents	2 880		2 880
Non-controlling interest	(862)		(862)
Insurance contracts	(961)		(961)
Deferred income tax	489		489
Borrowings	(7 033)		(7 033)
Third-party liabilities arising on consolidation of mutual funds		(13 752)	(13 752)
Provisions for other liabilities and charges	(695)		(695)
Trade and other payables	(2 654)		(2 654)
Loss on sale of subsidiaries	12 969	–	12 969
Transfer to investment in associated companies	(2 383)		(2 383)
Transfer to loans to associated companies	(10 286)		(10 286)
Loss on sale of subsidiaries	(300)		(300)
Cash proceeds on sale	–	–	–
Cash and cash equivalents of subsidiaries	(2 880)		(2 880)
Net cash flow on disposal of subsidiaries	(2 880)	–	(2 880)

	GROUP		COMPANY	
	2011 R000	2010 R000	**2011 R000**	2010 R000
36.5 Cash and cash equivalents at end of year				
Cash and short-term funds	**1 130 695**	537 502	**92**	685
Bank overdrafts and CFD facilities	**(3 372)**	(61 098)		
	1 127 323	476 404	**92**	685

Notes to the annual financial statements

for the year ended 28 February 2011

	Shareholders Number	Shareholders %	Shares held Number	Shares held %
37. SHARE ANALYSIS				
Range of shareholding				
1 – 50 000	**6 280**	**97,6**	**19 520 840**	**11,4**
50 001 – 100 000	**47**	**0,7**	**3 289 020**	**1,9**
100 001 – 500 000	**74**	**1,1**	**15 040 260**	**8,8**
500 001 – 1 000 000	**11**	**0,2**	**6 854 216**	**4,0**
Over 1 000 000	**28**	**0,4**	**126 581 805**	**73,9**
	6 440	**100,0**	**171 286 141**	**100,0**
Employee share schemes	**2**		**5 101 527**	
Treasury shares	**1**		**13 873 895**	
	6 443		**190 261 563**	
Public and non-public shareholding				
Non-public				
Directors	**13**	**0,2**	**100 240 805**	**58,5**
Thembeka Capital Ltd (associated company)	**1**		**10 254 630**	**6,0**
Directors of subsidiaries	**16**	**0,3**	**2 143 133**	**1,3**
Public	**6 410**	**99,5**	**58 647 573**	**34,2**
	6 440	**100,0**	**171 286 141**	**100,0**
Individual shareholders holding 5% or more as at 28 February 2011				
JF Mouton Family Trust			**38 598 489**	**22,5**
Mayfair Speculators (Pty) Ltd			**20 000 000**	**11,7**
Titan Nominees (Pty) Ltd			**15 500 000**	**9,0**
Thembeka Capital Ltd			**10 254 630**	**6,0**
			84 353 119	**49,2**

Notes to the annual financial statements

for the year ended 28 February 2011

38. FINANCIAL RISK MANAGEMENT

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by each major entity within the group under policies approved by the respective boards of directors. Each entity identifies, evaluates and utilises economic hedges to hedge financial risks as appropriate. Each major entity's board of directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Financial instruments are grouped into the following classes in order to facilitate effective financial risk management and disclosure in terms of IFRS 7 Financial Instruments: Disclosures. The sensitivity analyses presented below are based on reasonable possible changes in market variables for equity prices, interest rates and foreign exchange rates for the group.

	GROUP	
	2011	2010
	R000	R000
CLASSES OF FINANCIAL ASSETS		
Other quoted equity securities	**161 947**	148 360
Investments linked to investment contracts	**856 521**	782 658
Total quoted equity securities	**1 018 468**	931 018
Unquoted equity securities	**109 903**	73 843
Total unquoted equity securities	**109 903**	73 843
Total equity securities	**1 128 371**	1 004 861
Direct debt securities – quoted	**29 235**	34 910
Debt securities linked to investment contracts	**2 056 114**	1 613 761
Total quoted debt securities	**2 085 349**	1 648 671
Total debt securities	**2 085 349**	1 648 671
Direct unit-linked investments – quoted	**228 371**	267 507
Investments linked to investment contracts – quoted	**3 193 488**	3 235 729
Total quoted unit-linked investments	**3 421 859**	3 503 236
Direct unit-linked investments – unquoted	**23 228**	25 154
Investments linked to investment contracts – unquoted	**1 562 942**	1 431 831
Total unquoted unit-linked investments	**1 586 170**	1 456 985
Total unit-linked investments	**5 008 029**	4 960 221
Investment in investment contracts	**1 108 686**	975 001

Notes to the annual financial statements

for the year ended 28 February 2011

	GROUP 2011 R000	GROUP 2010 R000	COMPANY 2011 R000	COMPANY 2010 R000
38. FINANCIAL RISK MANAGEMENT *(continued)*				
CLASSES OF FINANCIAL ASSETS				
Secured loans		674		
Unsecured loans	**42 508**	67 971		
Unsecured loans to subsidiaries			**1 147 704**	1 168 702
Total loans and advances	**42 508**	68 645	**1 147 704**	1 168 702
Exchange traded derivatives	**10 569**	78 156		
Total derivative financial assets	**10 569**	78 156		
Trade receivables	**97 049**	74 856		
Brokers and clearing houses	**68 786**	28 137		
Contracts for difference	**16 846**	26 565		
Sundry debtors	**3 143**	2 827		
Total receivables	**185 824**	132 385		
Loans to and preference share investments in associated companies	**476 996**	426 698		
Cash and cash equivalents	**1 130 695**	537 502	**92**	685
Total financial assets – IFRS 7	**11 177 027**	9 832 140	**1 147 796**	1 169 387
CLASSES OF FINANCIAL LIABILITIES				
Bank overdrafts and CFD facilities	**3 372**	61 098		
Redeemable preference shares	**160 000**	200 000		
Loans and bonds	**648 482**	384 590		
Total borrowings	**811 854**	645 688		
Fixed-for-variable interest rate swap		2 222		
Exchange traded derivatives	**5 988**	75 893		
Total derivative financial instruments	**5 988**	78 115		
Investment contracts	**9 112 357**	8 215 825		
Third-party liabilities arising on consolidation of mutual funds	**37 054**	71 715		
Accounts payable and accruals	**491 185**	256 149	**1 959**	1 867
Contracts for difference	**23 255**	40 303		
Subsidiary/associate purchase consideration payable	**102 619**	32 237		
Investment policy benefits payable	**5 345**	7 294		
Total trade and other payables	**622 404**	335 983	**1 959**	1 867
Total financial liabilities – IFRS 7	**10 589 657**	9 347 326	**1 959**	1 867

Notes to the annual financial statements

for the year ended 28 February 2011

GROUP 28 February 2011	Held-to-maturity R000	Loans and receivables R000	Assets at fair value through profit or loss R000	Available-for-sale R000	Total R000
38. FINANCIAL RISK MANAGEMENT *(continued)*					
FINANCIAL INSTRUMENTS BY CATEGORY					
Assets as per statement of financial position					
Equity securities			**1 128 026**	**345**	**1 128 371**
Debt securities	**798 735**		**1 286 614**		**2 085 349**
Unit-linked investments			**5 008 029**		**5 008 029**
Investment in investment contracts	**381 059**		**727 627**		**1 108 686**
Loans and advances*		**42 508**			**42 508**
Loans to and preference share investments in associated companies*		**476 996**			**476 996**
Derivative financial instruments			**10 569**		**10 569**
Receivables*		**185 824**			**185 824**
Cash and cash equivalents*		**1 130 695**			**1 130 695**
	1 179 794	**1 836 023**	**8 160 865**	**345**	**11 177 027**

	Liabilities at fair value through profit or loss R000	Liabilities measured at amortised cost R000	Total R000
Liabilities as per statement of financial position			
Borrowings*		**811 854**	**811 854**
Derivative financial instruments	**5 988**		**5 988**
Investment contracts	**7 774 639**	**1 337 718**	**9 112 357**
Third-party liabilities arising on consolidation of mutual funds	**37 054**		**37 054**
Trade and other payables*	**71 848**	**550 556**	**622 404**
	7 889 529	**2 700 128**	**10 589 657**

* *Carrying value approximates fair value.*

Notes to the annual financial statements

for the year ended 28 February 2011

GROUP 28 February 2010	Held-to-maturity R000	Loans and receivables R000	Assets at fair value through profit or loss R000	Available-for-sale R000	Total R000
38. FINANCIAL RISK MANAGEMENT *(continued)*					
FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*					
Assets as per statement of financial position					
Equity securities			1 003 072	1 789	1 004 861
Debt securities	477 771		1 170 900		1 648 671
Unit-linked investments			4 960 221		4 960 221
Investment in investment contracts	299 612		675 389		975 001
Loans and advances*		68 645			68 645
Loans to and preference share investments in associated companies*		426 698			426 698
Derivative financial instruments			78 156		78 156
Receivables*		132 385			132 385
Cash and cash equivalents*		537 502			537 502
	777 383	1 165 230	7 887 738	1 789	9 832 140

	Liabilities at fair value through profit or loss R000	Liabilities measured at amortised cost R000	Total R000
Liabilities as per statement of financial position			
Borrowings		645 688	645 688
Derivative financial instruments	78 115		78 115
Investment contracts	7 396 927	818 898	8 215 825
Third-party liabilities arising on consolidation of mutual funds	71 715		71 715
Trade and other payables		335 983	335 983
	7 546 757	1 800 569	9 347 326

* *Carrying value approximates fair value.*

Notes to the annual financial statements

for the year ended 28 February 2011

COMPANY	Loans and receivables 2011 R000	2010 R000
38. FINANCIAL RISK MANAGEMENT *(continued)*		
FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*		
Assets as per statement of financial position		
Loan to subsidiary company	**1 147 704**	1 168 702
Cash and cash equivalents	**92**	685
	1 147 796	1 169 387

	Liabilities measured at amortised cost 2011 R000	2010 R000
Liabilities as per statement of financial position		
Trade and other payables	**1 959**	1 867

Investment contracts

A subsidiary of the group, PSG FutureWealth, is a linked insurance company and issues linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the supporting assets), and as such does not expose the business to the market risk of fair value adjustments on the financial asset as this risk is assumed by the policyholder. Investment contracts included within financial liabilities on the statement of financial position are therefore fully matched by investments as analysed in note 19.

Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices and foreign currency exchange rates.

Price risk

The group is exposed to price risk due to changes in the market values of its quoted and unquoted equity securities and unit-linked investments held by the group and classified on the consolidated statement of financial position either as available-for-sale or at fair value through profit or loss. Although the group follows a policy of diversification, some concentration of price risk towards certain sectors does exist and is analysed in the following table:

Notes to the annual financial statements

for the year ended 28 February 2011

38. FINANCIAL RISK MANAGEMENT *(continued)*

Sector composition of quoted equity securities	2011 R000	2010 R000
Agriculture	**96 884**	141 583
Banks	**39 108**	64 493
Basic resources	**115 897**	79 750
Chemicals	**8 567**	6 956
Construction & materials	**8 722**	8 009
Financial services	**33 683**	23 848
Food & beverages	**18 735**	45 816
Healthcare	**19 105**	6 627
Industrial goods & services	**37 820**	29 444
Insurance	**29 694**	38 816
Media	**1 510**	9 246
Oil & gas	**40 204**	22 311
Other	**2 325**	8 308
Personal & household goods	**29 009**	27 194
Property	**77 674**	85 602
Retail	**48 169**	35 419
Satrix 40	**330 251**	238 586
Technology	**7 962**	9 394
Telecommunications	**59 410**	37 636
Travel & leisure	**13 739**	11 980
	1 018 468	931 018

Included in the group quoted equity securities are those equity securities relating to:

- investments in linked investment contracts amounting to R856 521 000 (2010: R782 658 000); and
- equity securities relating to third-party liabilities arising on consolidation of mutual funds amounting to R26 346 000 (2010: Rnil).

The price risk of these instruments is carried by the policyholders of the linked investment contracts and the third-party mutual fund investors, respectively.

Included in unit-linked investments are investments linked to investment contracts amounting to approximately R4 756 430 000 (2010: R4 667 560 000) and third-party liabilities relating to consolidation of unit trusts of R10 708 000 (2010: R69 519 000), of which the price risk is also carried by the policyholders of the linked investment contracts. Therefore, a movement in the individual share prices of the aforementioned investments would not have an impact on the group's profit after taxation but would decrease or increase the corresponding liabilities with the same amount.

The table below summarises the sensitivity of the group's post-tax net profit for the year as a result of market price fluctuations. The analysis is based on the assumption that marked-to-market prices increase/decrease by 20% (2010: 20%) with all other variables held constant.

Notes to the annual financial statements

for the year ended 28 February 2011

GROUP	**2011 20% increase R000**	2010 20% increase R000	**2011 20% decrease R000**	2010 20% decrease R000
38. FINANCIAL RISK MANAGEMENT *(continued)*				
Impact on post-tax profit	**45 071**	49 653	**(45 071)**	(49 406)
Impact on equity	**45**	307	**(45)**	(307)

Foreign currency exchange risk

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency exchange risk. Management monitors this exposure and cover is used where appropriate.

The group's financial assets and liabilities denominated in foreign currency are analysed in the following table:

GROUP	Africa R000	UK R000	US R000	Euro R000	Asia R000	Total R000
At 28 February 2011						
Financial assets						
Equity securities*		**7 255**				**7 255**
Debt securities*		**7 863**	**38 364**	**324**		**46 551**
Unit-linked investments*		**10 624**	**343 087**	**16 694**	**14 566**	**384 971**
Investment in investment contracts*		**9 131**	**63 504**	**3 970**		**76 605**
Loans and advances		**1 518**				**1 518**
Receivables		**128**	**1 560**	**445**		**2 133**
Cash and cash equivalents	**4**	**733**	**1 292**	**648**		**2 677**
Financial liabilities						
Trade and other payables	**(499)**	**(556)**	**(639)**	**(83)**		**(1 777)**
Borrowings	**(1 003)**	**(2 389)**				**(3 392)**
	(1 498)	**34 307**	**447 168**	**21 998**	**14 566**	**516 541**
At 28 February 2010						
Financial assets						
Equity securities*		6 254				6 254
Debt securities*			53 045			53 045
Unit-linked investments*			454 491	12 447		466 938
Investment in investment contracts*		9 797	67 318	5 603		82 718
Loans and advances		3 235				3 235
Receivables			1 544	442		1 986
Cash and cash equivalents	4	17	2 032	352		2 405
Financial liabilities						
Trade and other payables	(602)	(44)	(538)	(86)		(1 270)
Borrowings	(1 882)					(1 882)
	(2 480)	19 259	577 892	18 758		613 429

* *Linked to policyholder investments and as such does not directly expose the group to foreign currency exchange risk.*

The table below shows the sensitivity of post-tax profits of the group to a 20% (2010: 20%) move in the rand exchange rates.

Notes to the annual financial statements

for the year ended 28 February 2011

GROUP	2011 20% increase R000	2010 20% increase R000	2011 20% decrease R000	2010 20% decrease R000
38. FINANCIAL RISK MANAGEMENT *(continued)*				
Impact on post-tax profit	**1 357**	92	**(1 357)**	(92)

The company had no exposure to foreign exchange risk.

Cash flow and fair value interest rate risk

The group's interest rate risk arises from interest-bearing investments and receivables, long-term borrowings and variable rate preference shares issued to non-controlling interest. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

	GROUP 2011 R000	GROUP 2010 R000
Loans to and preference share investments in associated companies		
Floating rate	**443 380**	384 558
Fixed rate	**20 810**	42 140
	464 190	426 698
Debt securities*		
Floating rate	**960 368**	860 243
Fixed rate	**1 124 981**	788 428
	2 085 349	1 648 671
Loans and advances		
Floating rate	**37 130**	39 120
Fixed rate	**582**	
	37 712	39 120
Receivables		
Floating rate	**567**	26 565
Fixed rate	**3 526**	
	4 093	26 565
Cash and cash equivalents**		
Floating rate	**1 130 695**	537 502
Borrowings		
Floating rate	**(423 893)**	(272 540)
Fixed rate	**(387 961)**	(373 148)
	(811 854)	(645 688)
Total		
Floating rate	**2 148 247**	1 575 448
Fixed rate	**761 938**	457 420
	2 910 185	2 032 868

* *Debt securities of R2 056 114 000 (2010: R1 613 761 000) are linked to policyholder investments and as such do not directly expose the group to interest rate market risk.*

** *Cash and cash equivalents of R334 606 000 (2010: R176 845 000) are linked to policyholder investments and as such do not directly expose the group to interest rate market risk.*

The group manages its cash flow interest rate risk by monitoring interest rates on a regular basis. Consideration is given to economic hedging options which will be utilised if viable. The variable rate preference shares are classified as equity and therefore excluded from the table above and sensitivity analysis below. In order to mitigate the cash flow interest rate risk, management has entered into interest rate swap agreements, with a nominal value of R440 000 000 (2010: R440 000 000) hedged at 8.87% p.a. NACS (nominal annual compounded semi-annually) until 31 August 2016 and R650 000 000 (2010: Rnil) hedged at 8.6% p.a. NACS until 31 August 2020. This means that the preference dividend rate, which is calculated on a daily basis as 75% of the prime interest rate, on R1 090 000 000 (2010: R440 000 000) out of the R1 190 000 000 (2010: R600 000 000) preference shares in issue is fixed at 8.71% (2010: 8.87%) p.a. NACS. In addition, the group has preference share investments in associated companies as shown in the above table with coupons linked to prime interest rates, thus creating a natural further hedge. The combination of the aforementioned means that the group's listed perpetual preference shares are fully hedged against interest rate fluctuations.

Notes to the annual financial statements

for the year ended 28 February 2011

38. FINANCIAL RISK MANAGEMENT *(continued)*

Based on simulations performed, the impact on post-tax profit of a 2% (2010: 1%) shift in interest rates is analysed in the following table and includes the effect of the interest rate hedge:

GROUP	**2011 2% increase R000**	2010 1% increase R000	**2011 2% decrease R000**	2010 1% decrease R000
Impact on post-tax profit	**15 452**	3 325	**(15 452)**	(3 336)
COMPANY				
Impact on post-tax profit	**1**	5	**(1)**	(5)

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, loans and advances, investments in debt securities and receivables. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. In the case of loans and advances, management would take or insist on collateral or other form of securitisation as they deem fit.

The table below shows the group's maximum exposure to credit risk by class of asset.

	2011		2010	
GROUP	**Balance R000**	**Collateral fair value R000**	Balance R000	Collateral fair value R000
Debt securities	**2 085 349**	**695 974**	1 648 671	
Investment in investment contracts	**1 108 686**		975 001	
Loans and advances	**42 508**		68 645	
Derivative financial instruments	**10 569**		78 156	
Receivables	**185 824**		132 385	
Loans to and preference share investments in associated companies	**476 996**	**163 430**	426 698	142 383
Cash and cash equivalents	**1 130 695**		537 502	
	5 040 627	**859 404**	3 867 058	142 383

Loans to associated companies with a face value of Rnil (2010: R7 000 000) have been fully impaired. Loans are impaired by reference to the net asset value of the debtor and/or discounted cash flow calculations.

Receivables are tested for impairment using a variety of techniques including assessing credit risk and monthly monitoring of individual debtors. At 28 February 2011 receivables with a face value of approximately Rnil (2010: Rnil) were found to be impaired and accordingly fully provided for.

Investments in investment contracts are linked to investment contracts and thus credit risk is carried by the policyholders of the linked investment contracts. Debt securities of R2 056 114 000 (2010: R1 613 761 000) and cash and cash equivalents of R334 606 000 (2010: R176 845 000) are linked to investment contracts and thus credit risk is carried by the policyholders of the linked investment contracts.

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Notes to the annual financial statements

for the year ended 28 February 2011

		GROUP	
		2011	2010
		R000	R000
38.	**FINANCIAL RISK MANAGEMENT** *(continued)*		
	Government stock	**50 367**	98 519
	Aa1	**53 610**	
	Aa2	**241 301**	
	A1	**432 122**	406 038
	A2	**334 587**	134 525
	A3	**93 103**	244 525
	Other non-rated assets	**3 829 692**	2 959 122
	Past due or impaired assets	**5 845**	24 329
		5 040 627	3 867 058

The credit risk associated with 91,4% (2010: 93,5%) of non-rated financial assets is assessed by reference to the investment mandates of linked policyholder investments which specify what type of underlying investments can be purchased.

The table below gives an age analysis of receivables that are past due but not impaired. The other classes of financial assets do not contain assets that are past due but not impaired.

	Total	0 – 2 months	2 – 6 months	6 – 12 months
	R000	R000	R000	R000
At 28 February 2011	**5 845**	**1 239**	**1 790**	**2 816**
At 28 February 2010	24 329	3 621	13 091	7 617

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, each entity aims to maintain flexibility in funding by keeping committed credit lines available.

With regard to the linked investment policy business it is the group's policy to pay a policyholder only once the amount disinvested has been collected.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Notes to the annual financial statements

for the year ended 28 February 2011

GROUP	Carrying value R000	Less than 1 year R000	Between 1 and 5 years R000	Over 5 years R000
38. FINANCIAL RISK MANAGEMENT *(continued)*				
At 28 February 2011				
Borrowings	**811 854**	**341 928**	**609 021**	
Derivative financial instruments	**5 988**	**5 988**		
Investment contracts	**9 112 357**	**1 770 977**	**7 341 380**	
Third-party liabilities arising on consolidation of mutual funds	**37 054**	**10 708**	**26 346**	
Trade and other payables	**622 404**	**589 931**	**52 982**	
	10 589 657	**2 719 532**	**8 029 729**	**–**
At 28 February 2010				
Borrowings	645 688	125 934	624 562	
Derivative financial instruments	78 115	78 115		
Investment contracts	8 215 825	1 510 470	1 380 360	5 324 995
Third-party liabilities arising on consolidation of mutual funds	71 715	12 415	59 300	
Trade and other payables	335 983	297 555	46 825	
	9 347 326	2 024 489	2 111 047	5 324 995

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

COMPANY	Carrying value R000	Less than 1 year R000
At 28 February 2011		
Trade and other payables	**1 959**	**1 959**
At 28 February 2010		
Trade and other payables	1 867	1 867

Insurance risk

The group did not have any significant insurance risk at the reporting date.

Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are disclosed by level of the following fair value measurement hierarchy:

- Quoted bid prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

Notes to the annual financial statements

for the year ended 28 February 2011

GROUP	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
38. FINANCIAL RISK MANAGEMENT *(continued)*				
The following financial instruments are measured at fair value:				
At 28 February 2011				
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives		**10 569**		**10 569**
Equity securities	**1 018 228**	**109 798**		**1 128 026**
Debt securities		**1 286 614**		**1 286 614**
Unit-linked investments	**140 952**	**3 562 480**	**1 304 597**	**5 008 029**
Investment in investment contracts		**727 627**		**727 627**
Available-for-sale				
Equity securities			**345**	**345**
	1 159 180	**5 697 088**	**1 304 942**	**8 161 210**
Liabilities				
Financial liabilities at fair value through profit or loss				
Trading derivatives		**5 988**		**5 988**
Investment contracts		**6 470 042**	**1 304 597**	**7 774 639**
Trade and other payables			**71 848**	**71 848**
Third-party liabilities arising on consolidation of mutual funds		**37 054**		**37 054**
	–	**6 513 084**	**1 376 445**	**7 889 529**
At 28 February 2010				
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives		78 156		78 156
Equity securities	784 231	218 841		1 003 072
Debt securities		1 170 900		1 170 900
Unit-linked investments		3 623 892	1 336 329	4 960 221
Investment in investment contracts		675 389		675 389
Available-for-sale				–
Equity securities		1 549	240	1 789
	784 231	5 768 727	1 336 569	7 889 527
Liabilities				
Financial liabilities at fair value through profit or loss				
Trading derivatives		78 115		78 115
Investment contracts		6 060 598	1 336 329	7 396 927
Third-party liabilities arising on consolidation of mutual funds		71 715		71 715
	–	6 210 428	1 336 329	7 546 757

Investment contracts

A subsidiary of the group, PSG FutureWealth, is a linked insurance company and issues linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the supporting assets), and as such does not expose the business to the market risk of fair value adjustments on the financial asset as this risk is assumed by the policyholder. Investment contracts included within financial liabilities on the statement of financial position are therefore fully matched by investments as analysed in note 19.

Notes to the annual financial statements

for the year ended 28 February 2011

38. FINANCIAL RISK MANAGEMENT *(continued)*

The following tables presents the changes in level 3 financial instruments during the reporting periods under review:

GROUP	Unit-linked investments R000	Equity securities R000	Total R000
Assets			
Carrying amount at 1 March 2009	1 001 867	240	1 002 107
Additions	465 474		465 474
Disposals	(325 125)		(325 125)
Gains recognised in profit and loss	194 113		194 113
Carrying amount at 28 February 2010	1 336 329	240	1 336 569
Additions	**266 812**	**105**	**266 917**
Disposals	**(474 110)**		**(474 110)**
Gains recognised in profit and loss	**175 566**		**175 566**
Carrying amount at 28 February 2011	**1 304 597**	**345**	**1 304 942**

	Trade and other payables R000	Investment contracts R000	Total R000
Liabilities			
Carrying amount at 1 March 2009		1 001 867	1 001 867
Investment contract receipts		465 474	465 474
Investment contract benefits paid		(325 125)	(325 125)
Loss recognised in profit and loss		194 113	194 113
Carrying amount at 28 February 2010	–	1 336 329	1 336 329
Additions	**71 848**		**71 848**
Investment contract receipts		**266 812**	**266 812**
Investment contract benefits paid		**(474 110)**	**(474 110)**
Loss recognised in profit and loss		**175 566**	**175 566**
Carrying amount at 28 February 2011	**71 848**	**1 304 597**	**1 376 445**

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. These methods are more fully disclosed in the accounting policy and notes relating to the specific financial instrument.

Notes to the annual financial statements

for the year ended 28 February 2011

38. FINANCIAL RISK MANAGEMENT *(continued)*

CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group's capital comprises total equity as shown in the consolidated statement of financial position plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents as shown in the consolidated statement of financial position. When funding is required management will consider the various forms of paper available for issue, taking into account current market conditions, anticipated trends in market indicators and the financial position of the group at the time. Management will accordingly consider issuing ordinary shares by the group's holding company, perpetual preference shares, short, long or medium-term borrowings with variable or fixed rates. Historically the group's long and medium-term paper have been issued at fixed rates of interest. The directors have authority to issue ordinary shares up to 5% of the number of shares in issue as at the previous year-end.

Certain subsidiaries have regulatory capital adequacy requirements as a result of the respective industries in which they operate. PSG FutureWealth Ltd is required to hold a minimum amount of capital in order to reduce the policyholders' exposure to the company's liquidity risk. The Financial Services Board regularly reviews compliance with these minimum capital requirements as the regulatory authority. The company must maintain shareholders' funds that will be sufficient to meet obligations in the event of substantial deviations from the main assumptions affecting the company's business. Capital adequacy requirements were covered 2,2 times at 28 February 2011 (2010: 2,5 times). This ratio is determined in accordance with regulations and the guidelines issued by the Actuarial Society of South Africa.

39. AFTER REPORTING DATE EVENT

PSG Konsult and PSG Asset Management (formerly PSG Fund Management) concluded a deal which will result in PSG Konsult acquiring 100% of the shares in PSG Asset Management plus asset managers' shares in their respective businesses, with the exception of the non-controlling shareholders in the PSG Asset Management's hedge fund business, PSG Absolute Investment. Such shareholdings will be acquired with effect from 1 March 2011 by way of a share swop scheme of arrangement transaction. This arrangement constitutes a common control transaction.

Annexure A – Investments

as at 28 February 2011

INTEREST IN SUBSIDIARIES

Company	Proportion held directly or indirectly by holding company 2011 %	2010 %	Issued share capital 2011 R000	2010 R000
PSG Financial Services Ltd	**100**	100	**45 872**	45 872
PSG Investment Services (Pty) Ltd*		100		2 269
PSG Invest (Pty) Ltd (formerly PSG Fund Management Group (Pty) Ltd, now trading as PSG Asset Management)*	**81**	95	**1**	1
PSG Konsult Ltd	**74**	73	**7 331**	7 331
PSG Corporate Services (Pty) Ltd	**100**	100	**10**	10
Ou Kollege Beleggings Ltd	**100**	100	**4**	4
Axiam Holdings Ltd**		100		166
Zeder Investments Ltd***	**42**	41	**9 781**	9 781
Paladin Capital Ltd	**81**	81	**58**	57

* *At the previous reporting date the interest in PSG Invest (Pty) Ltd was held through the wholly owned subsidiary, PSG Investment Services (Pty) Ltd. PSG FutureWealth Ltd is in turn a wholly owned (2010: 80% owned) subsidiary of PSG Invest (Pty) Ltd.*

** *Axiam Holdings Ltd was voluntarily liquidated during the year, after distributing all assets and ceding all liabilities to Ou Kollege Beleggings Ltd.*

*** *Zeder Investments Ltd's results have been consolidated as PSG Group Ltd exercises control over its operations through its 42% (2010: 41%) shareholding, board representation and a management agreement in terms of which PSG Corporate Services (Pty) Ltd provides management and administration services to the company.*

In addition to the company's contribution to attributable earnings to owners of the parent, R709 810 000 (2010: R391 552 000) was contributed by subsidiaries in the group.

Information is only disclosed in respect of subsidiaries of which the financial position or results are material. All of the above are incorporated in the Republic of South Africa. Details of the nature of activities of each of the above subsidiaries are disclosed in the front section of this annual report. Further details of investments are available at the registered offices of the relevant group companies.

	COMPANY 2011 R000	2010 R000
Directors' valuation of investments in subsidiaries	**1 955 886**	1 976 884

INVESTMENT IN ASSOCIATED COMPANIES

Company	Nature of business	Proportion held directly or indirectly by holding companies 2011 %	2010 %	Group carrying value 2011 R000	2010 R000
Listed					
Capitec Bank Holdings Ltd	Retail banking	**35**	35	**1 794 953**	1 197 286
m Cubed Holdings Ltd	Financial services		30		41 698
CIC Holdings Ltd	Fast-moving consumer goods		49		126 110
Erbacon Investment Holdings Ltd	Construction and tool hire	**27**	22	**70 480**	104 708
IQuad Group Ltd	Incentive and treasury services	**44**	43	**33 699**	43 871
Top Fix Holdings Ltd	Scaffolding	**29**	28	**23 600**	34 659
Petmin Ltd	General mining	**11***	9*	**182 764**	148 431
				2 105 496	1 696 763

* *Significant influence exercised through, inter alia, board representation. Refer to related accounting policy on page 44.*

Annexure A – Investments

as at 28 February 2011

INVESTMENT IN ASSOCIATED COMPANIES *continued*

Company	Nature of business	Proportion held directly or indirectly by holding companies 2011 %	2010 %	Group carrying value 2011 R000	2010 R000
Unlisted					
Thembeka Capital Ltd	Private equity	**49**	49	**374 265**	212 324
Agri investments				**2 081 948**	1 892 475
Agricol Holdings Ltd	Agricultural	**25**	20		
Capevin Holdings Ltd	Investment company	**40**	37		
Kaap Agri Ltd	Agricultural	**44**	41		
KWV Holdings Ltd	Wine producing		31		
MGK Business Investments Ltd	Agricultural	**27**	27		
Precrete Nozala (Pty) Ltd*	Mining services	**22**	22	**54 418**	49 085
Propell Group Holdings (Pty) Ltd (formerly Baedex Ltd)	Bridge financing	**35**	33	**16 169**	12 080
GRW Holdings (Pty) Ltd	Tank container manufacturer	**40**	40	**41 191**	42 149
Friedshelf 903 (Pty) Ltd t/a Protea Foundry	Non-ferrous casting	**49**	49	**20 190**	22 513
Lesotho Milling Company (Pty) Ltd	Milling		25		19 269
AIC Holding Company (Pty) Ltd	Insurance	**43**	43	**9 460**	5 441
Spirit Capital (Pty) Ltd	Corporate finance	**24**	20	**20 098**	13 012
Curro Holdings (Pty) Ltd**	Education		50		51 341
Other				**12 114**	9 543
				2 629 853	2 329 232

* *At 28 February 2011 Paladin Capital Ltd held a 31,9% (2010: 31,9%) stake in Thembeka Mining (Pty) Ltd, which owned 41% (2010: 41%) in Precrete Nozala. Paladin Capital thus owned an effective 13,1% (2010: 13,1%) in Precrete Nozala through Thembeka Mining at year-end. Paladin Capital also has a direct interest in Precrete Nozala of 9% (2010: 9%), resulting in a total effective interest in Precrete Nozala of 22,1% (2010: 22,1%).*

** *During the year a further 26% interest was obtained in Curro Holdings (Pty) Ltd, and accordingly control has been obtained. Refer to note 36.3.*

Information is only disclosed in respect of associates of which the financial position or results are material. All of the above are incorporated in the Republic of South Africa, except for CIC Holdings Ltd which is incorporated in the Republic of Namibia and Lesotho Milling Company (Pty) Ltd which is incorporated in the Kingdom of Lesotho. Further details of investments are available at the registered offices of the relevant group companies.

FINANCIAL INFORMATION IN RESPECT OF PRINCIPAL ASSOCIATED COMPANIES

	Assets R000	Liabilities R000	Revenues R000	Profits R000
2011				
Capitec Bank Holdings Ltd	**14 439 517**	**10 989 004**	**5 185 277**	**656 024**
Thembeka Capital Ltd	**1 864 518**	**796 343**		**438 004**
Agri investments**	**4 647 208**	**757 322**	**4 236 678**	**422 620**
Petmin Ltd*	**1 596 337**	**354 916**	**489 354**	**107 717**
	22 547 580	**12 897 585**	**9 911 309**	**1 624 365**
2010				
Capitec Bank Holdings Ltd	9 488 223	7 760 246	3 519 475	449 224
Thembeka Capital Ltd	1 157 072	564 616		280 620
Agri investments**	4 433 520	758 609	3 973 562	(242 192)
Petmin Ltd*	1 473 330	354 229	788 624	118 364
	16 552 145	9 437 700	8 281 661	606 016

* *Year-end 30 June*

** *Principal associated agri investment companies comprise Kaap Agri Ltd (year-end 30 September) and Capevin Holdings Ltd (year-end 30 June). The financial information presented are based on the principal associated companies' most recent published results. Comparatives have been reclassified to only include Kaap Agri Ltd and Capevin Holdings Ltd.*

Annexure B – Segment report

for the year ended 28 February 2011

The group is organised into six reportable segments, namely: Capitec, Zeder, Paladin, PSG Konsult, PSG Asset Management and PSG Corporate. These segments represent the major investments of the group. The services offered by PSG Konsult and PSG Asset Management consist of financial advice and fund management, while the other segments offer financing, banking, private equity and corporate finance services. All segments operate mainly in the Republic of South Africa.

Income and intersegment income comprise total income per the income statement. There are no clients that account for more than 10% of total income as presented in the income statement.

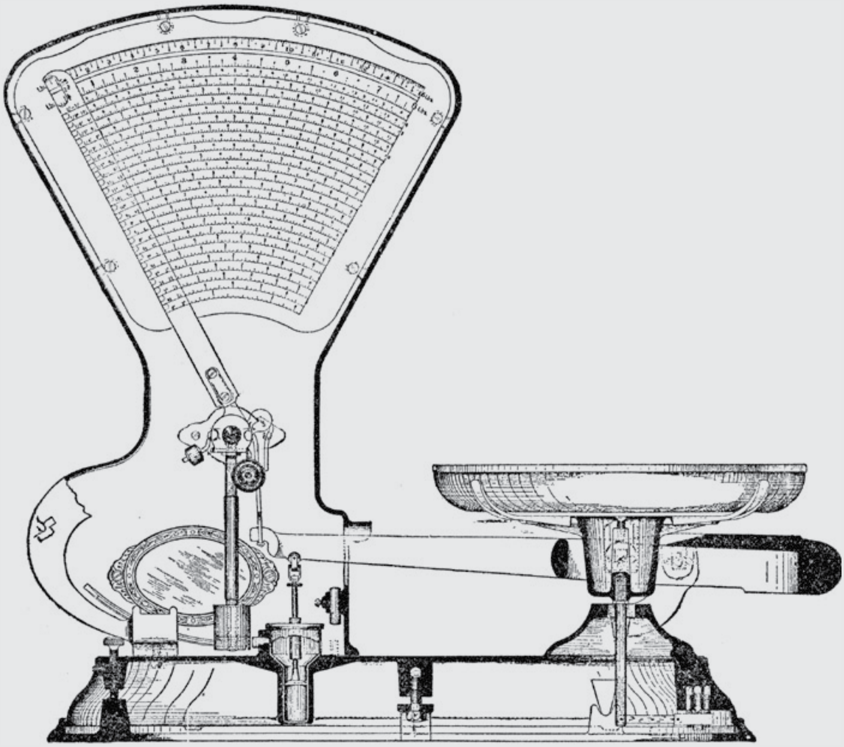
Recurring headline earnings are calculated on a see-through basis. The group's recurring headline earnings is the sum of its effective interest in that of each of its underlying investees, regardless of its percentage shareholding. The result is that investments in which PSG Group or an investee holds less than 20% and are generally not equity accountable in terms of accounting standards, are included in the calculation of our consolidated recurring headline earnings. Marked-to-market fluctuations are excluded.

The chief operating decision-maker (the executive committee) evaluates the following information to assess the segments performance:

	Income R000	Intersegment income R000	Recurring headline earnings R000	Non-recurring headline earnings R000	Headline earnings R000	Net asset value R000
For the year ended 28 February 2011						
Capitec*	**22 042**		**223 005**		**223 005**	**1 981 553**
Zeder	**135 510**		**109 378**	**(33 137)**	**76 241**	**1 073 097**
Paladin	**332 867**		**46 724**	**93 438**	**140 162**	**1 123 074**
PSG Konsult	**1 083 336**	**(70 388)**	**65 976**	**1 208**	**67 184**	**324 739**
PSG Asset Management	**276 376**	**(5 634)**	**27 877**	**5 197**	**33 074**	**156 141**
PSG Corporate	**168 074**	**(61 267)**	**40 216**	**30 981**	**71 197**	**372 366**
Net fee income**			**21 048**		**21 048**	**22 956**
Unit trust, hedge fund and share investments			**(691)**	**30 981**	**30 290**	**144 894**
BEE investments			**19 859**		**19 859**	**204 516**
Funding	**17 277**	**(6 364)**	**(109 121)**		**(109 121)**	**(1 484 211)**
Other***				**10 623**	**10 623**	**38 039**
Total	**2 035 482**	**(143 653)**	**404 055**	**108 310**	**512 365**	**3 584 798**
Non-headline					**196 038**	
Attributable earnings					**708 403**	
For the year ended 28 February 2010						
Capitec*			151 656		151 656	1 383 906
Zeder	57 818	(300)	83 553	(22 960)	60 593	925 947
Paladin	34 313		77 164	89 818	166 982	859 600
PSG Konsult	876 344	(43 061)	65 472		65 472	296 145
PSG Asset Management	309 648	(6 086)	26 401		26 401	149 178
PSG Corporate	137 027	(41 873)	37 558	14 683	52 241	350 300
Net fee income**			15 257		15 257	26 900
Unit trust, hedge fund and share investments			1 747	14 683	16 430	138 643
BEE investments			20 554		20 554	184 757
Funding	24 200	(15 900)	(80 677)		(80 677)	(1 065 203)
Other taxation and STC			(2 008)	(9 123)	(11 131)	(6 560)
Other****			(300)	121	(179)	53 663
Total	1 439 350	(107 220)	358 819	72 539	431 358	2 946 976
Non-headline					(40 433)	
Attributable earnings					390 925	

* *Equity accounted*
** *Net fee income is after the deduction of salaries, operating expenses and taxation.*
*** *Consists of the investment in Propell (formerly Baedex) and other non-recurring fee income.*
**** *Consists mainly of the investment in Propell (formerly Baedex) and m Cubed Holdings.*

PSG Financial Services Limited



PSG Financial Services Limited

Annual financial statements
PSG Financial Services Limited

Contents

Approval of annual financial statements

The directors are responsible for the maintenance of adequate accounting records and to prepare annual financial statements that fairly represent the state of affairs and the results of the company. The external auditor is responsible for independently auditing and reporting on the fair presentation of these annual financial statements. Management fulfils this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. Such controls provide assurance that the company's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable. The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and incorporate full and reasonable disclosure. Appropriate and recognised accounting policies are consistently applied.

The external auditor has unrestricted access to all records, assets and personnel of the company.

The company is classified as a widely held company in terms of the Companies Act, but has not appointed an audit committee since the functions in terms of section 270A(1) of the Act are performed on its behalf by the audit committee of its holding company. The audit committee of the holding company has confirmed to the directors of the company that these functions have been performed without any exceptions noted in relation to the financial statements and that they are satisfied that the auditor was independent of the company.

The financial statements are prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources to continue for the foreseeable future.

The financial statements set out on pages 109 to 127 were approved by the board of directors of PSG Financial Services Ltd and are signed on its behalf by:

JF Mouton
Chairman

WL Greeff
Financial director

13 May 2011
Stellenbosch

Independent auditor's report

to the members of PSG Financial Services Ltd

We have audited the annual financial statements of PSG Financial Services Ltd, which comprise the statement of financial position as at 28 February 2011, and the income statement, statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 109 to 127.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of PSG Financial Services Ltd as at 28 February 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: HD Nel
Registered auditor

13 May 2011
Cape Town

Declaration by the company secretary

We declare that, to the best of our knowledge, the company has lodged with the Registrar all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Wessels

PSG Corporate Services (Pty) Ltd
Per A Wessels
Company secretary

13 May 2011
Stellenbosch

Directors' report

NATURE OF BUSINESS

The company's subsidiaries and associated entities offer diversified financial services.

OPERATING RESULTS

The operating results and state of affairs of the company are fully set out in the attached income statement and statements of financial position, comprehensive income, cash flows and changes in equity and notes thereto. The company's profit after taxation amounted to R156,4 million (2010: R250,4 million).

SHARE CAPITAL

Details of the authorised and issued share capital appear in note 8 to the financial statements.

DIVIDENDS

Ordinary

Dividends paid during the year amounted to R93,3 million (2010: R99 million).

Preference

The directors have declared the following dividends in respect of the cumulative, non-redeemable, non-participating preference shares for the year ended 28 February 2011:

Cents per share	**2011**	2010
Interim	**380,7**	450,4
Final	**343,8**	390,5
Total	**724,5**	840,9

DIRECTORS

The directors of the company at the date of this report appear on page 12. There were no changes to the board of directors since the date of the previous report.

HOLDING COMPANY

The company is a wholly owned subsidiary of PSG Group Ltd, except for the 11 885 206 (2010: 6 079 738) preference shares which are listed on the JSE Ltd.

SHAREHOLDING OF DIRECTORS

The shareholding of directors in the preference share capital of the company as at 28 February 2011 was as follows:

	Beneficial		Non-beneficial		**Total shareholding 2011**		Total shareholding 2010	
	Direct	Indirect	Direct	Indirect	**Number**	**%**	Number	%
L van A Bellingan		50 000		25 528	**75 528**	**0,6**	80 000	1,3
J de V du Toit				52 632	**52 632**	**0,5**	52 632	0,9
MJ Jooste							350 000	5,8
	–	50 000	–	78 160	**128 160**	**1,1**	482 632	8,0

There were no changes to directors' shareholding since the year-end and the date of this report.

SECRETARY

The secretary of the company is PSG Corporate Services (Pty) Ltd. The business and postal addresses are shown on the inside back cover.

AFTER REPORTING DATE EVENT

PSG Konsult and PSG Asset Management (formerly PSG Fund Management) concluded a deal which will result in PSG Konsult acquiring 100% of the shares in PSG Asset Management plus asset managers' shares in their respective businesses, with the exception of the non-controlling shareholders in the PSG Asset Management's hedge fund business, PSG Absolute Investment. Such shareholdings will be acquired with effect from 1 March 2011 by way of a share swop scheme of arrangement transaction.

Statement of financial position

as at 28 February 2011

	Notes	2011 R000	2010* R000
ASSETS			
Investment in subsidiaries	1	**2 297 210**	2 279 306
Investment in associated companies	2	**1 455 072**	1 027 027
Equity securities	3	**591 722**	305 919
Loans and advances	4	**568 471**	597 712
Derivative financial instruments	5	**4 546**	
Receivables	7	**6**	3 602
Current income tax receivable		**498**	523
Total assets		**4 917 525**	4 214 089
CAPITAL AND RESERVES			
Share capital	8		
Ordinary share capital		**45 872**	45 872
Preference share capital		**11 885**	6 080
Share premium			
Ordinary share capital		**92 175**	92 175
Preference share capital		**1 064 122**	578 369
Other reserves	9	**424 491**	178 702
Retained earnings		**287 459**	287 252
Total equity		**1 926 004**	1 188 450
LIABILITIES			
Borrowings	10	**2 881 088**	2 972 277
Derivative financial instruments	5		2 222
Deferred income tax	6	**69 299**	27 390
Trade and other payables	11	**41 134**	23 750
Total liabilities		**2 991 521**	3 025 639
Total liabilities and shareholders' funds		**4 917 525**	4 214 089

* *Reclassified as set out in note 18 to the financial statements.*

Income statement

for the year ended 28 February 2011

	Notes	**2011** **R000**	2010 R000
Income			
Investment income	12	**211 113**	281 209
Profit on sale of investment in associated companies			22 031
Profit on sale of equity securities			2 585
Unrealised fair value gains on financial assets	13	**6 768**	
Total income		**217 881**	305 825
Expenses			
Fair value losses	13		
Unrealised fair value losses on financial assets			6 248
Loss on impairment of subsidiaries		**16 569**	17 094
Marketing, administration and other expenses		**121**	129
Total expenses		**16 690**	23 471
Results of operating activities		**201 191**	282 354
Finance cost		**(43 451)**	(33 735)
Profit before taxation		**157 740**	248 619
Taxation	14	**(1 345)**	1 750
Net profit for the year		**156 395**	250 369

Statement of comprehensive income

for the year ended 28 February 2011

	Notes	**2011** **R000**	2010 R000
Net profit for the year		**156 395**	250 369
Other comprehensive income			
Fair value gains on investments		**245 789**	91 873
Total comprehensive income for the year, net of taxation	14	**402 184**	342 242

Statement of changes in equity

for the year ended 28 February 2011

	Ordinary shares		Preference shares				
	Share capital R000	Share premium R000	Share capital R000	Share premium R000	Other reserves R000	Retained earnings R000	Total R000
Balance at 1 March 2009	45 872	92 175	6 080	578 369	86 829	187 009	996 334
Comprehensive income							
Net profit for the year						250 369	250 369
Other comprehensive income							
Fair value gains on investments					91 873		91 873
Transactions with owners							
Dividend – ordinary shares						(99 000)	(99 000)
Dividend – preference shares						(51 126)	(51 126)
Balance at 28 February 2010	45 872	92 175	6 080	578 369	178 702	287 252	1 188 450
Comprehensive income							
Net profit for the year						**156 395**	**156 395**
Other comprehensive income							
Fair value gains on investments					**245 789**		**245 789**
Transactions with owners	**–**	**–**	**5 805**	**485 753**	**–**	**(156 188)**	**335 370**
Issue of preference shares			**5 805**	**487 444**			**493 249**
Share issue costs				**(1 691)**			**(1 691)**
Dividend – ordinary shares						**(93 300)**	**(93 300)**
Dividend – preference shares						**(62 888)**	**(62 888)**
Balance at 28 February 2011	**45 872**	**92 175**	**11 885**	**1 064 122**	**424 491**	**287 459**	**1 926 004**

Statement of cash flows

for the year ended 28 February 2011

	Notes	2011 R000	2010* R000
Cash retained from operating activities			
Cash generated by operating activities	16.1	**171 405**	216 571
Taxation paid	16.2	**575**	(588)
Net cash flow from operating activities		**171 980**	215 983
Cash utilised in investing activities			
Additional investment in subsidiaries		**(34 473)**	(1 022 777)
Acquisition of additional investment in associated companies		**(428 045)**	(18 190)
Disposal of equity securities			22 575
Decrease in loan from holding company		**(20 998)**	(22 226)
(Decrease)/increase in loans from subsidiaries		**(92 246)**	510 389
Increase in borrowings		**22 055**	30 227
Decrease in loans and advances		**29 241**	444 667
Net cash flow from investment activities		**(524 466)**	(55 335)
Cash flows from financing activities			
Issue of preference shares		**491 558**	
Dividend paid to ordinary shareholders	16.3	**(93 300)**	(99 000)
Dividend paid to preference shareholders	16.4	**(45 772)**	(61 648)
Net cash flow from financing activities		**352 486**	(160 648)
Net movement in cash and cash equivalents		**–**	–
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at end of year		**–**	–

* *Reclassified as set out in note 18 to the financial statements.*

Accounting policies

The principal accounting policies applied in the preparation of these financial statements are the same as those of PSG Group Ltd, as set out in the accounting policies of the PSG Group Ltd consolidated financial statements. These policies have been consistently applied to all the years presented.

BASIS OF PREPARATION

The company has presented these stand-alone financial statements only, as the company is the only significant asset of PSG Group Ltd. The consolidated financial statements of the company are therefore very similar to PSG Group Ltd's consolidated financial statements which are included on pages 28 to 104.

The company has also prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) for the company and its subsidiaries (the "PSL Group"). In the consolidated financial statements, subsidiary undertakings – those companies in which the PSL Group, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations – have been fully consolidated. The consolidated financial statements can be obtained from the company's registered office.

Users of these stand-alone financial statements should read them together with PSG Group Ltd's or PSL Group's consolidated financial statements for the year ended 28 February 2011 in order to obtain full information on the financial position and results of operations of the PSL Group as a whole.

Notes to the annual financial statements

for the year ended 28 February 2011

		2011 R000	2010 R000
1.	**INVESTMENT IN SUBSIDIARIES**		
	Shares at cost	**2 330 873**	2 296 400
	Impairment charge	**(33 663)**	(17 094)
		2 297 210	2 279 306
	Refer Annexure A		
2.	**INVESTMENT IN ASSOCIATED COMPANIES**		
	Listed shares at cost	**1 439 387**	1 015 245
	Unlisted shares at cost	**15 685**	11 782
		1 455 072	1 027 027
	Reconciliation		
	Carrying value at beginning of year	**1 027 027**	1 008 846
	Disposals		(9)
	Acquisitions	**428 045**	18 190
	Carrying value at end of year	**1 455 072**	1 027 027
	Market value of listed investments	**5 138 403**	2 175 571
	Directors' valuation of unlisted investments	**15 685**	11 782
	Refer Annexure A		
3.	**EQUITY SECURITIES**		
	Listed	**591 722**	305 919

	Available-for-sale R000	Total R000
Reconciliation of movements		
Carrying amount at 1 March 2009	219 080	219 080
Fair value adjustment	106 829	106 829
Disposals	(19 990)	(19 990)
Carrying amount at 28 February 2010	305 919	305 919
Fair value adjustment	**285 803**	**285 803**
Carrying amount at 28 February 2011	**591 722**	**591 722**

	2011 R000	2010 R000
Current portion		
Non-current portion	**591 722**	305 919
	591 722	305 919

The listed equity securities are PSG Group Ltd, the company's holding company, shares.

Notes to the annual financial statements

for the year ended 28 February 2011

		2011 R000	2010 R000
4.	**LOANS AND ADVANCES**		
	Unsecured loans to subsidiaries		
	PSG Corporate Services (Pty) Ltd	**268 617**	268 617
	PSG Channel Holdings Ltd	**27 216**	27 216
	PSG Capital (Pty) Ltd	**1 894**	1 894
	Ou Kollege Beleggings Ltd	**11 571**	7 971
	PSG Investment Services (Pty) Ltd		52 677
	Channel Life Holdings (Pty) Ltd	**54 657**	54 657
	Preference shares in associated companies of a subsidiary	**204 516**	184 657
	Other		23
		568 471	597 712
	Current portion	**363 955**	303 055
	Non-current portion	**204 516**	294 657
		568 471	597 712

All loans are interest-free with no specific repayment terms, unless otherwise indicated.

The loan to PSG Corporate Services (Pty) Ltd includes a loan of R110 000 000 (2010: R110 000 000) bearing interest at a rate of 10,79% which is repayable on 12 October 2011, as well as several advances bearing interest at rates ranging from 12,5% to 12,65% NACS which are repayable between October 2013 and December 2013.

The preference shares in associated companies of a subsidiary are redeemable within four years (2010: five years) and carry dividend rates that are linked to the prime overdraft rate.

		2011 R000	2010 R000
5.	**DERIVATIVE FINANCIAL INSTRUMENTS**		
	Derivative financial assets/(liabilities)	**4 546**	(2 222)
	Derivative financial assets/(liabilities)		
	Current portion	**4 546**	(2 222)
	Non-current portion		
		4 546	(2 222)
	Analysis of net derivative balance		
	Equity contracts		
	Fixed-for-variable interest rate swap	**4 546**	(2 222)
		4 546	(2 222)

Notes to the annual financial statements

for the year ended 28 February 2011

		2011 R000	2010 R000
6.	**DEFERRED INCOME TAX**		
	Deferred income tax liabilities		
	Current portion		
	Non-current portion	**(69 299)**	(27 390)
		(69 299)	(27 390)

The movement in the deferred tax liabilities during the year is as follows:

	Secondary tax on companies R000	Unrealised marked-to-market R000	Total R000
At 1 March 2009	(588)	(14 184)	(14 772)
Taxation paid	588		588
Credited to income statement		1 750	1 750
Debited to other comprehensive income		(14 956)	(14 956)
At 28 February 2010	–	(27 390)	(27 390)
Debited to income statement		**(1 895)**	**(1 895)**
Debited to other comprehensive income		**(40 014)**	**(40 014)**
At 28 February 2011	**–**	**(69 299)**	**(69 299)**

		2011 R000	2010 R000
7.	**RECEIVABLES**		
	Sundry debtors	**6**	3 602
	Current portion	**6**	3 602
	Non-current portion		
		6	3 602
8.	**SHARE CAPITAL**		
	Ordinary share capital		
	Authorised		
	1 000 000 000 shares of 8 cents each (2010: 1 000 000 000 shares)	**80 000**	80 000
	Issued		
	573 401 094 shares of 8 cents each (2010: 573 401 094 shares)	**45 872**	45 872

The unissued shares in the company are placed under the control of the directors until the next annual general meeting. The directors are authorised to buy back shares subject to certain limitations and JSE requirements.

Notes to the annual financial statements

for the year ended 28 February 2011

		2011 R000	2010 R000
8.	**SHARE CAPITAL** *(continued)*		
	Preference share capital		
	Authorised		
	20 000 000 shares of R1 each (2010: 10 000 000 shares)	**20 000**	10 000
	Issued		
	11 885 206 shares of R1 each (2010: 6 079 738 shares)	**11 885**	6 080

The preference shares are cumulative, non-redeemable, non-participating preference shares of R1 each. The preference dividend is calculated on a daily basis at 75% of the prime interest rate and is payable in two semi-annual instalments. Arrear preference dividends shall accrue interest at the prime interest rate.

		Available-for-sale R000	Other R000	Total R000
9.	**OTHER RESERVES**			
	At 1 March 2009	80 214	6 615	86 829
	Fair value losses on investments	91 873		91 873
	At 28 February 2010	172 087	6 615	178 702
	Fair value gains on investments	**245 789**		**245 789**
	At 28 February 2011	**417 876**	**6 615**	**424 491**

		2011 R000	2010 R000
10.	**BORROWINGS**		
	Non-current		
	Unsecured promissory notes (2010: bonds and promissory notes)	**193 945**	281 890
	Current		
	Unsecured loan from holding company – PSG Group Ltd	**1 147 704**	1 168 702
	Unsecured loans from subsidiaries	**1 424 919**	1 517 165
	Unsecured bonds	**114 520**	4 520
		2 687 143	2 690 387
	Total borrowings	**2 881 088**	2 972 277

The unsecured loans from the holding and subsidiary companies are interest-free and have no fixed repayment terms. The loans from subsidiaries include R536 004 (2010: R536 004) payable to 35 Kerkstraat Beleggings Ltd and R888 915 (2010: 981 161) payable to PSG Corporate Services (Pty) Ltd.

The current unsecured bond consists of PSG01 Bond, nominal value R110 000 000 (2010: R110 000 000). The maturity date is 12 October 2011 and the bond bears interest at a rate of 10,79% p.a. fixed. Accrued interest amounts to R4 520 000 (2010: R4 520 000).

Non-current borrowings consists of promissory notes bearing fixed interest rates ranging from 12,15% to 12,65% NACS and repayable between October 2013 and December 2013.

Notes to the annual financial statements

for the year ended 28 February 2011

		2011 R000	2010 R000
11.	**TRADE AND OTHER PAYABLES**		
	Trade payables	**274**	6
	Shareholders for dividends – preference shares	**40 860**	23 744
		41 134	23 750
	Current portion	**41 134**	23 750
	Non-current portion		
		41 134	23 750
12.	**INVESTMENT INCOME**		
	Interest income		
	Preference dividend income	**19 859**	20 591
	Loans and advances	**34 034**	31 764
	Dividend income		
	Equity securities – available-for-sale	**6 798**	7 076
	Dividend from subsidiaries	**80 334**	174 165
	Dividend from associated companies	**70 088**	47 613
		211 113	281 209
13.	**FAIR VALUE GAINS/(LOSSES)**		
	Fair value gains/(losses) on financial assets at fair value through profit or loss		
	Unrealised fair value gains/(losses)	**6 768**	(6 248)
	Impairment of investment in subsidiaries	**(16 569)**	(17 094)
		(9 801)	(23 342)
14.	**TAXATION**		
	Current taxation		
	Current year	**(107)**	
	Prior years	**657**	
		550	–
	Deferred taxation		
	Current year	**(1 895)**	1 750
		(1 345)	1 750

The components of other comprehensive income carried a tax charge of R40 014 000 (2010: R14 956 000).

STC credits available within the company and unutilised amounted to R17 752 000 (2010: R26 684 000).

Notes to the annual financial statements

for the year ended 28 February 2011

		2011 %	2010 %
14.	**TAXATION** *(continued)*		
	Reconciliation of income tax charge		
	Reconciliation of rate of taxation		
	South African normal tax rate	**28,0**	28,0
	Adjusted for:		
	Non-taxable income	**(32,6)**	(28,1)
	Non-deductible expenses	**4,7**	2,9
	Prior years' overprovision	**(0,4)**	
	Capital gains tax rate differential	**1,2**	(3,5)
	Effective rate of tax	**0,9**	(0,7)

15. RELATED-PARTY TRANSACTION BALANCES

The company is a wholly owned subsidiary of PSG Group Ltd. Related-party transactions exist with companies within the group. Transactions with related parties comprise intergroup loan accounts and investment in preference shares (detailed in notes 4 and 10) as well as an investment in the ordinary shares of PSG Group Ltd (note 3). For details of interest and dividends received on these investments refer to note 12.

		2011 R000	2010* R000
16.	**NOTES TO THE STATEMENT OF CASH FLOWS**		
16.1	**Cash generated by operating activities**		
	Net profit before taxation	**157 740**	248 619
	Adjusted for:		
	Unrealised fair value (gains)/losses	**(6 768)**	6 248
	Impairment of investment in subsidiaries	**16 569**	17 094
	Other non-cash items	**3 864**	(30 774)
	Profit on sale of investment in associated companies		(22 031)
	Profit on sale of equity securities		(2 585)
		171 405	216 571
16.2	**Taxation paid**		
	Credit in income statement	**550**	
	Movement in current tax receivable/payable	**25**	(588)
		575	(588)
16.3	**Dividends paid – ordinary shares**		
	Dividends paid for the year	**(93 300)**	(99 000)

Notes to the annual financial statements

for the year ended 28 February 2011

		2011 R000	2010 R000
16.	**NOTES TO THE STATEMENT OF CASH FLOWS** *(continued)*		
16.4	**Dividends paid – preference shares**		
	Provision for payment to shareholders at beginning of year	**(23 744)**	(34 266)
	Preference dividends accrued for the year	**(62 888)**	(51 126)
	Provision for payment to shareholders at end of year	**40 860**	23 744
		(45 772)	(61 648)

17. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company is not exposed to foreign exchange risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out under policies approved by PSG Group's board of directors. PSG Group's board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Financial instruments by category

The financial instruments are grouped into the following categories:

	Assets at fair value through profit or loss R000	Loans and receivables R000	Available-for-sale R000	Total R000
28 February 2011				
Assets				
Equity securities			**591 722**	**591 722**
Loans and advances		**568 471**		**568 471**
Derivative financial instruments	**4 546**			**4 546**
Receivables		**6**		**6**
	4 546	**568 477**	**591 722**	**1 164 745**

	Liabilities measured at amortised cost R000	Other financial liabilities R000	Total R000
Liabilities			
Borrowings	**2 881 088**		**2 881 088**
Trade and other payables		**41 134**	**41 134**
	2 881 088	**41 134**	**2 922 222**

Notes to the annual financial statements

for the year ended 28 February 2011

	Loans and receivables R000	Available-for-sale R000	Total R000
17. FINANCIAL RISK MANAGEMENT *(continued)*			
Financial instruments by category *(continued)*			
28 February 2010			
Assets			
Equity securities		305 919	305 919
Loans and advances*	597 712		597 712
Receivables*	3 602		3 602
	601 314	305 919	907 233

* *Reclassified as set out in note 18 to the financial statements.*

	Liabilities measured at amortised cost R000	Other financial liabilities R000	Total R000
Liabilities			
Borrowings	2 972 277		2 972 277
Derivative financial instruments		2 222	2 222
Trade and other payables		23 750	23 750
	2 972 277	25 972	2 998 249

The sensitivity analyses presented below are based on reasonable possible changes in market variables for equity prices, interest rates and foreign exchange rates for the company.

Market risk

Price risk

The company is exposed to equity securities price risk because of investments held by the company and classified on the statement of financial position as available-for-sale. The table below summarises the sensitivity of the company's equity as a result of market price fluctuations. The analysis is based on the assumption that marked-to-market prices increase/decrease by 20% (2010: 20%) with all other variables held constant.

	2011 20% increase R000	2010 20% increase R000	**2011 20% decrease R000**	2010 20% decrease R000
Impact on equity	**101 776**	52 618	**(101 776)**	(52 618)

The company has a concentration of price risk towards PSG Group Ltd's share price with all of its equity investments invested in this share. The company is not exposed to commodity price risk.

Notes to the annual financial statements

for the year ended 28 February 2011

17. FINANCIAL RISK MANAGEMENT *(continued)*

Market risk *(continued)*

Cash flow and fair value interest rate risk

The company's interest rate risk arises from interest-bearing investments (disclosed in note 4) and borrowings (disclosed in note 10). The variable rate preference shares in issue are classified as equity on the statement of financial position and are therefore excluded from the sensitivity analysis below. Borrowings and investments bearing interest at variable rates expose the company to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk.

The company manages its cash flow interest rate risk through various hedging strategies and by monitoring interest rates on a regular basis.

Based on simulations performed, the impact on post-tax profit of a 2% (2010: 1%) shift in interest rates is analysed in the following table:

	2011	2010*	**2011**	2010*
	2% increase	1% increase	**2% decrease**	1% decrease
	R000	R000	**R000**	R000
Impact on post-tax profit	**4 090**	1 847	**(4 090)**	(1 847)

* *Reclassified as set out in note 18 to the financial statements.*

Credit risk

The company has no significant concentrations of credit risk to external parties. Credit risk arises from derivative financial instruments, loans and advances, and receivables. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. The credit risk associated with loans and advances and receivables are considered to be minimal as they are all intergroup. PSG Group Ltd, the company's holding company, has group policies in place that limit the amount of credit exposure to any financial institution.

The table below shows the company's maximum exposure to credit risk by class of asset.

	2011	2010
	R000	R000
Loans and advances*	**568 471**	597 712
Receivables*	**6**	3 602
Derivative financial instruments	**4 546**	
	573 023	601 314

* *Reclassified as set out in note 18 to the financial statements.*

No receivables were past due.

Notes to the annual financial statements

for the year ended 28 February 2011

17. FINANCIAL RISK MANAGEMENT *(continued)*

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Carrying value R000	Less than 1 year R000	Between 1 and 5 years R000
28 February 2011			
Borrowings	**2 881 088**	**2 687 143**	**269 795**
Trade and other payables	**41 134**	**41 134**	
	2 922 222	**2 728 277**	**269 795**
28 February 2010			
Borrowings	2 972 277	2 690 387	378 129
Derivative financial instruments	2 222	2 222	
Trade and other payables	23 750	23 750	
	2 998 249	2 716 359	378 129

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company is mainly funded by ordinary share capital, variable rate perpetual preference shares, fixed rate long-term borrowings and interest-free intergroup borrowings.

Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are disclosed by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

Notes to the annual financial statements

for the year ended 28 February 2011

	2011 R000	2010 R000
17. FINANCIAL RISK MANAGEMENT *(continued)*		
The following financial instruments are measured at fair value:		
Assets		
Level 1 – Equity securities	**591 722**	305 919
Level 2 – Derivative financial instruments	**4 546**	
	596 268	
Liabilities		
Level 2 – Derivative financial instruments		2 222

The company had no level 3 financial instruments.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the company is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. These methods are more fully disclosed in the accounting policy relating to financial assets. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of borrowings for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate.

18. RECLASSIFICATION OF PRIOR YEAR FIGURES

At the previous reporting date accrued dividends on the investment in preference shares of an associated company of a subsidiary was disclosed as part of receivables. This amount was reallocated to loans and advances in order to present the accrued dividends together with the capital investment. The impact of the said reclassification on the statement of financial position and cash flow statements was:

	Previously reported	Currently reported	Difference
Statement of financial position at 28 February 2010			
Loans and advances			
Preference shares in associated companies of a subsidiary	160 139	184 657	24 518
Receivables	28 120	3 602	(24 518)
			–
Cash flow statement for the year ended 28 February 2010			
Cash retained from operating activities	232 010	216 571	(15 439)
Cash utilised in investing activities	(70 774)	(55 335)	15 439
			–

The reclassification had no impact on the profit reported for the year.

Notes to the annual financial statements

for the year ended 28 February 2011

	Shareholders		Shares held	
	Number	%	Number	%
19. PREFERENCE SHARE ANALYSIS				
Range of shareholding				
1 – 500	**653**	**25,7**	**193 048**	**1,6**
501 – 1 000	**480**	**18,9**	**398 457**	**3,4**
1 001 – 5 000	**1 032**	**40,7**	**2 401 608**	**20,2**
5 001 – 10 000	**190**	**7,5**	**1 366 880**	**11,5**
Over 10 000	**182**	**7,2**	**7 525 213**	**63,3**
	2 537	**100,0**	**11 885 206**	**100,0**
Public and non-public shareholding				
Non-public				
Directors	**2**	**0,1**	**128 160**	**1,1**
PSG FutureWealth	**1**		**208 559**	**1,7**
Public	**2 534**	**99,9**	**11 548 487**	**97,2**
	2 537	**100,0**	**11 885 206**	**100,0**
Individual shareholders holding 5% or more as at 28 February 2011				
Coronation U/T Capital Plus Fund			**627 910**	**5,3**

Annexure A – Investments

for the year ended 28 February 2011

INVESTMENT IN SUBSIDIARIES

	Proportion held directly		Issued share capital		Carrying value	
	2011	2010	**2011**	2010	**2011**	2010
Company	**%**	%	**R000**	R000	**R000**	R000
Channel Life Holdings (Pty) Ltd	**100**	100	**4**	4	**11 709**	11 709
Arch Equity Corporate Services (Pty) Ltd	**100**	100				4 522
Ou Kollege Beleggings Ltd	**100**	100	**4**	4	**48 209**	48 209
PSG Capital (Pty) Ltd	**100**	100	**1**	1	**3 595**	15 641
PSG Channel Holdings Ltd	**100**	100	**370**	370	**12 531**	12 531
PSG Corporate Services (Pty) Ltd	**100**	100	**10**	10	**52 315**	52 315
PSG Investment Services (Pty) Ltd*		100		2 269		97 351
Zeder Investments Ltd**	**42**	41	**9 781**	9 781	**719 834**	698 346
Paladin Capital Ltd	**81**	81	**58**	57	**689 128**	710 356
35 Kerkstraat Beleggings Ltd	**100**	100	**42**	42	**542 888**	500 914
PSG Invest (Pty) Ltd (formerly PSG Fund Management Group (Pty) Ltd, now trading as PSG Asset Management)*	**81**		**1**		**86 887**	
PSG Konsult Ltd	**74**	73	**7 331**	7 331	**130 111**	127 409
Other					**3**	3
					2 297 210	2 279 306

* *At the previous reporting date the interest in PSG Invest (Pty) Ltd was held through the wholly owned subsidiary, PSG Investment Services (Pty) Ltd. PSG FutureWealth Ltd is in turn a wholly owned (2010: 80% owned) subsidiary of PSG Invest (Pty) Ltd.*

** *Zeder Investments Ltd is a subsidiary of the company through its 42% (2010: 41%) shareholding, board representation and a management agreement in terms of which PSG Corporate Services (Pty) Ltd provides management and administrative services to the company.*

All of the above subsidiaries are incorporated in the Republic of South Africa. Details of the nature of activities of significant subsidiaries are disclosed in the front section of this annual report. Further details of investments are available at the registered offices of the relevant group companies.

INVESTMENT IN ASSOCIATED COMPANIES

		Proportion held directly		Carrying value	
		2011	2010	**2011**	2010
Company	Nature of business	**%**	%	**R000**	R000
Listed					
Capitec Bank Holdings Ltd	Retail banking	**35**	35	**1 439 387**	1 015 245
Unlisted					
Propell Group Holdings (Pty) Ltd (formerly Baedex Ltd)	Bridge financing	**35**	33	**15 685**	11 782
				1 455 072	1 027 027

FINANCIAL INFORMATION IN RESPECT OF PRINCIPAL ASSOCIATED COMPANIES

	Assets	Liabilities	Revenues	Profit
	R000	R000	R000	R000
2011				
Capitec Bank Holdings Ltd	**14 439 517**	**10 989 004**	**5 185 277**	**656 024**
2010				
Capitec Bank Holdings Ltd	9 488 223	7 760 246	3 519 475	449 224

Information is only disclosed in respect of associated companies of which the financial position or results are material. Both of the above companies are incorporated in the Republic of South Africa. Further details of investments are available at the registered offices of the relevant group companies.

PSG GROUP LIMITED

Invitation

Annual general meetings (AGMs) and investor presentations

You are invited to our PSG Group Investor Day on which the various AGMs will be held and presentations made by our group companies on 15 June 2011 at Webersburg, Annandale Road, Stellenbosch.

The timetable is as follows:

09:00	PSG Konsult Ltd
09:30	Zeder Investments Ltd
10:00	Paladin Capital Ltd
10:30	Thembeka Capital Ltd
11:00	Tea
11:30	Curro Holdings Ltd
12:00	PSG Group Ltd

Lunch will be served after the PSG Group Ltd presentation. Kindly confirm your attendance with Sharon October at: E-mail: sharono@psggroup.co.za Fax: 021 887 9619 Telephone: 021 887 9602

Administration

Details of PSG Group Ltd
Registration number 1970/008484/06
Share code: PSG
ISIN code: ZAE000013017

Secretary and registered office
PSG Corporate Services (Pty) Ltd
Registration number 1996/004840/07
Ou Kollege
35 Kerk Street
Stellenbosch 7600
PO Box 7403
Stellenbosch 7599
Telephone +27 21 887 9602
Facsimile +27 21 887 9619

Transfer secretaries
Computershare Investor Services (Pty) Ltd
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Details of PSG Financial Services Ltd
Registration number 1919/000478/06
Share code: PGFP
ISIN code: ZAE000096079

Corporate adviser and sponsor
PSG Capital

Broker
PSG Online Securities Ltd

Auditor
PricewaterhouseCoopers Inc

Principal banker
FirstRand Ltd

Website address
www.psggroup.co.za

Shareholders' diary

	2011
Financial year-end	28 February
Profit announcement	18 April
Annual general meetings	
– PSG Financial Services Ltd	14 June
– PSG Group Ltd	15 June
General meeting of PSG Financial Services Ltd preference shareholders	14 June
Interim report	10 October