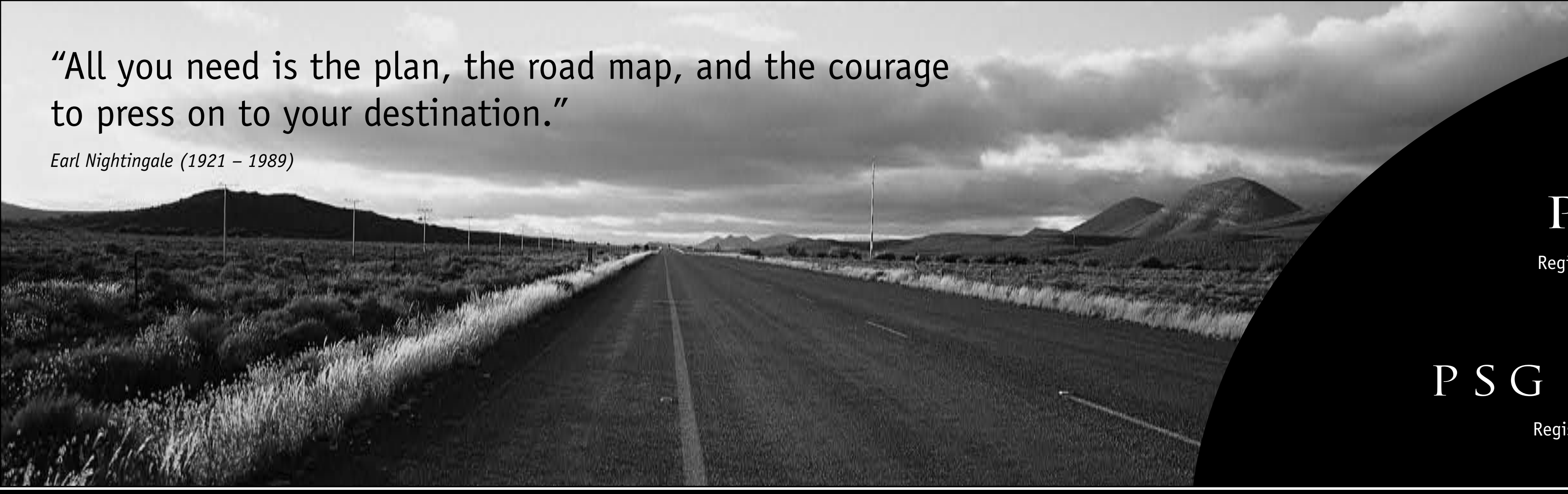

"All you need is the plan, the road map, and the courage to press on to your destination."

Earl Nightingale (1921 – 1989)

PSG Group Limited

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

and

PSG Financial Services Limited

Registration number 1919/000478/06 JSE share code: PGFP ISIN code: ZAE000060166

REVIEWED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2006

• Headline earnings per share increased by 290,9% to 351,8 cents per share • Dividend increased by 50% to 67,5 cents per share

CONDENSED GROUP INCOME STATEMENTS

	28 Feb 2006 Rm	Change %	28 Feb 2005 Rm
Income			
Net insurance income	**272,8**		234,9
Investment income	**51,3**		63,2
Fair value gains and losses on financial instruments	**904,3**		259,0
Commission and other fee income	**494,0**		279,4
Operating income	**140,8**		75,6
Total income	**1 863,2**	104,3	912,1
Expenses			
Net insurance claims	**152,3**		147,4
Fair value adjustments to investment contract liabilities	**499,7**		252,6
Operating expenses	**700,6**		465,3
Total expenses	**1 352,6**	56,3	865,3
Net income from operating activities	**510,6**	991,0	46,8
Finance costs	**(11,0)**		(2,4)
Share of profits of associated companies	**57,5**		40,2
Net income before taxation	**557,1**	558,5	84,6
Taxation	**(87,6)**		30,9
Net income of the group	**469,5**	306,5	115,5
Attributable to:			
Minority interests	**60,4**		12,4
Equity holders of the company	**409,1**	296,8	103,1
	469,5		115,5
Attributable to equity holders of the company	**409,1**		103,1
Non-headline items (note 2)	**(50,7)**		(6,4)
Headline earnings	**358,4**	270,6	96,7
Earnings per share (cents)			
– attributable	**401,5**	318,7	95,9
– headline	**351,8**	290,9	90,0
– diluted attributable	**388,9**	308,1	95,3
– diluted headline	**340,7**	281,1	89,4
Dividend per share (cents)			
– interim	**20,0**		10,0
– final	**47,5**		35,0
	67,5	50,0	45,0
Number of shares (million)			
– in issue	**102,2**		101,6
– weighted average	**101,9**		107,5
– diluted weighted average	**105,2**		108,2

CONDENSED GROUP BALANCE SHEETS

	28 Feb 2006 Rm	28 Feb 2005 Rm
Assets		
Property, plant and equipment	**18,6**	22,4
Intangible assets	**116,9**	28,8
Investments in associated companies (note 3)	**323,2**	168,4
Financial assets	**1 035,3**	2 112,3
Deferred income tax		89,6
Receivables and inventories	**117,1**	112,6
Cash and cash equivalents	**222,2**	259,7
Total assets	**1 833,3**	2 793,8
Equity		
Ordinary shareholders' equity	**719,3**	361,6
Minority interests	**548,7**	246,6
Total equity	**1 268,0**	608,2
Liabilities		
Insurance liabilities	**4,4**	140,1
Financial liabilities	**328,5**	1 842,2
Deferred income tax	**19,5**	1,9
Payables and provisions	**182,8**	186,6
Current income tax liabilities	**30,1**	14,8
Total liabilities	**565,3**	2 185,6
Total equity and liabilities	**1 833,3**	2 793,8
Net asset value per share (cents)	**704**	356
Net tangible asset value per share (cents)	**589**	328

RECONCILIATION OF PREVIOUS SA GAAP TO IFRS

	28 Feb 2005 Rm	1 Mar 2004 Rm
Balance sheet		
Equity		
Ordinary shareholders' equity as previously reported – SA GAAP	404,4	335,7
Consolidation of the Share Incentive Trust	(21,2)	
Restatements for IFRS	(21,6)	(23,7)
Revaluation of property, plant and equipment	2,5	2,8
Revenue recognition in respect of investment contracts	(44,2)	(27,8)
Reversal of amortisation of goodwill	21,5	
Other	(1,4)	1,3
	361,6	312,0
Minority interests	246,6	26,1
Previously reported outside of equity	58,5	29,5
Share in restatements for IFRS	(8,7)	(3,4)
Preference shares of a subsidiary previously reported as long-term liabilities	196,8	
Restated equity – IFRS	608,2	338,1
Income statement		
Attributable to ordinary shareholders		
Net income as previously reported – SA GAAP	101,6	
Restatements for IFRS	1,5	
Amortisation of intangibles	(2,3)	
Reversal of goodwill amortisation	21,5	
Revenue recognition in respect of investment contracts	(16,4)	
Other	(1,3)	
Restated net income attributable to ordinary shareholders – IFRS	103,1	

CONDENSED GROUP CASH FLOW STATEMENTS

	28 Feb 2006 Rm	28 Feb 2005 Rm
Cash generated by operations	**304,8**	128,8
Net change in financial instruments	**(601,8)**	(60,2)
Net cash flow from operating activities	**(297,0)**	68,6
Net cash flow from investment activities	**(222,4)**	(68,0)
Net cash flow from financing activities	**184,9**	51,3
Net increase/(decrease) in cash and cash equivalents	**(334,5)**	51,9
Cash and cash equivalents at beginning of period	**252,9**	201,0
Cash and cash equivalents at end of period*	**(81,6)**	252,9
* Include bank overdrafts and CFD financing facilities of	**303,8**	6,8

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	28 Feb 2006 Rm	28 Feb 2005 Rm
Ordinary shareholders' equity at beginning of period	**361,6**	312,0
Shares issued		19,7
Repurchase of shares		(15,5)
Net movement in treasury shares	**1,3**	(44,2)
Movement in non-distributable reserves	**3,3**	(6,7)
Net income for period	**409,1**	103,1
Dividends paid	**(56,0)**	(10,0)
Profit on sale of treasury shares		3,2
Ordinary shareholders' equity at end of period	**719,3**	361,6
Minority interests	**548,7**	246,6
Beginning of period	**246,6**	26,1
Net income for period	**60,4**	12,4
Dividends paid	**(17,7)**	(5,7)
Other movements	**14,7**	17,0
Preference shares of a subsidiary previously reported as long-term liabilities	**244,7**	196,8
Total equity at end of period	**1 268,0**	608,2

NOTES

1. Basis of presentation and accounting policies

The condensed financial statements have been prepared in terms of International Financial Reporting Standards (IFRS) IAS 34 – Interim Financial Reporting and in compliance with the Listing Requirements of the JSE Ltd.

The disclosures required by IFRS 1 (First-time Adoption of International Financial Reporting Standards) concerning the transition from South African Statements of General Accepted Accounting Practice (SA GAAP) to IFRS and the required changes in accounting policies are presented under the heading "Reconciliation of previous SA GAAP to IFRS".

The PSG Group's transition date is 1 March 2004. At transition date IFRS 1 allows a number of exemptions to the retrospective application principle on adoption of IFRS.

The Group has taken advantage of the following optional exemptions from full retrospective application:

- *Designation of previously recognised financial instruments*. The Group reclassified various available for sale investments as financial assets at fair value through profit and loss. This had no effect on net profit for the current or prior periods.
- *Property, plant and equipment*. The Group has elected to measure individual items of property, plant and equipment at fair value at the date of transition to IFRS, hence fair value is deemed to be cost at that date.
- *Share-based payments*. The Group has elected not to apply the provisions of IFRS 2 (Share-based payments) to shares granted before 7 November 2002 as well as those shares granted after that date which had vested before 1 January 2005.
- *Business combinations*. The Group has elected not to apply IFRS 3 (Business combinations) to business combinations that occurred before 1 March 2004.

The following new accounting policies were applied for IFRS reporting:

- Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.
- Equity settled share-based payments are recognised as an expense in the income statement with a corresponding credit to a share-based payment reserve.
- Expenses incurred relating to investment products are recognised upfront and not recognised over the period the services are provided.

Changes to the format of the balance sheet and significant reclassifications include the following:

- The balance sheet is presented in order of liquidity. Previously the "Non-current/Current" classification was used in presenting the balance sheet.
- Cumulative, non-redeemable, non-participating preference shares issued to external parties by a subsidiary company are reclassified as minority interests. These preference shares were previously reported as long-term liabilities.
- Assets relating to assurance subsidiaries are disclosed in the relevant balance sheet line items. These assets were previously reported in a separate asset line item.
- Linked product investments and the related liabilities were derecognised as the requirements for derecognition were met.

2. Non-headline items

	28 Feb 2006 Rm	28 Feb 2005 Rm
	49,0	(20,6)
Impairment of investments	**(12,6)**	(2,3)
Profit/(Loss) on sale of subsidiaries	**59,8**	(21,8)
Other impairment charges		(2,3)
Investment activities	**1,8**	5,8
Non-headline items of associated companies	**4,6**	23,5
Profit before taxation	**53,6**	2,9
Taxation	**(1,5)**	(0,5)
Profit after taxation	**52,1**	2,4
Attributable to minorities	**(1,4)**	4,0
	50,7	6,4

3. Investments in associated companies

	28 Feb 2006 Rm	28 Feb 2005 Rm
Carrying value		
– listed	**204,2**	148,1
– unlisted	**119,0**	20,3
	323,2	168,4
Market and directors' valuation		
– listed	**372,8**	137,2
– unlisted	**184,0**	20,3
	556,8	157,5

4. Commitments

	28 Feb 2006 Rm	28 Feb 2005 Rm
Contingent liability in respect of risk sharing	**20,0**	20,0
Operating lease commitments	**54,1**	68,7
Capital	**227,0**	

5. PSG Financial Services Limited

The company is a wholly-owned subsidiary of PSG Group Limited, except for the 458,9m preference shares which are listed on the JSE Limited (2005: 200m). No consolidated annual financial statements are presented for the company as the relevant information for the company and PSG Group Limited is identical, the company being the only asset of PSG Group Limited.

6. Review by auditors

The company's external auditors, PricewaterhouseCoopers Inc., have reviewed the condensed financial statements. A copy of their unqualified opinion is available on request at the company's registered office.

CONTRIBUTION TO HEADLINE EARNINGS

Year-end 28 February	2006 Rm	2005 Rm
Investments		
Arch Equity and BEE financing	**60,6**	16,9
Channel Life	**16,6**	15,7
Corporate Finance	**6,6**	2,4
JSE Limited	**118,0**	
Agri companies	**43,5**	(0,8)
Pioneer	**54,6**	
Petmin	**24,8**	0,2
m Cubed		10,4
Other private equity investments	**6,3**	11,3
Wealth Management	**34,3**	23,3
PSG Konsult	**13,3**	9,1
PSG Fund Management	**10,6**	6,5
PSG Online	**7,1**	5,2
Other	**3,3**	2,5
PSG corporate office	**14,9**	21,9
Perpetual preference dividends	**(21,8)**	(4,6)
Total headline earnings	**358,4**	96,7

COMMENTARY

REVIEW OF RESULTS

On a comparable basis, headline earnings per share for the year ended 28 February 2006 increased by 290,9% from 90 cents per share to 351,8 cents per share.

The economic environment continued to be favourable for the Group's operations and the strong performance of the local equity markets had a positive impact on the Group's results. A substantial portion of the headline earnings for the year emanated from investments. These profits may not necessarily be of a recurring nature. The majority of the operating subsidiaries performed in line with expectations or better.

PSG Financial Services Limited successfully raised R190m through its perpetual preference share rights issue, as well as an additional R103,7m through a private placement.

The proposed merger between PSG Group Limited and Arch Equity Limited was announced in the press on 14 February 2006, with a further joint cautionary announcement made on 30 March 2006. Progress has been made in this regard and a detailed separate announcement will be made to both PSG Group and Arch Equity shareholders in the near future.

REVIEW OF OPERATIONS

Investments

Arch Equity Limited – 23%

BEE investments and private equity

In December 2005 Arch Equity restructured its investment portfolio whereby it sold all of its unlisted investments, as well as a 3,1% stake in PSG Group, to a wholly owned subsidiary, Arch Equity Investment Holdings (Pty) Ltd ("AE Investment Holdings"). As part of the restructuring, Arch Equity sold 50,1% of the ordinary shares of AE Investment Holdings to black individuals and broad-based black groups. AE Investment Holdings is a black company as defined in the revised Codes of Good Practice, published by the Department of Trade and Industry on 1 November 2005.

Arch Equity has investments in the following companies: PSG Group (21,1%); Capitec Bank Holdings (21,2%) and AE Investment Holdings (49,9%).

On an operational level headline earnings increased by 69% to R137,9m due to the strong performance from the underlying investments. This, combined with the issue of 13,8 million new shares at R5,14 (listing price R1,80), increased Arch Equity's net asset value per share by 75% to R3,02 per share.

Channel Life Limited – 36%

- Embedded value increased by 71,4% from R161m to R276m
- Embedded value per share increased by 32% from 91 cents to 120 cents
- Gross assets increased by 105% from R2 096m to R4 298m
- Gross premium income up by 18,3% from R1 038m to R1 228m
- ROE increased to 26%

A successful campaign to increase new recurring business and an emphasis on embedded value growth have been the main drivers for Channel Life in the last financial year.

Due to the establishment of a diversified multi-channel distribution strategy, the recurring premium book increased by 44%. Other highlights include acquisitions such as buying the Rentmeester funeral book, which added 350 000 lives to the business, obtaining a 55% stake in Safrican at a fair discount to embedded value, and acquiring m Cubed Investment Life.

During the year, Channel shares started trading over the counter via PSG Online, and Global Credit Ratings improved the company's credit rating from BBB+ to A-.

The Group sold a controlling interest in Channel Life to Sanlam with effect from 28 February 2006. As from this date the investment is accounted for as an associated company. After the rights issue by Channel Life, the Group retained a 36% interest in this company.

Corporate Finance – 50% JV

The *PSG Capital Corporate Finance* teams in Stellenbosch and Johannesburg showed good positive growth in 2006. They have received *Dealmakers* Top10 ratings as both investment advisors and sponsors, as well as in terms of general corporate finance. The team plays an important role in the investment strategy of PSG Group.

JSE Limited – 15%

We believe in the future of *JSE Limited* and have consequently increased our shareholding to 15%. PSG is the single largest shareholder in JSE Limited. The current year profit of R118m represents the after-tax fair value adjustment to this investment. It is PSG's intention to equity account this investment once the accounting criteria have been met.

Agri companies

PSG holds strategic stakes in a number of companies in the agricultural sector, as well as in *Pioneer Food Group Limited*, a large unlisted South African food company. Our investment strategy is based upon our long-term positive view of these companies.

Other private equity investments (consolidated/equity accounted profits)

The *Private Equity* division also includes interests in a number of other performing companies:

- *PSG Treasury Outsourcing* (50%) continued to perform profitably with a 62,6% increase in headline earnings.
- The Group acquired a 60% stake in *Indevco Holdings (Pty) Ltd*, which manages Government import/export incentives on behalf of clients. This company performed positively and we are implementing a merger with PSG Treasury Outsourcing, with a proposed listing of the new combined entity on the JSE in due course.
- *Algoa Insurance Company* (54%) (absenteeism and funeral insurance) had a profitable 2006 with a 158% increase in headline earnings.
- *Axon Xchange* (36%) (scrip lending joint venture with SocGen) increased its profits by 29% to R2,8m.
- The Group has acquired a 30% interest in *ZS Rational Finance (Pty) Ltd*, a money lender focused mainly on property bridging finance.

COMMENTARY *(continued)*

- PSG now owns 30% in *PSG Capital Quantitative* after having sold 50% in the company to management during the year under review. This company had a profitable year with a 432% increase in headline earnings.

m Cubed Holdings Limited – 30%

In order to unlock maximum value for shareholders, PSG played a strategic role in initiating and successfully concluding a number of corporate transactions during the year under review. A total amount of R230m has been received, with transactions to the value of R152m awaiting final regulatory approvals. The finalisation of these transactions will increase the tangible net asset value per m Cubed share by 75,4% from 33,8 cents as reported last financial year to 59,3 cents as detailed in the m Cubed circular to shareholders dated 24 February 2006.

The board of PSG Group has decided not to include any of the operational results of m Cubed in its current year results as m Cubed is still trading under cautionary as significant uncertainty exists as to the final outcome of the prolonged dispute resolution negotiations the company is having with a Regulator, coupled with the fact that the majority of m Cubed's operating businesses have been disposed of.

Wealth management

PSG Konsult Ltd – 79%

The company's turnover increased by 51,2% to R242,3m, and headline earnings by 52,4%. These figures were mainly due to organic growth, strong financial markets and the acquisition of Vleissentraal short-term broking division during the year.

Welsh Magodla has been appointed as Manager: Emerging markets and has already firmly established this division. The company's success in this division will be important in the long run.

To ensure quality of advice and furthermore look after the well-being of our clients, training is a priority. As a result, the PSG Konsult Academy has been established in association with the Business School of the University of Stellenbosch. Courses have started on 1 January 2006, not only for our own advisors but also for the industry at large.

The national short-term broking firm, Multinet, was acquired for R180m and we are awaiting the go-ahead from the Competition Commission (expected by 30 April 2006). The rationale behind this acquisition was:

- Professional client base – 25 000 clients
- Own strong management team
- Modern effective IT system and computer network
- No other financial services currently marketed to its clients

At the end of March 2006, PSG Konsult had a successful rights issue raising R86m in cash, the proceeds of which will be utilised to pay for the Multinet transaction.

At year end PSG Konsult had 122 offices with 274 financial planners, stockbrokers and short-term insurance brokers. Our professional associates (accountants and attorneys) increased to 286.

PSG Fund Management Holdings (Pty) Ltd – 98%

The strong performance in the local equity markets enabled the PSG Fund Management Group to deliver satisfactory results during the year under review with headline earnings increasing by 66% to R10,8m.

Total assets under management increased from R5,0bn to R8,1bn (62% increase) from the previous year, and assets under administration increased to R10,8bn, up from R5,8bn, an 84% increase. Apart from the strong equity markets, new inflows into unit trust funds were R1,6bn backed by excellent performance by Alphen Asset Management and PSG Tanzanite Division.

Other highlights of this past financial year include:

- The launch of a new hedge fund, the South Easter Fixed Interest Fund, by PSG Absolute Investments
- The PSG Alphen Growth Fund having won both the *Personal Finance Raging Bull* and *Financial Mail Standard and Poors* awards for the best general equity fund in South Africa over a three-year period

PSG Online Holdings (Pty) Ltd – 93%

PSG Online, the online brokerage and investor education arm of the PSG Group, delivered satisfactory results during the year under review with headline earnings increasing by 49,6%. PSG Online concluded 197 620 transactions this financial year which is 65% higher than last year and increased assets under administration by 59% to R20,4bn and at year end had 24 649 BDA accounts with cash and/or scrip.

The Contracts for Differences (CFDs) product, as well as the first *Make a Million* online share investment game, was successfully launched. PSG Online has plans for growth and is committed to applying its IT expertise and creativity to secure and elevate its position as a trusted leader in empowering its clients' wealth creation journey.

PROSPECTS

PSG Group is still pursuing its **Project Growth** with an emphasis on increasing the recurring income base. The performance of the investment division is dependent on market conditions. It is however unlikely that the past year's exceptional performance will be repeated.

DIVIDENDS

Ordinary shares

The directors of PSG Group Limited have resolved on a 50% increase in the annual dividend and have consequently declared a final dividend of 47,5 cents per share (giving a total dividend of 67,5 cents per share) in respect of the year ended 28 February 2006.

The following are the salient dates for the payment of the ordinary dividend:

Last day to trade cum dividend	Friday, 7 July 2006
Trading ex dividend commences	Monday, 10 July 2006
Record date	Friday, 14 July 2006
Day of payment	Monday, 17 July 2006

Share certificates may not be dematerialised between Monday 10 July 2006 and Friday 14 July 2006, both days inclusive.

Preference shares

The directors of PSG Financial Services Limited declared a dividend of 3,905 cents per share in respect of the cumulative, non-redeemable, non-participating preference shares for the six months ended 28 February 2006, which was paid on 27 March 2006.

On behalf of the board

Jannie Mouton	**Jaap du Toit**	**Chris Otto**
Chairman	*Director*	*Director*

Stellenbosch
18 April 2006

Directors: JF Mouton *(chairman)**, L van A Bellingan, PE Burton, J de V du Toit*, MJ Jooste, D Lockey, JJ Mouton, CA Otto* (Alternate: P Malan), BE Steinhoff (German), W Theron, Dr J van Zyl Smit * *Executive*

Secretaries and registered office: PSG Corporate Services (Pty) Limited
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PO Box 7403, Stellenbosch, 7599

Transfer secretaries: Ultra Registrars (Pty) Limited
11 Diagonal Street, Johannesburg, 2001
PO Box 4844, Johannesburg, 2000

Sponsor: PSG Capital Limited

These results will also be available on our website at www.psggroup.co.za

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