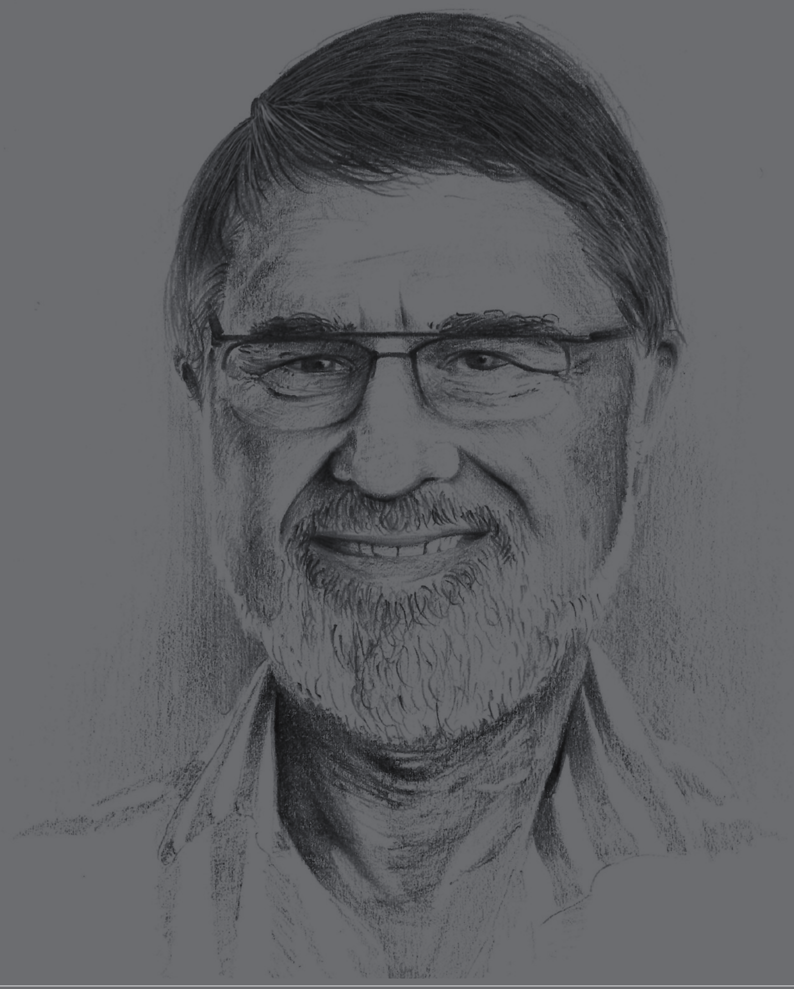
PSG GROUP LIMITED

ANNUAL REPORT

2015

PSG Group Ltd is an investment holding company consisting of underlying investments that operate across a diverse range of industries which include financial services, banking, private equity, agriculture and education.



"We had a fantastic year as a group, with all our key investments performing strongly and PSG reaching new heights."

Dear Shareholder

2014 was an eventful year for South Africa. We saw a challenging year for the economy, with one of the longest strikes in South African history. Eskom's load shedding made life difficult for most businesses, with up to three power cuts on some days. To top it all off, our cricket boys came home early from the World Cup, despite a strong effort ... without making any excuses, I cannot help to think what the outcome would have been had it not rained (again).

The global economy also saw some significant events. Oil hit record low price levels of around US$50 a barrel. While this gave the South African consumer a reprieve through a reduction in the petrol price, it was short-lived as it was offset by the weakening of the rand against the dollar.

In the context of these significant and mostly negative events, it is my pleasure to share with you PSG's major positives for the 2015 financial year. We had a fantastic year as a group, with all our key investments performing strongly and PSG reaching new heights.

Some of the highlights included:

- Capitec exceeding the R50bn market capitalisation level and approaching inclusion in the JSE Top 40 Index;
- Zeder concluding the largest transaction in the history of PSG valued in excess of R2,5bn;
- PSG raising R1,3bn in cash through the issue of ordinary shares;
- PSG's *recurring headline earnings* exceeding R1bn for the first time; and
- The end of the Thembeka era through a scheme of arrangement amounting to R1,5bn, resulting in Thembeka shareholders obtaining liquid PSG shares.

A PSG shareholder therefore had a silver lining to the past year's challenges.

WHO WE ARE

PSG is an investment holding company consisting of underlying investments that operate across a wide range of industries, including financial services, banking, private equity, agriculture and education. Our market capitalisation (net of treasury shares) is approximately R40bn, while we have influence over companies with a combined market capitalisation of around R130bn.

There are seven main business units on which we report, namely:

- Capitec (retail banking);
- PSG Konsult (wealth management, asset management and insurance);
- Curro (private school education);
- Zeder (investment in the agribusiness sector);
- PSG Private Equity (investment in sectors other than agribusiness);
- Our BEE investment holding company; and
- PSG Corporate (investment management and treasury services), including PSG Capital (corporate finance) and Grayston Elliot (tax advice).

Since PSG's establishment in November 1995, our aim has been to create value for our shareholders and for the people of South Africa. We believe in conducting sustainable businesses that make a positive contribution to society. Our investments have provided solutions to some of the challenges experienced in our country, such as education, energy and electricity, and low-cost banking. All in all, our business has primarily been based on improving people's lives and our country.

OUR OBJECTIVE

Our long-term economic goal remains to continuously create wealth for our shareholders through a combination of share price appreciation and the payment of dividends. In order to achieve this, we have invested in a diversified group of businesses with high growth potential that consistently yield above-average returns.

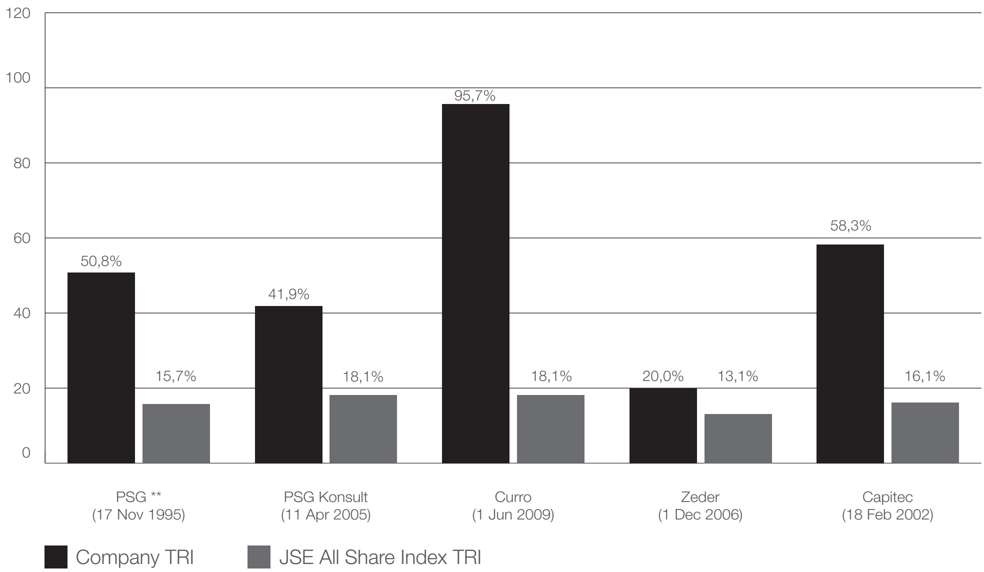
EVALUATING OUR PERFORMANCE

We believe that performance should be measured on the return that an investor receives over time, with a focus on *per share* wealth creation.

When evaluating PSG's performance over the *long term*, one should focus on the *total return index (TRI)* as a measurement tool. The *TRI* is the *compound annual growth rate (CAGR)* of an investment, and is calculated by taking cognisance of share price appreciation, dividend and other distributions. This is a sound measure of wealth creation and a reliable means of benchmarking different companies.

PSG's *TRI* as at 28 February 2015 was 50,8% per annum over the 19-year period since establishment. This means that had you purchased R100 000 worth of PSG shares in November 1995 and reinvested all your dividends, your investment would be worth around R279m today. The same investment in the JSE All Share Index over this period would be worth R1,7m today. We are proud of this achievement.

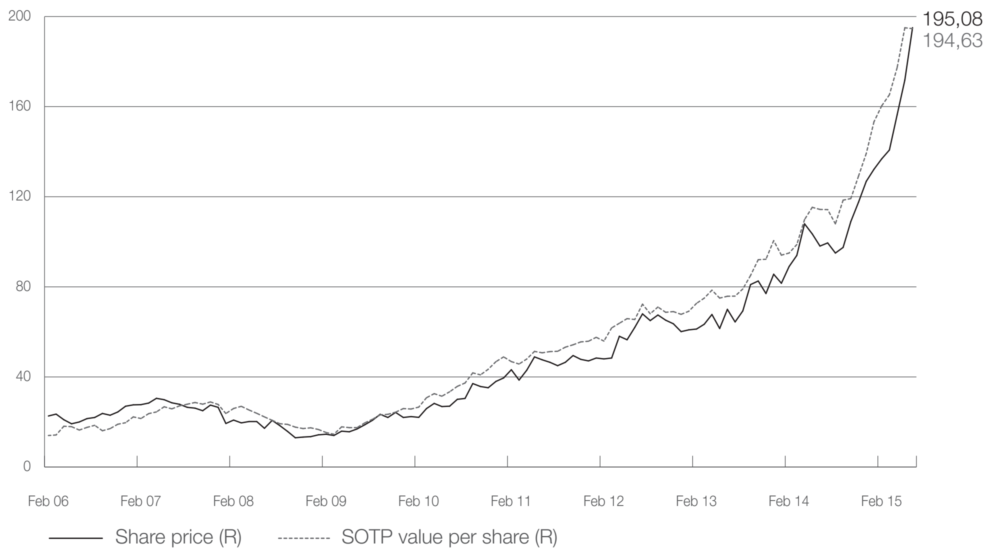
TRI of PSG group companies vs JSE All Share Index TRI *



* *Measured since the respective dates set out above until 28 February 2015.*
** *Capitec unbundling in Novermber 2003 treated as a dividend.*

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

PSG share price vs SOTP value per share



At 28 February 2015, the *SOTP value* per PSG share was R163,28, which equated to a 44% *CAGR* over the last five years. At 6 May 2015, the *SOTP value* per share was R194,63.

Capitec is PSG's largest investment and comprises more than 40% of the *SOTP value's* total assets. This follows the significant increase in Capitec's share price during the past year and an increase in PSG's direct interest in Capitec as a result of the aforementioned Thembeka scheme of arrangement. We are often asked whether we are not concerned about our portfolio being skewed given our large exposure to Capitec from an *SOTP value* perspective. The answer is simply *no*! Unlike a unit trust, we are not bound by prudential limits and are therefore able to hold onto our winners (such as Capitec) for as long as we like, regardless of our investment portfolio weightings. This is a differentiating factor and provides us with a competitive advantage. Having said that, we have a number of potential high growth investments in our portfolio that could make a significant contribution to PSG's *SOTP value* in future.

Recurring headline earnings for the year ended 28 February 2015 increased by 39%, exceeding the R1bn mark for the first time in PSG's history. *Recurring headline earnings* per share increased by 32% to 593,6 cents, with commendable earnings growth from all our key investments.

OUR INVESTMENT PHILOSOPHY

The investment universe is complex with a myriad of variables. Good investors base their decisions on sound fundamentals and philosophies. PSG aims to be a good investor and as such we have developed our own specific philosophies over the years.

- We invest in:
  - Enterprises with uncomplicated business models operating in industries that we understand;
  - Industries and businesses with attractive growth prospects and high barriers to entry;
  - Focused, talented, hard-working and passionate management.
- We are long-term investors with no predetermined exit strategy.
- Sound corporate governance is non-negotiable – we believe in accurate, transparent and succinct information.
- A key tenet of success is trust – without trust, companies lose customers; without trust, leaders lose their teams. We advocate trust through our philosophy of ultimate empowerment. We employ smart, competent individuals and empower them through trust.
- We believe in co-investing with management. Management as owners are generally more focused and dedicated to growing their businesses. This also applies to PSG – the board of directors owns 36% of the company.

OUR STRATEGY

PSG has always been good at early-stage investing – building businesses, alongside entrepreneurs, from the development stage. We acquire large influential stakes in businesses we believe in and offer investees our strategic input, helping them establish and drive ambitious plans. We provide access to capital that helps expedite future growth, both organically and through acquisitions. We participate actively at board and, often also, at an executive committee level. We either serve on or attend audit and risk committee meetings as a measure of ensuring good corporate governance.

Project Internal Focus in action

Project Internal Focus, our strategy the last couple of years, has primarily been directed at the optimisation, refinement and growth of PSG's existing investment portfolio. This strategy continues to yield positive results and should remain in place for the foreseeable future. We are, however, continuously investigating new investment opportunities in an attempt to find "the next big thing".

OUR INVESTMENTS

When evaluating PSG's key investments, each has definite characteristics that are representative of our aforementioned investment philosophy.

Capitec (30,7%)

- *Simple and focused business model*
  - lending and transaction banking
- *High growth potential*
  - increase in transaction banking clients
- *High barrier to entry*
  - regulatory requirements and funding

The 2015 financial year saw Capitec proving itself in testing times. The demise of African Bank, its largest competitor, as well as extended labour strikes affecting many of the bank's clients, culminated in an undue credit downgrade by a prominent rating agency. This generally had a negative impact on market confidence in the sector, but particularly on the wholesale funding market.

Despite these challenges, Capitec's share price increased by an astounding 123% during the past financial year, and by a further 32% subsequent to year-end. This signifies the market's re-rating of the company, and is an acknowledgement of the solid fundamentals that underpin Capitec as a retail bank.

Capitec yet again delivered exceptional financial results with a 26% increase in *headline earnings* per share for the year ended 28 February 2015. Net transaction fee income from banking operations increased by 35% to R2,6bn, covering 65% of operating expenses (2014: 59%).

Key characteristics of Capitec's business model are:

- *Simple and efficient retail banking* – Capitec was voted South Africa's favourite financial services institution in the *Ask Africa Orange Index*;
- *Recoverable loan book* – loans in arrears have improved to 5,4% of gross loans and advances (2014: 6,5%) following the application of advanced client affordability assessments;
- *Conservative provisioning and bad debt write-off policies* – provisions are almost twice the size of loans in arrears, as demonstrated by the arrears coverage ratio of 196% (2014: 167%);
- *Well-capitalised balance sheet* – a diversified funding base with a capital adequacy ratio of 36%, and a high level of liquidity with R19,8bn in cash and short-term funds, representing 37% of total assets.

PSG remains a loyal supporter of Capitec and looks forward to its continued success.

Curro (58,5%)

- *Simple and focused business model*
  - private schooling
- *High growth potential*
  - size and potential of the private schooling market
- *High barriers to entry*
  - capital intensive

Curro is the largest for-profit private school group in South Africa, with 42 campuses and 36 021 learners. The education market offers significant investment opportunities and Curro continues to capitalise on same in pursuit of its 2020 target of 80 schools with 80 000 learners. Curro reported revenue of R1bn and *recurring headline earnings* of R56m for its financial year ended 31 December 2014.

We are proud of the positive contribution that Curro makes to South Africa. Through education, the company is empowering young people to achieve their potential as individuals and members of society, which will help develop our country in the *long term*.

PSG remains fully supportive of Curro and we are excited about this company's future prospects.

PSG Konsult (62,7%)

- *Simple and focused business model*
  - the provision of financial advisory and insurance services
- *Key competitive advantage*
  - an extensive distribution platform across the country

During the past financial year, PSG Konsult listed on both the JSE and Namibian stock exchanges. This is in line with our philosophy that the listing of a company should ultimately lead to improved performance as it becomes a sense of pride for management to regularly account to stakeholders regarding its strategies and the company's financial results.

PSG Konsult reported commendable growth, with a 31% increase in *recurring headline earnings* per share for the past financial year. This resulted from a strong performance by the *PSG Wealth* and *PSG Asset Management* divisions in particular. Total assets under management increased by 27% to R142bn following, inter alia, favourable market conditions and an effective marketing campaign.

The *Insurance* division continues to make inroads in the highly competitive short-term insurance market as a provider of simple, cost-effective solutions to select clients.

We are proud of how PSG Konsult has repositioned itself for growth and we look forward to it making a continued positive contribution to PSG going forward.

Zeder (33,8%)

- *Simple and focused business model*
  - investment in agribusiness sector
- *Strong and focused management throughout the underlying investments*

Zeder has applied our *Project Internal Focus* strategy to great effect within its portfolio, with numerous restructurings and changes to key management resulting in significant value creation for shareholders.

The past financial year saw Zeder undertake the largest transaction in PSG's history. The Agri Voedsel scheme of arrangement, valued in excess of R2,5bn allowed Zeder to increase its direct stake in Pioneer Foods to 27,3%. Following the conclusion of this transaction, Zeder now owns an asset portfolio valued in excess of R14bn, with its interest in Pioneer Foods representing 73% of the total. Zeder's *SOTP value* per share increased by 75% to R9,18 during the past financial year. Zeder's share price followed suit and shareholders would have enjoyed the significant increase in same.

Zeder's *recurring headline earnings* per share increased by 15% during the year under review, and its dividend per share by 22%. Pioneer Foods, in particular, reported strong earnings growth for the year under review. All the other key investments, apart from Agrivision Africa (previously known as Chayton Africa), the commercial farming and milling business in Africa, yielded positive results for the year under review.

We are positive about the growth prospects of the Zeder investment portfolio. Zeder recently announced its firm intention to acquire the remaining 25% shares in Capespan, held by minority shareholders other than management, by means of a scheme of arrangement. The proposed transaction is valued in excess of R500m.

PSG Private Equity (100%)

- *High growth potential*
  - early-stage investments

PSG Private Equity serves as incubator to find the businesses of tomorrow. Its investment portfolio contains businesses across various industries and in different stages of maturity. Currently, energy and education are priority industries. Opportunities offered by *Energy Partners*, *Impak* and *IT Schools Innovation (ITSI)* should yield attractive returns in the *medium to long term*, and may also present opportunities for listing.

PSG Private Equity does not use debt to enhance returns but rather invests in companies with high growth potential. Management has spent a considerable amount of time restructuring the portfolio and assisting underlying investments in resolving various challenges. *Project Internal Focus* has also played a key part in ensuring that the portfolio is well capitalised, has good management in place and is geared to realise the expected growth.

We hope to unearth more Capitecs, Curros, PSG Konsults and Pioneers from this portfolio in future. However, given its nature, this portfolio is likely to yield volatile earnings, while providing significant optionality.

BEE investment holding company (previously Thembeka) (49%)

The past financial year marked the end of Thembeka, a BBBEE investment holding company in which PSG owned 49%. Shareholders were afforded the opportunity to swap their illiquid Thembeka shares for PSG shares by means of a scheme of arrangement in order to realise the underlying value that had been created since Thembeka's establishment in 2006.

Thembeka truly was an extraordinary BEE success story with significant value creation, for example, at the outset the United Reformed Church acquired 800 000 Thembeka shares for R80 (this is not a misprint). They received R5m in dividends and their investment is worth R265m today!

The new BEE investment holding company, emanating from the aforementioned transaction, is 51%-owned by the Stellenbosch BEE Education Trust of which all beneficiaries are black individuals. PSG provided the new BEE investment holding company with R800m in preference share funding to acquire select investments from Thembeka, the most significant being interests of 6,6% in Curro, 4,4% in Pioneer Foods and 20% in Kaap Agri. These investments are all subject to BEE lock-in periods. The value created will be used by the Stellenbosch BEE Education Trust to fund gifted but needy black students' education.

OUR CONTRIBUTION TO SOCIETY

A great company could never be a drag on society. PSG subscribes to this notion. We contribute to the development and upliftment of the South African community through the creation of employment opportunities and our contributions in taxes, donations and sponsorships. We believe in the leverage effect of investing in and supporting education. We are involved in the following education-related initiatives:

- *The PSG Group Bursary Loan Scheme at the University of Stellenbosch*
  - We started this initiative when PSG and I each donated 100 000 PSG shares seven years ago, and have since offered financial support to a number of gifted but disadvantaged students. Their fields of study include medicine, actuarial science, accounting and investment management. For the 2015 academic year, 20 students have been funded through this scheme, each with bursaries of up to R50 000.
- *Akkerdoppies*
  - PSG continues to financially support this 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 disadvantaged communities of Stellenbosch. The school is attended by 160 children and now employs 18 people. We are committed to a long-term relationship with this initiative and anticipate a significant positive contribution to the community.
- *Curro*
  - We continue to invest in Curro, which plays an important part in educating the South African youth. With the existence of Curro, government can increase its focus on those areas where the availability and quality of education are particularly poor, and in so doing provide proper educational facilities to the disadvantaged. Curro also offered extensive bursaries of approximately R44m.

- *Impak*
  - This company provides grade 0 to 12 educational products and services to home scholars and learners enrolled at their 110 support centres across the country. Through our investment in this company, we believe we will further contribute to education in South Africa while also creating a business opportunity for entrepreneurs/educators who wish to open a support centre, embracing their passion for education while building a profitable business. We are excited about the growth prospects for this alternative form of education.
- *Stellenbosch BEE Education Trust*
  - We established and funded the Stellenbosch BEE Education Trust with R102m to buy shares in Thembeka. Following the Thembeka/PSG scheme of arrangement, the trust owns interests in various investments associated with PSG, and we look forward to this trust assisting many previously disadvantaged learners in obtaining quality education in the future.

It is evident from the aforementioned that PSG makes a significant direct contribution to society. However, being an investment holding company with each of our underlying investments also having various social development initiatives, we also make a substantial indirect contribution to society. Below we highlight some of the *corporate social investment (CSI)* projects undertaken by investee companies:

- *Kaap Agri*
  - Kaap Agri's CSI projects focus on training and skills development. Through the Kaap Agri Academy, the company runs a Farmer Development Programme that trains approximately 25 students each year who are emerging farmers in the Western and Northern Cape. The academy also trains farm workers in various practical skills including welding, chemical handling, equipment maintenance and productivity management.
  - The company also offers bursaries and scholarships to students studying agricultural sciences at the University of Stellenbosch and the Cape Peninsula University of Technology (CPUT), offering approximately 100 scholarships every year.
  - Kaap Agri publishes all the community work done by each branch and its employees in a periodical community newsletter called *Care and Grow*, which is compiled by employees of the company.
  - In 2014, Media24 recognised Kaap Agri's contributions to society by awarding them the top prize in the *Unlisted Company Corporate Social Responsibility Awards*.
- *Capespan*
  - Capespan covers two major approaches in its CSI initiatives, namely;
    - *Education* – wherein the company supports infrastructure development and access to resources at educational institutions. Projects include:
      - the Grabouw Primary and Secondary School Education Fund (financial support provided to the school);
      - SRCC Foundation Partnership Project (for the renovation of pre-school facilities in different regions in South Africa); and
      - School Aid UK and RSA (partnership with Maersk and School Aid UK for the shipping of donated school equipment).
    - *Health* – wherein the company supports a wide range of clinical services and programmes in poorly resourced communities. Projects include:
      - Thembalethu HIV/AIDS Trust (promoting community preventative Health and Education programmes in the Eastern Cape);
      - CANSA national fund-raising initiative; and
      - Life Choices Health4life Community Programme (offering mobile HIV counselling and testing facilities).
  - In 2014, Capespan began a programme whereby the company makes donations to institutions in which staff are actively involved and have been for at least a year. This expands the reach of the company to beyond what can be done at a corporate level.

- *Zaad*
  - Agricol and Klein Karoo Seed offer training and mentoring programmes to small farmers across Africa, and provide health education to different communities. A major project undertaken is the three-year training of 309 small-scale farmers in tunnel farming, with the companies supplying extensive equipment and resources needed for successful farming.
- *Pioneer Foods*
  - While Pioneer Foods offers various feeding schemes across the country, its key focus is on project development and empowering community members with farming skills. Projects supported include:
    - *Foodpods Khayamandi* – a small-scale agri-business platform currently supporting eight women from previously disadvantaged backgrounds. These women are taught to plant and grow seeds in crates, and to supply their produce to families in their communities.
    - *Permaculture food gardens* – the company has provided 57 schools in the Limpopo region with permaculture food gardening kits, creating natural and sustainable food gardens in the schools and entrepreneurial opportunities for unemployed parents of learners.
  - The company also has an extensive enterprise development programme that offers loan funding to supporting businesses operating in the food segment.
- *Capitec*
  - Capitec's primary CSI focus is on improving financial literacy and education.
  - The company operates a bursary fund that targets public school learners in grades 10 to 12, with mathematics as a matric subject. The bursaries cover tuition fees for one year.
  - A major project sponsored by Capitec is the Ikamva Youth initiative. This is a volunteer-based group that gives high school learners access to skills, networks and resources that enable them to reach tertiary education and employment opportunities after matriculation. While more than half of the volunteers are ex-learners, in some cases Capitec employees also volunteer their time to this initiative.
- *PSG Konsult*
  - PSG Konsult contributes to the Green-preneurship project facilitated by the Wildlands Conservation Trust. The project creates a bartering system for underprivileged youth whereby they plant trees and organic food, and collect items for recycling, using these products to barter for essential items they need in their daily lives. PSG Konsult supports the programme through donations towards food, clothing and educational needs of the children, and also through participation by some employees in the bartering activities of the youth.
- *PSG Private Equity*
  - The investee companies under PSG Private Equity run various projects and make a wide range of contributions in the communities and areas in which they operate. The prevalent themes relate to early childhood development and care, education (particularly pre-school and primary) and youth development.

BOARD OF DIRECTORS AND PSG EXCO

The PSG board comprises three executive and 10 non-executive directors. I serve as the non-executive chairman. Our board has a wealth of knowledge and experience and always act with the best interest of all stakeholders at heart.

PSG's day-to-day operations are managed by the senior executives, namely Piet Mouton (CEO), Wynand Greeff (FD) and Johan Holtzhausen (CEO: PSG Capital). They are talented, hard-working individuals with great ambitions for PSG. I sleep well at night knowing our future is in good hands.

The PSG Executive Committee (Exco) is a sub-committee of the board and the chief operating decision-maker, and comprises the aforementioned three senior executives and myself as chairman. Our non-executive directors and Chemus Taljaard, our in-house tax advisor, are permanent invitees. The PSG Exco:

- Is responsible for determining and implementing the PSG strategy, as approved by the PSG board of directors;
- Acts as the PSG investment committee;
- Acts as the social and ethics committee;
- Is the appointed manager to Zeder;
- Manages PSG Private Equity;
- Acts as the PSG group treasurer, monitors and manages 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; and
- Assumes overall responsibility for the growth and performance of PSG.

OUR FUTURE

Last year, PSG's share price for the first time broke R100. This year, we have seen more milestones and recently celebrated our share price reaching R200! PSG is turning 20 in November this year – I am proud of this company and what we have achieved thus far.

That said, going forward no one knows what Mr Market will bring. Events such as an interest rate hike in the US, oil prices returning to the US$100 per barrel level, or the anticipated Chinese economic stimulus, could have a significant impact on stock markets. More so, these are largely beyond our control as investors. However, we at PSG take comfort in the fact that:

- The growth trajectory anticipated for our portfolio companies is ambitions and achievable. The fundamentals of these businesses are sound and the opportunities attractive;
- Our funding and cash resources allow us to support our investee companies with their future plans;
- We have the right management teams who have been tasked to create value at each investee company, and we will support them to achieve their goals.

PSG undoubtedly has a quality asset portfolio and I am confident that we will continue to yield above average returns in future.

A WORD OF THANKS

PSG is ultimately a "family" affair. By that I do not mean the prevalence of my family as largest shareholder, but rather the camaraderie and mutual respect between the management of PSG, its underlying investments and shareholders. It is comforting to know that you are part of a family with one vision and goal – to increase shareholder wealth over time while making a positive contribution to society.

I thank each and every colleague throughout our group for their hard work and dedication, and for creating a wonderful environment to work in. To my fellow directors and members of the PSG Exco – your wisdom, innovation and drive to grow our business motivate me to keep going.

Finally, to our clients, our shareholders and all other stakeholders in PSG – your support has allowed us to create significant value over the years. For that, we thank you!

Jannie Mouton

8 May 2015
Stellenbosch

PSG GROUP LIMITED

Invitation

Annual general meetings (AGMs) and investor presentations

You are invited to our PSG Group Investor Day during which the various AGMs will be held and presentations made by our group companies on Friday, 19 June 2015, at Spier Wine Estate, Baden Powell Drive, Stellenbosch.

The timetable is as follows:

08:30	Zeder Investments Ltd
09:10	Curro Holdings Ltd
10:20	Tea
10:50	PSG Konsult 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: +27 21 887 9619
Telephone: +27 21 887 9602

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

EXECUTIVE

WL (Wynand) Greeff (45) [1,2]
BCompt (Hons), CA(SA)
Financial director
Appointed 13 October 2008

JA (Johan) Holtzhausen (44) [1,2]
BIuris, LLB, HDip Tax
Chief executive officer – PSG Capital
Appointed 13 May 2010

PJ (Piet) Mouton (38) [1,2]
BCom (Mathematics)
Chief executive officer
Appointed 16 February 2009

NON-EXECUTIVE

JF (Jannie) Mouton (68) [1,2]
BCom (Hons), CA(SA), AEP
Non-executive chairman
Appointed 25 November 1995

FJ (Francois) Gouws (50)
BAcc, CA(SA)
Chief executive officer – PSG Konsult Ltd
Appointed 25 February 2013

JJ (Jan) Mouton (40)
BAcc (Hons), CA(SA), MPhil (Cantab)
Manager – PSG Flexible Fund
Appointed 18 April 2005

W (Willem) Theron (63)
BCompt (Hons), CA(SA)
Chairman – PSG Konsult Ltd
Appointed 2 March 2006

INDEPENDENT NON-EXECUTIVE

PE (Patrick) Burton (62) [3,4]
BCom (Hons), PG Dip Tax
Director of companies
Appointed 19 March 2001

ZL (KK) Combi (63)
Diploma in Public Relations
Director of companies
Appointed 14 July 2008

J de V (Jaap) du Toit (60) [3,5]
BAcc, CA(SA), CFA
Director of companies
Appointed 30 January 1996

MM (Thys) du Toit (56) [4]
BSc, MBA
Chief executive officer – Rootstock Investment Management (Pty) Ltd
Appointed 29 September 2009

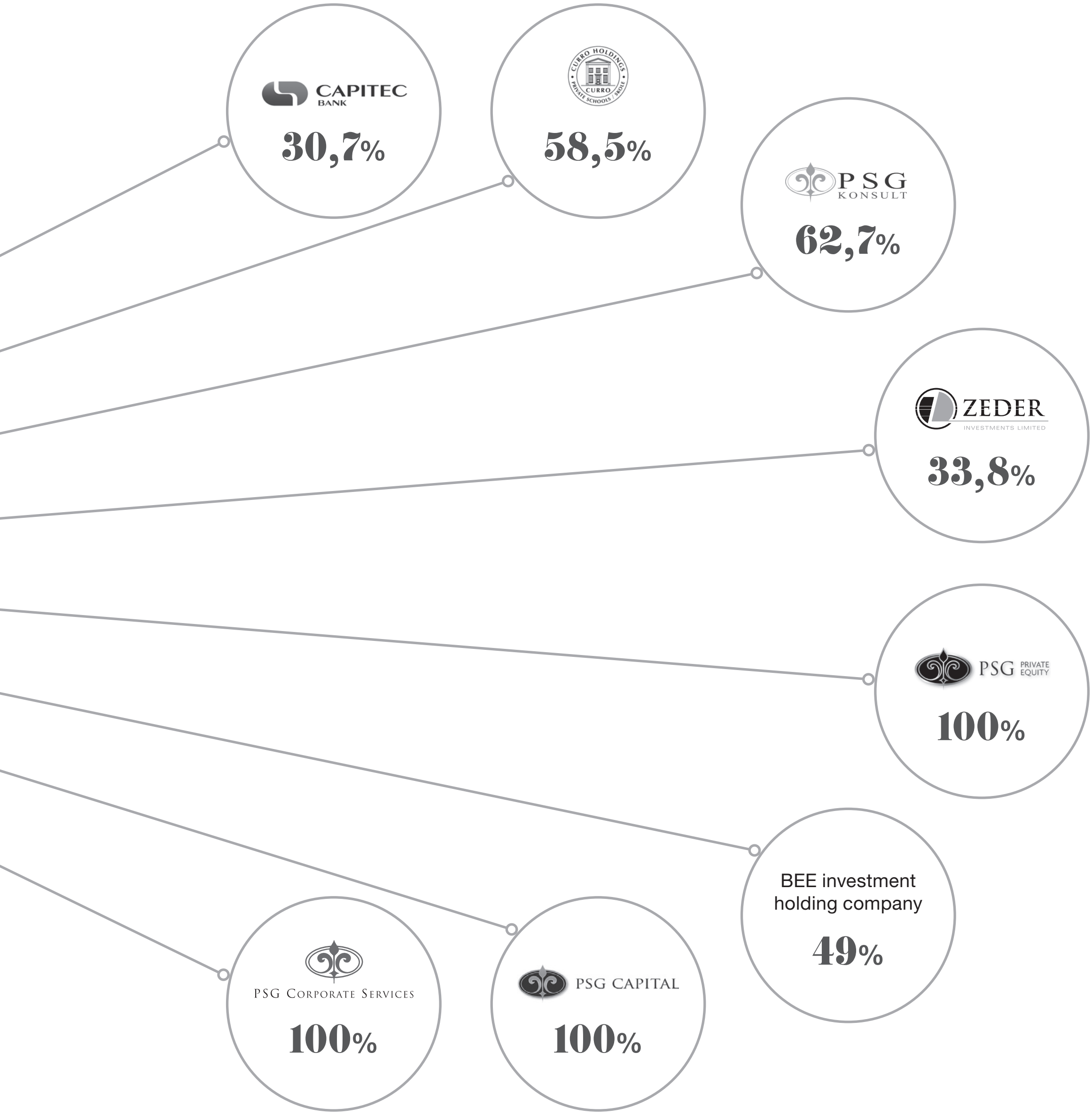
MJ (Markus) Jooste (54) [4]
BAcc, CA(SA)
Chief executive officer – Steinhoff International Holdings Ltd
Appointed 25 February 2002

AB (Ben) la Grange (40)
BCom (Law), BCom (Hons), CTA, CA(SA)
Chief financial officer – Steinhoff International Holdings Ltd
Alternate director to Markus Jooste
Appointed 30 July 2012

CA (Chris) Otto (65) [2,3,4]
BCom, LLB
Director of companies
Appointed 25 November 1995

[1] *Member of executive committee*
[2] *Member of social and ethics committee*
[3] *Member of audit and risk committee*
[4] *Member of remuneration committee*
[5] *Lead independent director*


PSG GROUP LIMITED
PSG Financial Services
R1,74bn nominal listed perpetual preference shares in issue
100%


CAPITEC BANK
30,7%
CURRO HOLDINGS CURRO PRIVATE SCHOOLS / SKOLE
58,5%
PSG KONSULT
62,7%
ZEDER INVESTMENTS LIMITED
33,8%
PSG PRIVATE EQUITY
100%
BEE investment holding company
49%
PSG Corporate Services
100%
PSG CAPITAL
100%

Review of operations

SOTP VALUE AND RECURRING HEADLINE EARNINGS

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

Consolidated *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 strategic investment. The result is that investments in which PSG or an underlying company holds less than 20% and is generally not equity accountable in terms of accounting standards, are included in the calculation of our consolidated *recurring headline earnings*. Marked-to-market fluctuations and one-off items are excluded.

SOTP VALUE

The calculation of the *SOTP value* is simple and requires limited subjectivity as 88% of the value is calculated using JSE-listed share prices, while other investments are included at market-related valuations. At 28 February 2015, the *SOTP value* per PSG share was R163,28 (2014: R95,01) – a 44% CAGR over the last five years. At 6 May 2015, the *SOTP value* was R194,63 per share.

Asset/liability	28 Feb 2013 Rm	28 Feb 2014 Rm	**28 Feb 2015 Rm**	**6 May 2015 Rm**	*% of total*
Capitec *	6 128	5 989	**14 549**	**19 162**	*45*
Curro *	2 607	4 660	**6 236**	**7 020**	*17*
PSG Konsult *	2 237	4 004	**5 710**	**6 089**	*14*
Zeder *	1 412	1 698	**3 712**	**4 070**	*10*
PSG Private Equity †	681	949	**1 246**	**1 180**	*3*
BEE investment holding company *(previously Thembeka)* †	899	1 243	**603**	**703**	*2*
PSG Corporate *(including PSG Capital)* ††	383	383	**1 398**	**1 398**	*3*
Other investments *(including cash)* ††	1 505	1 122	**2 031**	**2 640**	*6*
Total assets	15 852	20 048	**35 485**	**42 262**	*100*
Perpetual preference funding *	(1 163)	(1 393)	**(1 411)**	**(1 393)**	
Other debt ††	(845)	(615)	**(679)**	**(1 037)**	
Total SOTP value	13 844	18 040	**33 395**	**39 832**	
Shares in issue *(net of treasury shares)* (m)	190,5	189,9	**204,5**	**204,7**	
SOTP value per share (rand)	72,67	95,01	**163,28**	**194,63**	

* *Listed on the JSE Ltd* † *SOTP value* †† *Valuation*

Capitec is PSG's largest investment and at 28 February 2015 comprised 41% (2014: 30%) of the *SOTP value's* total assets. Its higher contribution follows a 123% increase in Capitec's share price and an increase in PSG's direct interest in Capitec as a result of the below mentioned PSG/Thembeka scheme of arrangement during the past financial year. Subsequent to year-end, Capitec's share price increased by a further 32%. It continues to be the major contributor to PSG's *recurring headline earnings*.

RECURRING HEADLINE EARNINGS

Year ended February	2013 Rm	2014 Rm	*Change %*	**2015 Rm**
Capitec	500	571		**729**
Curro	8	21		**31**
PSG Konsult	119	163		**214**
Zeder	107	127		**152**
PSG Private Equity	75	51		**59**
BEE investment holding company *(previously Thembeka)*	28	23		**45**
PSG Corporate *(including PSG Capital)*	16	7		**38**
Other	30	39		**51**
Recurring headline earnings before funding	883	1 002	*32*	**1 319**
Funding	(168)	(181)		**(177)**
Recurring headline earnings	715	821	*39*	**1 142**
Non-recurring items	160	191		**432**
Headline earnings	875	1 012	*56*	**1 574**
Non-headline items	265	47		**(14)**
Attributable earnings	1 140	1 059	*47*	**1 560**
Weighted average number of shares in issue *(net of treasury shares)* (m)	182,2	183,0	*5*	**192,3**
Earnings per share (cents)				
– Recurring headline	392,3	448,8	*32*	**593,6**
– Headline	480,2	553,2	*48*	**818,6**
– Attributable	625,5	578,5	*40*	**811,3**
Dividend per share (cents)	111,0	133,0	*50*	**200,0**

Recurring headline earnings for the year ended 28 February 2015 increased by 32% to 593,6 cents per share, following commendable *recurring headline earnings* per share growth from Capitec (26%), PSG Konsult (31%) and Zeder (15%). Although Curro reported a 38% increase in *recurring headline earnings* per share for the year ended 31 December 2014, its earnings contribution to the larger PSG group remains relatively small. This investment is, however, expected to contribute significantly to PSG's earnings in years to come. PSG Private Equity reported a 10% decrease in *recurring headline earnings* per share following challenging trading conditions at certain investments.

Headline earnings increased by 48% to 818,6 cents per share. The *non-recurring* headline gains achieved during the year under review mainly comprised marked-to-market profits achieved on listed shares held by PSG's associated BEE investment holding company (previously Thembeka).

Attributable earnings increased by 40% to 811,3 cents per share.

PSG CORPORATE ACTION AND INVESTING

The following significant transactions were undertaken during the past financial year:

- PSG raised R1,275bn in cash through the issue of ordinary shares, of which R920m was by means of a book build and R355m through private placements.
- The PSG/Thembeka scheme of arrangement, amounting to R1,5bn, was concluded in terms of which significant value was unlocked for Thembeka shareholders. Following the scheme of arrangement, PSG holds a 49% interest in a new BEE investment holding company and PSG's interest in Capitec and Curro increased to 30,7% and 58,5%, respectively.
- Zeder increased its direct interest in Pioneer Foods to 27,3% through the issue of Zeder shares in a transaction valued in excess of R2,5bn. This constituted the single largest transaction in PSG's history.
- Following the aforementioned Zeder share issue, PSG's interest in Zeder diluted to 29,1%. PSG subsequently increased its shareholding to 33,8% for a cash consideration of R447m.
- PSG invested R356m cash in Curro, mainly in support of its rights issue to fund further expansion.

Chief executive officer	Gerrie Fourie
Financial director	André du Plessis

Capitec is a South African retail bank focused on providing easy and affordable banking services to its clients via the use of innovative technology. Everything Capitec does is based on simplicity, affordability, accessibility and personal service.

CAPITEC BANK

30,7%

Financial results – year ended February	2013	2014	**2015**
Headline earnings (Rm)	1 584	2 017	**2 547**
HEPS (cents)	1 519	1 752	**2 209**
Growth in HEPS (%)	35	15	**26**
Dividend per share (cents)	574	663	**836**
Dividend cover ratio	2,6x	2,6x	**2,6x**
Return on equity (%)	27	23	**25**
Gross loans and advances (Rm)	30 658	33 690	**36 341**
Value of loans advanced (Rm)	25 401	18 214	**19 417**
Repayments (Rm)	19 159	21 862	**23 787**
Loans past due (arrears) (Rm)	1 777	2 174	**1 964**
Arrears to gross loans and advances (%)	5,8	6,5	**5,4**
Provisions for doubtful debts (Rm)	2 723	3 637	**3 857**
Arrears coverage ratio (%)	153	167	**196**
Net transaction fee income (Rm)	1 349	1 927	**2 608**
Net transaction fee income as percentage of operating expenses (%)	45	59	**65**
Number of active clients ('000)	4 677	5 388	**6 244**
Number of branches	560	629	**668**
Number of employees	8 308	9 070	**10 261**

Capitec continued to impress, not only by delivering yet another set of stellar financial results, but also with the way in which it managed the challenges brought about by the demise of African Bank, its largest competitor, as well as large strikes affecting many of its clients during the past financial year.

While net transaction fee income from banking operations grew by 35%, Capitec's lending business experienced modest growth. Although the growth in net transaction fee income is expected to slow temporarily in the next financial year, when new limits on card processing fees between banks and merchants are applied, Capitec expects it to be offset by a continued increase in its primary banking client numbers, as well as increased activity per client.

Unlike many other players in the unsecured lending sector, Capitec has conservative provisioning and bad debt write-off policies. The table below sets out the credit quality of and provisioning against Capitec's loan book:

	2014		**2015**	
Credit status – end February	Book %	Provided %	**Book %**	**Provided %**
Up to date	91,4	6,7	**92,2**	**7,0**
Rescheduled < 6 months	2,2	33,0	**2,4**	**41,6**
1 payment in arrears	3,7	46,4	**3,1**	**45,0**
2 payments in arrears	1,6	74,3	**1,4**	**73,3**
3 payments in arrears	1,1	87,9	**0,9**	**86,9**
	100,0		**100,0**	

After 90 days in arrears, Capitec considers the loan bad and writes it off in full. Provisions are almost twice the size of loans in arrears, as demonstrated by the arrears coverage ratio of 196% as at 28 February 2015 (2014: 167%). In addition, Capitec improved its bad debt recoveries by 39% to R602m during the year under review.

Capitec has a prudent capital adequacy ratio of 36%. Its diversified funding base comprises a healthy blend of wholesale fixed, retail fixed and call deposits. Although retail deposits grew by R6,4bn during the past financial year, confidence in the wholesale funding market was negatively influenced by market events and the ratings downgrade of the South African banking sector. Capitec, however, has a high level of liquidity with R19,8bn in cash and short-term funds, representing 37% of total assets. It is fully compliant with the Basel 3 liquidity ratios.

PSG remains a loyal supporter of Capitec and looks forward to its continued success.

Capitec's comprehensive results for the year ended 28 February 2015 are available at *www.capitecbank.co.za*.

CHIEF EXECUTIVE OFFICER	CHRIS VAN DER MERWE
FINANCIAL DIRECTOR	BERNARDT VAN DER LINDE

Curro is a provider of private school education.

CURRO

58,5%

Financial results – year ended December	2012	2013	2014	**2015***
Headline earnings (Rm)	15	37	56	
HEPS (cents)	7,0	12,8	17,7	
Growth in HEPS (%)	n/a	82,9	38,3	
Number of campuses	22	26	32	**42**
Number of learners	12 473	21 027	28 737	**36 021**
Number of educators	1 151	1 593	1 905	**2 214**
Learner/teacher ratio	11	13	15	**16**
Total building size (m^2)	169 024	261 004	392 314	**392 314**

* *As at 31 January 2015*

The education market offers significant investment opportunities and Curro continues to capitalise on same in pursuit of its 2020 target of 80 schools with 80 000 learners. Curro is currently in the process of a R740m capital raising by means of a rights offer to fund its expansion plans. PSG has underwritten same.

The majority of Curro's schools are either performing to expectation, or better. We remain optimistic that Curro will achieve (and perhaps even exceed) its aforementioned target.

Curro's comprehensive results for the year ended 31 December 2014 are available at *www.curro.co.za*.

Chief executive officer	Francois Gouws
Financial director	Mike Smith

PSG Konsult is a leading financial services company, delivering a broad range of financial services and products. It focuses on providing wealth management, asset management and insurance solutions to clients.

PSG KONSULT

62,7%

Financial results – year ended February	2013	2014	**2015**
Recurring headline earnings (Rm)	174	251	**341**
Recurring HEPS (cents)	15,4	20,6	**27,0**
Growth in recurring HEPS (%)	9	34	**31**
Funds under management (Rbn)	81	112	**142**
Funds under administration (Rbn)	180	235	**308**

PSG Konsult recently announced its first set of financial results as a JSE (and NSX)-listed company. Its commendable growth in *recurring headline earnings* per share resulted from a strong performance by the *PSG Wealth* and *PSG Asset Management* divisions in particular.

The group is proud of the following notable milestones, achievements and industry awards:

- *PSG Wealth*
  - Runner-up in the *2014 Business Day Investors Monthly "Top Private Bank and Wealth Manager"* award and also voted the top *"Wealth Manager for Successful Entrepreneurs"*.
  - Consistently ranked as one of South Africa's Top 3 stockbrokers in the *Business Day Investors Monthly "Stockbroker of the Year"* award for the past four years, winning joint third place in 2014.
- *PSG Asset Management*
  - Top quartile investment returns were recorded across the entire domestic flagship range over one year, three years and five years up to 28 February 2015, in the respective *Morningstar* categories.
  - The *December 2014 Towers Watson* watchlist ranked the *PSG Balanced Fund* as having the lowest absolute risk.
  - Runner-up for the *South African Collective Investment Schemes Management Company of the Year Award* at the *2014 Raging Bull* awards held in January 2015 (2013: fourth). The *PSG Balanced Fund* was also named the best *South African Multi-Asset High Equity Fund*.
- *PSG Insure*
  - *Broker of the Year for Commercial Lines 2014* in *Santam's National Broker Awards*.

PSG Konsult's comprehensive results for the year ended 28 February 2015 are available at *www.psg.co.za*.

CHIEF EXECUTIVE OFFICER	NORMAN CELLIERS
MANAGED BY THE PSG EXCO	

Zeder is a JSE-listed investment holding company focused on the broad agribusiness industry.

ZEDER
INVESTMENTS LIMITED

33,8%

Financial results – year ended February	2013	2014	**2015**
Recurring headline earnings (Rm)	251	300	**414**
Recurring HEPS (cents)	25,7	30,6	**35,3**
Growth in recurring HEPS (%)	(8)	19	**15**
SOTP value per share (rand)	4,35	5,26	**9,18**
Growth in SOTP value per share (%)	25	21	**75**
Dividend per share (cents)	4,0	4,5	**5,5**

Following the conclusion of the Zeder/Agri Voedsel scheme of arrangement, Zeder now owns an asset portfolio valued in excess of R14bn, with its 27,3% direct interest in Pioneer Foods representing 73% of the total. Zeder's *SOTP value* per share increased by 75% to R9,18 during the past financial year. Pioneer Foods in particular reported strong earnings growth for the year under review.

Zeder recently announced its firm intention to acquire the remaining 25% shares in Capespan, held by minority shareholders other than management, by means of a scheme of arrangement. The proposed transaction is valued in excess of R500m.

Zeder's comprehensive results for the year ended 28 February 2015 are available at *www.zeder.co.za*.

CHIEF EXECUTIVE OFFICER	NICO DE WAAL
MANAGED BY THE PSG EXCO	
PSG Private Equity invests in sectors other than agribusiness.	

PSG PRIVATE EQUITY

100%

At 28 February 2015, PSG Private Equity's portfolio comprised the following investments:

Investment	Description	Interest 2014 %	Interest 2015 %
African Unity Group	Life and related insurance	47,5	**47,5**
Alaris Holdings *(previously Poynting Holdings)*	Antenna-related products	27,0	**27,3**
CA Sales Holdings	FMCG distributor	50,9	**50,9**
CSG Holdings	Construction support services	15,7	**14,5**
Energy Partners	Energy-saving solutions	39,2	**54,0**
Entrepo	Unsecured lending	–	**49,0**
Erbacon	Construction	12,3	**12,3**
GRW	Tanker manufacturer	37,7	**Sold**
Impak	Correspondence learning	76,9	**83,3**
IT School Innovation	Education solutions	47,0	**47,0**
Precrete	Mine safety and support services	52,8	**56,5**
Propell	Levy finance	30,0	**Sold**
Protea Foundry	Non-ferrous foundry	49,9	**49,9**
SNC	Nanofibre technology	24,4	**28,5**
Spirit Capital	Leveraged buy-outs	28,0	**47,0**

PSG Private Equity serves as incubator to find the businesses of tomorrow. Management is continuously refining the existing portfolio and actively searching for exciting new investment opportunities. Given its nature, this portfolio is likely to yield volatile earnings, while providing significant optionality.

Corporate action at PSG Private Equity (and its underlying investments) during the year under review included:

- Acquired a further interest in *Energy Partners* for R40m;
- Acquired a 49% interest in *Entrepo*, a provider of unsecured lending in Namibia, for R15m;
- Disposed of our 30% interest in *Propell* for R19m;
- Disposed of our 38% interest in *GRW* for R70m;
- *CA Sales Holdings* increased its interests in *SMC Brands* (100%), *Pack 'n Stack* (50%) and *Logico* (55%), all providing distribution services throughout Southern Africa;
- *Alaris Holdings (previously Poynting Holdings)* is in process of acquiring *Antenna Research Associates*, a US-based antenna specialist;
- *Spirit Capital* acquired *Multiknit*, a manufacturer of shade and other netting products; and
- *Spirit Capital* disposed of its interest in *Annique*, a provider of health and beauty products.

BEE INVESTMENT HOLDING COMPANY (previously Thembeka)

49%

The new BEE investment holding company, emanating from the aforementioned PSG/Thembeka scheme of arrangement during January 2015, is 51%-owned by the Stellenbosch BEE Education Trust of which all beneficiaries are black individuals. PSG provided the new BEE investment holding company with R800m in preference share funding to acquire select investments from Thembeka, the most significant being interests of 6,6% in Curro, 4,4% in Pioneer Foods and 20% in Kaap Agri. These investments are all subject to BEE lock-in periods. The value created will be used by the Stellenbosch BEE Education Trust to fund gifted but needy black students' education.

CHIEF EXECUTIVE OFFICER	JOHAN HOLTZHAUSEN
Corporate finance	

PSG CAPITAL

100%

PSG Capital is the corporate finance arm of PSG and provides a complete range of corporate finance and advisory services to a broad spectrum of clients. It is a JSE-registered sponsor and designated advisor. Its fields of expertise include, inter alia, mergers and acquisitions, valuations and fairness opinions, capital raisings and listings, JSE and regulatory advice, private equity, BEE, corporate restructurings and debt origination.

PSG Capital is the sponsor, designated advisor and debt sponsor to 33 JSE-listed companies and has numerous unlisted clients. PSG Capital has advised on publicly announced transactions in excess of R200bn over the last number of years.

PSG Capital consistently ranks among the top performers from a *DealMakers* perspective across most categories. Its services and contact details are available at *www.psgcapital.com*.

CHIEF EXECUTIVE OFFICER	PIET MOUTON
FINANCIAL DIRECTOR	WYNAND GREEFF
Investment management and treasury services	

PSG CORPORATE SERVICES

100%

PSG Corporate is a profit centre. It acts as PSG's treasurer, allocates capital and determines and monitors the group's gearing, and is the appointed manager to Zeder.

STOCK EXCHANGE PERFORMANCE

Year ended February	**2015**	2014	2013	2012	2011	2010	2009	2008
Market price on the JSE Ltd (cents)								
High for the year	**14 675**	9 150	7 332	5 365	4 400	2 749	2 100	3 050
Low for the year	**8 800**	5 880	4 470	3 799	2 215	1 302	1 215	1 900
Closing	**13 681**	8 902	6 126	4 700	4 320	2 205	1 456	2 085
Volume weighted average	**10 987**	7 131	6 076	4 619	3 274	2 100	1 692	2 714
Closing price per share/headline earnings per share (times)	**16,7**	16,1	12,8	14,4	14,1	8,8	22,3	7,1
Volume of shares traded ('000)	**32 198**	17 963	24 272	13 210	20 127	21 326	18 290	43 409
Value of shares traded (Rm)	**3 538**	1 281	1 475	610	659	448	309	1 178
Volume traded/weighted average shares (%)	**16,7**	9,8	13,3	7,6	12,0	12,3	10,9	26,5

OUR TRACK RECORD

Year ended February	**2015**	2014	2013	2012	2011	2010	2009	2008
Headline earnings per share (cents)	**818,6**	553,2	480,2	326,2	306,7	249,2	65,3	295,1
Headline earnings (Rm)	**1 574,5**	1 012,3	875,0	567,1	512,4	431,4	109,9	482,5
Recurring headline earnings per share (cents)	**593,6**	448,8	392,3	308,6	241,9	207,4	174,3	129,5
Recurring headline earnings (Rm)	**1 141,7**	821,3	714,9	536,6	404,1	359,0	293,4	211,8
Distribution per share (cents)								
Normal	**200,0**	133,0	111,0	82,0	67,0	42,0	57,0	112,5
Special							200,0	
Ordinary shareholders' equity (Rm)	**9 999**	6 862	5 990	4 760	3 585	2 947	2 755	3 295
Net asset value per share (cents)	**4 939**	3 751	3 262	2 650	2 156	1 765	1 640	1 948
Total assets (Rm)	**45 607**	33 700	25 857	20 961	17 410	14 686	14 127	14 206
Market capitalisation (gross of treasury shares) (Rm)	**30 157**	18 480	12 747	9 528	8 219	4 211	2 760	3 953
Number of shares ('000)								
Issued	**220 432**	207 589	208 082	202 724	190 262	190 953	189 579	189 579
Treasury shares	**(18 004)**	(24 666)	(24 440)	(23 111)	(24 001)	(23 959)	(21 559)	(20 386)
Net	**202 428**	182 923	183 642	179 613	166 261	166 994	168 020	169 193
Weighted average	**192 328**	182 994	182 224	173 872	167 055	173 113	168 352	163 505
Return on equity (%)	**18,7**	15,8	16,3	13,6	15,7	15,1	3,6	17,0

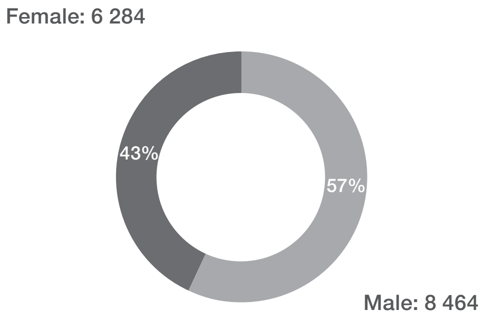
2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
2 925	2 300	705	520	650	885	986	1 585	1 900	1 550	510	300
1 570	620	253	255	375	440	527	800	495	445	210	20
2 720	2 266	700	385	520	476	660	1 000	1 170	1 530	470	225
2 257	1 060	428	460	512	675	685	1 114	1 172	966	401	78
5,2	6,4	7,8	5,0	7,4	3,4	4,4	8,3	13,6	32,3	17,9	16,4
37 787	13 933	48 528	56 204	42 636	47 775	49 009	45 265	30 219	23 443	14 120	22 210
853	148	208	258	218	322	336	504	354	227	57	17
30,1	13,7	45,1	50,3	35,5	38,5	36,8	33,1	31,7	32,2	35,7	101,8

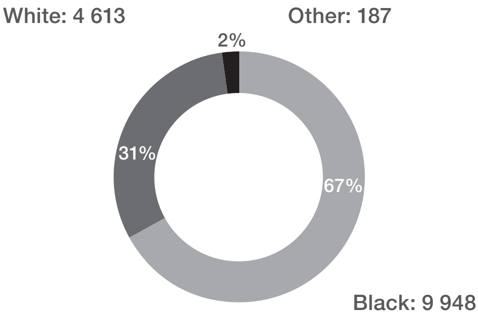
2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
519,3	351,8	90,0	76,3	70,7	141,0	150,3	120,6	85,9	47,3	25,5	14,4
651,4	358,4	96,7	85,2	84,8	175,2	200,2	164,7	82,0	34,5	10,1	3,1
90,0	67,5	45,0	30,0	20,0	50,0	45,0	36,0	25,0			
			70,0	200,0							
2 373	719	362	336	993	1 218	1 141	1 085	638	535	78	7
1 585	704	356	320	828	1 015	899	778	669	617	147	34
5 501	1 833	2 794	2 384	2 594	4 477	3 416	3 474	2 543	1 258	233	25
4 621	2 701	834	443	624	571	838	1 395	1 117	1 325	249	49
169 885	119 195	119 195	115 000	120 000	120 000	126 900	139 500	95 445	86 611	52 930	21 818
(20 133)	(17 015)	(17 619)	(10 000)								
149 752	102 180	101 576	105 000	120 000	120 000	126 900	139 500	95 445	86 611	52 930	21 818
125 446	101 888	107 519	111 700	120 000	124 204	133 200	136 613	95 445	72 869	39 588	21 818
42,1	66,3	27,7	12,8	7,7	14,9	18,0	19,1	14,0	11,3	23,8	88,6

VALUE ADDED	2015 Rm	2015 %	2014 Rm	2014 %
Total income (including revenue from sale of goods)	**16 210**		11 936	
Dividends received from associates	**392**		280	
Total expenses (excluding employee costs, depreciation and amortisation)	**(12 329)**		(9 037)	
	4 273		3 179	
Non-recurring items				
Net profit on sale/dilution of subsidiaries and associates	**(11)**		(32)	
Impairment charges	**28**		6	
Other	**(7)**		1	
	4 283		3 154	
VALUE ALLOCATED				
To employees				
Salaries, wages and other benefits	**2 111**	**49**	1 510	48
To providers of capital	**844**	**19**	679	21
Finance costs	**337**	**8**	263	8
Dividends – owners of the parent	**273**	**6**	222	7
– non-controlling interests	**234**	**5**	194	6
To governments				
Normal tax on companies	**394**	**10**	267	9
To expansion and growth	**934**	**22**	698	22
Depreciation and amortisation	**295**	**7**	218	7
Retained earnings	**639**	**15**	480	15
	4 283	**100**	3 154	100

GENDER	Number	%
Male	8 464	57
Female	6 284	43
RACE		
Black (African, Coloured and Indian)	9 948	67
White	4 613	31
Other (mainly Asian)	187	2
EDUCATION		
Up to grade 11	2 091	14
Grade 12	7 969	54
Post grade 12 (e.g. diploma/certificate)	2 070	14
University degree	1 298	9
Post-graduate university degree or professional qualification	1 320	9
HIERARCHY		
Executive directors	81	1
Senior management	368	2
Middle/junior management	1 607	11
Operational	9 750	66
Support	2 942	20
TOTAL NUMBER OF EMPLOYEES	**14 748**	

Statistics relate to permanent employees of subsidiaries as at 28 February 2015 and exclude employees of associates and joint ventures.





Corporate governance report

PSG Group Ltd ("PSG Group", "the company" or "the 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 material respects been appropriately applied during the year under review. The board does not consider application of all the principles contained within King III appropriate for PSG Group. Where specific principles of King III have not been applied, explanations for these are contained within this section of the annual report. A detailed analysis of the group's adherence to King III is available at *www.psggroup.co.za*.

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 15 of this annual report. The board met four times during the year under review. The attendance at these meetings is set out in the table below:

Director	16 Apr 2014	24 Jul 2014	13 Oct 2014	24 Feb 2015
PE Burton	√	√	√	√
ZL Combi	√	√	√	√
J de V du Toit	√	√	√	√
MM du Toit	√	√	√	√
FJ Gouws	√	√	√	√
WL Greeff	√	√	√	√
JA Holtzhausen	√	√	√	√
MJ Jooste (Alt: AB la Grange)	√	√	√	√
JF Mouton (chairman)	√	√	√	√
JJ Mouton	√	√	√	√
PJ Mouton	√	√	√	√
CA Otto	√	√	√	√
W Theron	√	√	√	√

√ *Present*

PSG Group's memorandum of incorporation requires a minimum of one third of the non-executive directors of the company, as well as non-executive directors having served three consecutive years, to retire by rotation and to offer themselves for re-election by shareholders at the annual general meeting. In addition thereto, newly appointed directors should also retire and offer themselves for re-election by shareholders at the first annual general meeting following their appointment. In accordance with the company's memorandum of incorporation, Messrs J de V du Toit, FJ Gouws, JJ Mouton and CA Otto retire and offer themselves for re-election by shareholders.

Executive directors are appointed by the board, with the assistance of the nomination committee, for periods as the board deems fit, and on such further terms as are set out in their letters of appointment. Where appropriate, the chief executive officers and executive directors of subsidiary companies have entered into service contracts with those subsidiaries.

PSG Group is an investment holding company with limited 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 lll 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 fulfils the role of non-executive chairman and Mr PJ Mouton the role of chief executive officer. Mr JF Mouton is not classified as independent in terms of King III because of his substantial indirect shareholding in PSG Group. Mr J de V du Toit serves as lead independent director of PSG Group.

The PSG Group Nomination Committee considers and recommends appropriate appointments of directors to the board. No recommendations were made during the current year under review. The appointment of new directors to the board 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 it operates. Consideration will be given to an induction programme for future appointees to the board, should this become necessary.

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

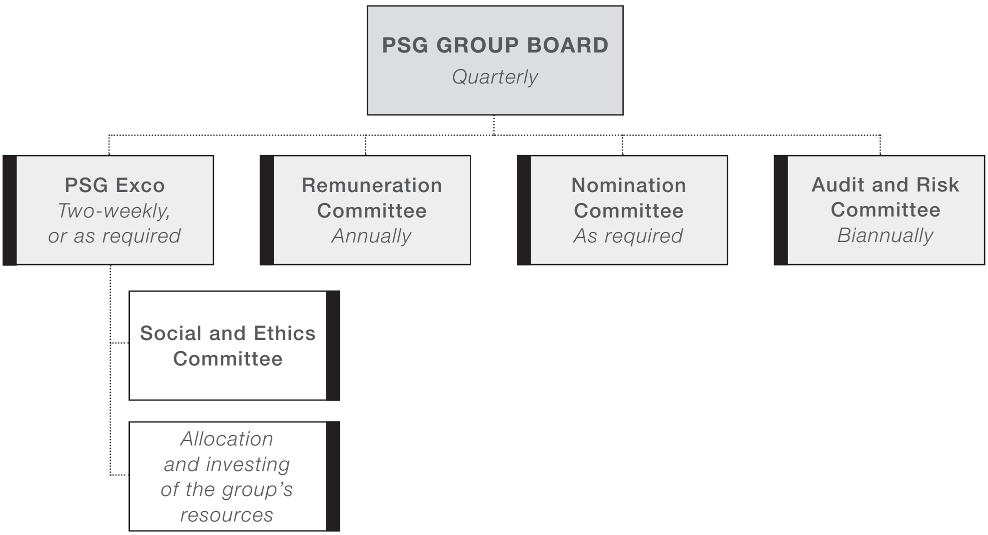
The vast majority of the directors are shareholders in the company.

The board's key roles and responsibilities include, inter alia, the following:

- Promoting the interests of stakeholders;
- Formulation and approval of strategy;
- Retaining effective control; and
- 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; and
- Social and ethics committee.



EXECUTIVE COMMITTEE

The PSG Group Executive Committee ("PSG Exco") comprises Messrs JF Mouton (non-executive chairman), PJ Mouton (chief executive officer), WL Greeff (financial director) and JA Holtzhausen (executive). Mr JC Taljaard (tax advisor) attends the PSG Exco meetings as a permanent invitee, while there is a standing invitation for non-executive directors to attend. The PSG Exco meets regularly, usually every two weeks, 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), PE Burton, MM du Toit and CA Otto. These members are all independent non-executive directors. The committee met once during the past year and all members were present.

Each major group subsidiary and associated company has its own remuneration committee chaired by an independent non-executive director.

The remuneration committee operates in accordance with a charter and is primarily responsible for overseeing the remuneration and incentives of the executive directors and key management, 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 group level, disclosure of the remuneration of the three highest 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 JF Mouton (chairman), PE Burton, J de V du Toit, MM du Toit, MJ Jooste and CA Otto, all being non-executive directors, with the majority being independent. The nomination committee meets when required and, as previously stated, 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 three independent non-executive directors, namely Messrs J de V du Toit (chairman), PE Burton and CA Otto.

The committee met twice during the past financial year:

Director	14 Apr 2014	10 Oct 2014
PE Burton	√	√
J de V du Toit (chairman)	√	√
CA Otto	√	√

√ *Present*

A report by the PSG Group Audit and Risk Committee has been provided on page 40 of this annual report. The audit and risk committee operates in accordance with a board-approved charter. Once a year, the members of the audit and risk committee attend a training course regarding any new legal, regulatory and/or financial developments which may affect their roles and responsibilities as members of the audit and risk committee. Mr J de V du Toit has been the chairman of the audit and risk committee for the past six years, while Messrs PE Burton and CA Otto have served as members for eight years and three years, respectively.

SOCIAL AND ETHICS COMMITTEE

The PSG Group Social and Ethics Committee, which comprises the members of the PSG Exco and Mr CA Otto, is responsible for monitoring the company's activities, having regard to any relevant legislation, legal requirements and prevailing codes of best practice with matters relating to, inter alia:

- Social and economic development;
- Good corporate citizenship;
- The environment, health and public safety;
- Consumer relationships; and
- Labour and employment.

The PSG Group Social and Ethics Committee is satisfied with the social and ethical matters relating to PSG Group and its subsidiaries.

COMPANY SECRETARY

PSG Corporate Services (Pty) Ltd is the company secretary of PSG Group. The company secretary acts as conduit between the board and the group. The company secretary is responsible for board administration, liaison with the Companies and Intellectual Property Commission and the JSE Ltd. Board members also have access to legal and other expertise, when required and at the cost of the company, through the company secretary.

The company secretary has to date maintained a professional relationship with board members, giving direction on good governance and independent advice as and when required. The audit and risk committee has reviewed, through discussion and assessment, the qualifications, experience and competence of the individuals employed by the company secretary and has noted that the company secretary performed all formalities and substantive duties timeously and in an appropriate manner. The board is satisfied that an arm's length relationship exists.

The certificate that the company secretary is required to issue in terms of section 88(2)(e) of the Companies Act is on page 41 of this annual report.

EXECUTIVE DIRECTORS' REMUNERATION

The remuneration of the executive directors of PSG Group is dealt with in the directors' report on page 43 of this annual 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 who is 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 legislation 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 for 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 an investment holding company that rarely gets involved in the day-to-day 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 integrated reporting and disclosure, to the extent appropriate, to their business.

PSG Group applies the principles of integrated reporting at group level to the extent that such 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. PSG Group has a dedicated team addressing enquiries from stakeholders.

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.

We encourage all our people to live healthy lifestyles and act responsibly at all times.

Social responsibility

PSG Group'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 Group has therefore directed its corporate social investment efforts at supporting education on various levels. PSG Group also subscribes to social upliftment through black economic empowerment ("BEE") and supports same, having invested in various BEE initiatives. PSG Group furthermore pays all its taxes regularly and encourages government to spend its receipts responsibly.

PSG Group has no political affiliations.

Refer to the chairman's letter on page 2 of this annual report for more details regarding PSG Group's Corporate Social Investments.

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 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 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, financial planning, asset management, investor support products and education services. The group also provides legal, financial and regulatory support and advice to listed and non-listed clients.

Distribution

In the main, each underlying company has its own distribution channel. These channels are based on one-to-one, one-to-many, internet, or professional intermediary networks 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 its 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.

Summarised group financial statements

These summarised group financial statements comprise a summary of the audited group annual financial statements of PSG Group Ltd for the year ended 28 February 2015.

The group annual financial statements, including these summarised group financial statements, were compiled under the supervision of the group financial director, Mr WL Greeff, CA(SA), and were audited by PSG Group Ltd's external auditor, PricewaterhouseCoopers Inc.

The group annual financial statements, including the unmodified audit opinion, are available on PSG Group Ltd's website at *www.psggroup.co.za* or may be requested and obtained in person, at no charge, at the registered office of PSG Group Ltd during office hours.

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 28 February 2015

The audit and risk committee ("the committee") reports that it has considered the matters set out in the Companies Act, and is satisfied with the independence and objectivity of the external auditor, PricewaterhouseCoopers Inc. The committee has considered and approved the fees payable to the external auditor and is satisfied with the extent of non-audit-related services performed.

The committee also acted as the statutory audit committee of certain public company wholly-owned 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 annual financial statements of the company and group for the year ended 28 February 2015, as well as these summarised group financial statements 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 and International Financial Reporting Standards.

J de V du Toit
Chairman

8 May 2015
Stellenbosch

DECLARATION BY THE COMPANY SECRETARY

for the year ended 28 February 2015

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

PSG Corporate Services (Pty) Ltd
Per PJR de Wit
Company secretary

8 May 2015
Stellenbosch

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2015

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 and group. The external auditor is responsible for independently auditing and reporting on the fair presentation of the 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"); the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the manner required by the Companies Act; and the JSE Listings Requirements, and incorporate full and reasonable disclosure. Appropriate and recognised accounting policies are applied consistently.

These summarised group financial statements were derived from the group annual financial statements and do not contain all the disclosures required by IFRS and the requirements of the Companies Act. Reading these summarised group financial statements, therefore, is not a substitute for reading the group annual financial statements of PSG Group Ltd.

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 annual 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 annual financial statements, including these summarised group financial statements set out on pages 43 to 69, were approved by the board of directors of PSG Group Ltd and are signed on its behalf by:

JF Mouton
Chairman

PJ Mouton
Chief executive officer

WL Greeff
Financial director

8 May 2015
Stellenbosch

DIRECTORS' REPORT

for the year ended 28 February 2015

Nature of business

PSG Group Ltd, being an investment holding company, offers, through its various subsidiaries, associates and joint ventures, a broad range of goods and services. These goods and services mainly comprise financial services (financial advice, stockbroking, fund management, insurance, financing, banking, investing and advisory services), logistical services, agricultural goods and private education services. The various activities are set out in further detail in the review of operations section (page 18) of this annual report.

Operating results

The operating results and state of affairs of the group are set out in the attached summarised income statement and summarised statements of financial position, comprehensive income, changes in equity and cash flows, as well as the notes thereto. For the year under review, the group's recurring headline earnings amounted to R1 142m (2014: R821m), headline earnings amounted to R1 574m (2014: R1 012m) and earnings attributable to owners of the parent amounted to R1 560m (2014: R1 059m). The group's profit for the year amounted to R2 191m (2014: R1 532m).

Stated capital

Movements in the number of ordinary shares in issue during the year under review were as follows:

	Number of shares 2015	Number of shares 2014
Shares in issue at beginning of the year, gross of treasury shares	**207 589 422**	208 081 893
Less: Treasury shares		
Held by a subsidiary (PSG Financial Services Ltd)	**(13 908 770)**	(13 908 770)
Held by an associate (Thembeka Capital (RF) Ltd)	**(4 852 151)**	(4 852 151)
Held by executives through loan funding advanced	**(2 100 000)**	(2 000 000)
Held by the PSG Group Ltd Share Incentive Trust	**(150 000)**	(375 000)
Held by the PSG Group Ltd Supplementary Share Incentive Trust	**(3 655 372)**	(3 339 061)
Shares in issue at beginning of the year, net of treasury shares	**182 923 129**	183 606 911
Specific issue (net of share buy-back) in terms of Thembeka Capital (RF) Ltd scheme of arrangement	**4 860 032**	
General issue for cash at R95,00 per share	**9 684 032**	
General issue for cash at R97,00 per share	**1 600 000**	
General issue for cash at R129,00 per share	**1 550 388**	
General repurchase for cash at R67,19 per share		(492 471)
Movement in treasury shares		
Shares acquired by executives through loan funding advanced		(100 000)
Shares acquired by the PSG Group Ltd Supplementary Share Incentive Trust		(800 000)
Shares released to participants by the PSG Group Ltd Share Incentive Trust	**150 000**	225 000
Shares released to participants by the PSG Group Ltd Supplementary Share Incentive Trust	**1 660 560**	483 689
Shares in issue at end of the year, net of treasury shares	**202 428 141**	182 923 129

Dividends

Details of dividends appear in the summarised group statement of changes in equity.

Directors

Details of directors of the company at the date of this report, being unchanged throughout the year under review, appear on page 15.

Directors' emoluments

The following directors' emoluments were paid by the company and its subsidiaries in respect of the year ended 28 February 2015:

Cash-based remuneration

Audited	Fees R'000	Basic salary R'000	Company contri-butions R'000	Perfor-mance-related R'000	**Total 2015 R'000**	Total 2014 R'000
Executive						
WL Greeff		2 957	43	4 500	**7 500**	5 200
JA Holtzhausen		2 881	119	5 000	**8 000**	6 350
PJ Mouton		3 287	13	4 950	**8 250**	5 200
Non-executive						
PE Burton	407				**407**	193
ZL Combi [1]	434				**434**	251
J de V du Toit [2]	565				**565**	541
MM du Toit	132				**132**	123
FJ Gouws [5, 8, 9, 11]		4 000		8 400	**12 400**	12 000
MJ Jooste [3]	132				**132**	124
JF Mouton [4]	247	2 788	56	2 637	**5 728**	5 278
JJ Mouton [5, 6, 11]		1 470	23	6 200	**7 693**	6 121
CA Otto [7]	1 600				**1 600**	1 445
W Theron [10, 11]	894				**894**	2 391
	4 411	17 383	254	31 687	**53 735**	45 217

1 R123 650 (2014: R115 560) was paid in respect of directors' fees, of which R61 825 (2014: R115 560) was paid to AE Empowerment Services (Pty) Ltd, a subsidiary of Thembeka Capital (RF) Ltd, previously an associate. The balance represents fees received at a subsidiary level.

2 R204 070 (2014: R190 710) was paid in respect of directors' fees; the balance represents fees received at a subsidiary level.

3 Paid to Steinhoff International Holdings Ltd.

4 Mr JF Mouton is no longer involved in the day-to-day running of PSG Group Ltd. However, he remains a leading strategist and generator of ideas, and plays an integral part in the success of the group. He is accordingly rewarded for same.

5 Executive of a subsidiary company.

6 R123 650 (2014: R115 560) was paid in respect of directors' fees to PSG Asset Management (Pty) Ltd, a subsidiary.

7 R199 880 (2014: R186 790) was paid in respect of directors' fees; the balance represents fees received at a subsidiary level.

8 R123 650 (2014: R115 560) was paid in respect of directors' fees to PSG Konsult Management Services (Pty) Ltd, a subsidiary.

9 Total performance-related bonus awarded on a subsidiary level was R12 million, of which R8,4 million was paid out. The deferred portion will be paid in two amounts of R1,8 million each, should the director remain in the subsidiary's service for one and two years, respectively.

10 R123 650 (2014: R115 560) was paid in respect of directors' fees; the balance represents fees received at a subsidiary level.

11 In terms of the PSG Konsult Group Share Incentive Scheme, these directors have been awarded PSG Konsult Ltd share options. See table below.

Equity-based remuneration (PSG Konsult Ltd share options granted in terms of PSG Konsult Group Share Incentive Scheme)

	Share options granted during the year ended 28 Feb 2015		Unexercised share options as at 28 Feb 2015	
Audited	**Number**	**Exercise price R**	**Number**	**Weighted average exercise price R**
FJ Gouws	**6 350 000**	**5,06**	**28 850 000**	**2,97**
JJ Mouton	**300 000**	**5,06**	**600 000**	**3,95**
W Theron			**5 900 615**	**2,20**

Equity-based remuneration (PSG Group Ltd shares granted in terms of PSG Group Ltd Share Incentive Trust)

Audited	Number of shares as at 28 Feb 2014	Number of scheme shares vested during year	Average market price per share on vesting date R	Vesting price per share R	Date granted	**Number of shares as at 28 Feb 2015**
Non-executive						
JF Mouton	100 000	(100 000)	98,40	17,81	21/04/2008	–
CA Otto	50 000	(50 000)	99,98	17,59	23/04/2008	–
Total	150 000	(150 000)				–

Equity-based remuneration (PSG Group Ltd share options granted in terms of PSG Group Ltd Supplementary Share Incentive Trust)

Audited	Number of share options as at 28 Feb 2014	Number of share options during year Granted	Vested	Average market price per share on vesting date R	Vesting price per share R	Date granted	**Number of share options as at 28 Feb 2015**
Executive							
WL Greeff	43 050		(43 050)	107,98	15,52	20/04/2009	**–**
	49 204		(49 204)	94,35	18,77	28/08/2009	**–**
	13 342		(13 342)	122,40	22,09	28/02/2010	**–**
	183 888		(122 592)	122,40	39,61	28/02/2011	**61 296**
	90 718		(45 360)	122,40	47,39	28/02/2012	**45 358**
	104 179		(26 045)	136,81	61,50	28/02/2013	**78 134**
	601 428				83,23	28/02/2014*	**601 428**
		57 406			136,84	28/02/2015	**57 406**
	1 085 809	57 406	(299 593)				**843 622**
JA Holtzhausen	32 862		(32 862)	107,98	15,52	20/04/2009	**–**
	42 789		(42 789)	94,35	18,77	28/08/2009	**–**
	77 490		(77 490)	122,40	22,09	28/02/2010	**–**
	148 327		(98 886)	122,40	39,61	28/02/2011	**49 441**
	99 791		(49 896)	122,40	47,39	28/02/2012	**49 895**
	103 538		(25 885)	136,81	61,50	28/02/2013	**77 653**
	602 244				83,23	28/02/2014*	**602 244**
		58 986			136,84	28/02/2015	**58 986**
	1 107 041	58 986	(327 808)				**838 219**
PJ Mouton	35 233		(35 233)	107,98	15,52	20/04/2009	**–**
	40 828		(40 828)	94,35	18,77	28/08/2009	**–**
	75 542		(75 542)	122,40	22,09	28/02/2010	**–**
	226 394		(150 929)	122,40	39,61	28/02/2011	**75 465**
	112 842		(56 422)	122,40	47,39	28/02/2012	**56 420**
	129 052		(32 263)	136,81	61,50	28/02/2013	**96 789**
	661 884				83,23	28/02/2014*	**661 884**
		74 693			136,84	28/02/2015	**74 693**
	1 281 775	74 693	(391 217)				**965 251**
Non-executive							
JF Mouton	255 761		(127 880)	107,98	26,16	22/04/2010	**127 881**
	151 464		(100 976)	122,40	39,61	28/02/2011	**50 488**
	204 056		(102 028)	122,40	47,39	28/02/2012	**102 028**
	171 164		(42 791)	136,81	61,50	28/02/2013	**128 373**
	643 824				83,23	28/02/2014*	**643 824**
		94 936			136,84	28/02/2015	**94 936**
	1 426 269	94 936	(373 675)				**1 147 530**
Total	4 900 894	286 021	(1 392 293)				**3 794 622**

* *Included in the 28 February 2014 share option allocation is a one-off allocation of 500 000 PSG Group Ltd share options each for a total of 2 million PSG Group Ltd share options, which was made to appropriately incentivise the aforementioned four directors. Retention of these directors' services are considered key to PSG Group Ltd's continued success.*

Prescribed officers

The members of the PSG Group Executive Committee ("Exco") are regarded as being the prescribed officers of the company. The Exco comprises Messrs JF Mouton (non-executive chairman), PJ Mouton (chief executive officer), WL Greeff (financial director) and JA Holtzhausen (executive). All being directors of PSG Group Ltd, their remuneration is detailed above. The duties and responsibilities of the Exco are set out in the chairman's letter (page 2) and corporate governance report (page 32) of this annual report.

Shareholding of directors

The shareholding of directors, excluding the participation in the share incentive schemes (being disclosed above), in the issued share capital of the company as at 28 February 2015 was as follows:

	Beneficial		Non-beneficial	**Total shareholding 2015**		Total shareholding 2014	
Audited	Direct	Indirect	Indirect	**Number**	**%**	Number	%
PE Burton		191 675	100 000	**291 675**	**0,1**	100 000	0,1
ZL Combi	490 000			**490 000**	**0,2**		
J de V du Toit			3 840 000	**3 840 000**	**1,9**	3 840 000	2,0
MM du Toit *			5 479 516	**5 479 516**	**2,7**	5 560 716	2,9
WL Greeff		1 180 995		**1 180 995**	**0,6**	981 402	0,5
JA Holtzhausen	763 402	500 000		**1 263 402**	**0,6**	1 035 594	0,5
JF Mouton	3 885 847		45 828 009	**49 713 856**	**24,3**	48 912 354	25,8
JJ Mouton	115 000	1 403 350		**1 518 350**	**0,7**	1 517 600	0,8
PJ Mouton	54 148	5 305 260		**5 359 408**	**2,6**	4 967 440	2,6
CA Otto	108		3 501 821	**3 501 929**	**1,7**	3 801 921	2,0
W Theron	10 000		157 502	**167 502**	**0,1**	167 502	0,1
Total	5 318 505	8 581 280	58 906 848	**72 806 633**	**35,5**	70 884 529	37,3

* *Included are single stock future contracts amounting to 400 000 (2014: 481 200) PSG Group Ltd shares.*

Subsequent to year-end:

- Messrs WL Greeff, JA Holtzhausen and PJ Mouton disposed of 180 000, 200 000 and 250 000 PSG Group Ltd ordinary shares respectively, in order to settle share incentive scheme and other debt obligations;
- Mr CA Otto disposed of 20 000 PSG Group Ltd ordinary shares to a family member; and
- Mr JF Mouton acquired 127 881 PSG Group Ltd ordinary shares pursuant to the exercise of share options.

REPORT OF THE INDEPENDENT AUDITOR

to the shareholders of PSG Group Ltd

These summarised group financial statements, which comprise the summarised group statement of financial position as at 28 February 2015, and the summarised group statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and related notes, as set out on pages 49 to 69, are derived from the audited group annual financial statements of PSG Group Ltd for the year ended 28 February 2015. We expressed an unmodified audit opinion on those group annual financial statements in our report dated 8 May 2015.

These summarised group financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act, as applicable to annual financial statements. Reading the summarised group financial statements, therefore, is not a substitute for reading the audited group annual financial statements of PSG Group Ltd.

Directors' responsibility for the summarised group financial statements

The directors are responsible for the preparation of a summarised version of the audited group annual financial statements in accordance with the requirements of section 8.57 of the JSE Listings Requirements, and the requirements of the Companies Act, as applicable to summarised financial statements, and for such internal controls as the directors determine is necessary to enable the preparation of summarised group financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the summarised group financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, these summarised group financial statements derived from the audited group annual financial statements of PSG Group Ltd for the year ended 28 February 2015 are consistent, in all material respects, with those group annual financial statements, in accordance with the requirements of section 8.57 of the JSE Listings Requirements, and the requirements of the Companies Act, as applicable to summarised financial statements.

Other reports required by the Companies Act

The "Other reports required by the Companies Act" paragraph in our audit report dated 8 May 2015 states that as part of our audit of the group annual financial statements for the year ended 28 February 2015, we have read the directors' report, the audit and risk committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited group annual financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the group annual financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised group financial statements or our opinion thereon.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc
Director: NH Döman
Registered auditor

8 May 2015
Stellenbosch

SUMMARISED GROUP STATEMENT OF FINANCIAL POSITION

at 28 February 2015

	Notes	2015 Rm	2014 Restated Rm
Assets			
Property, plant and equipment		**4 869**	3 327
Intangible assets		**2 647**	2 095
Biological assets		**274**	201
Investment in ordinary shares of associates and joint ventures	8	**10 755**	6 312
Investment in preference shares of/loans granted to associates and joint ventures		**309**	321
Deferred income tax assets		**179**	126
Financial assets linked to investment contracts	6	**14 223**	12 693
Cash and cash equivalents		**27**	51
Other financial assets		**14 196**	12 642
Other financial assets	5.2	**5 311**	1 534
Inventory		**1 181**	1 130
Trade and other receivables	7	**4 085**	3 637
Current income tax assets		**49**	43
Cash and cash equivalents		**1 619**	2 099
Non-current assets held for sale	9	**106**	182
Total assets		**45 607**	33 700
Equity			
Ordinary shareholders' equity		**9 999**	6 862
Non-controlling interests		**9 097**	5 607
Total equity		**19 096**	12 469
Liabilities			
Insurance contracts		**574**	493
Financial liabilities under investment contracts	6	**14 223**	12 693
Borrowings		**4 756**	3 266
Other financial liabilities	5.2	**2 194**	475
Deferred income tax liabilities		**631**	347
Trade and other payables and employee benefit liabilities	7	**4 078**	3 919
Current income tax liabilities		**55**	38
Total liabilities		**26 511**	21 231
Total equity and liabilities		**45 607**	33 700
Net asset value per share (rand)		**49,39**	37,51
Net tangible asset value per share (rand)		**36,32**	26,06

SUMMARISED GROUP INCOME STATEMENT

for the year ended 28 February 2015

	Notes	2015 Rm	2014 Restated Rm
Revenue from sale of goods		**10 981**	7 535
Cost of goods sold		**(9 532)**	(6 755)
Gross profit from sale of goods		**1 449**	780
Income			
Changes in fair value of biological assets		**144**	134
Investment income	6	**764**	509
Fair value gains and losses	6	**1 400**	1 454
Fair value adjustment to investment contract liabilities	6	**(1 483)**	(1 343)
Commission, insurance and other fee income		**4 309**	3 540
Other operating income		**95**	107
		5 229	4 401
Expenses			
Insurance claims and loss adjustments, net of recoveries		**(424)**	(353)
Marketing, administration and other expenses		**(4 778)**	(3 657)
		(5 202)	(4 010)
Income from associates and joint ventures			
Share of profits of associates and joint ventures		**1 448**	943
Loss on impairment of associates and joint ventures		**(4)**	(24)
		1 444	919
Profit before finance costs and taxation		**2 920**	2 090
Finance costs		**(337)**	(263)
Profit before taxation		**2 583**	1 827
Taxation		**(392)**	(295)
Profit for the year		**2 191**	1 532
Attributable to:			
Owners of the parent		**1 560**	1 059
Non-controlling interests		**631**	473
		2 191	1 532

SUMMARISED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2015

	2015 Rm	2014 Restated Rm
Profit for the year	**2 191**	1 532
Other comprehensive (loss)/income for the year, net of taxation	**(79)**	153
Items that may be subsequently reclassified to profit or loss		
Currency translation adjustments	**(18)**	162
Reclassification of currency translation adjustments	**(1)**	
Cash flow hedges	**(8)**	(16)
Reclassification of cash flow hedges	**25**	
Share of other comprehensive (loss)/income and equity movements of associates	**(59)**	62
Reclassification of share of associates' other comprehensive income and equity movements upon disposal		(56)
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit obligations	**(18)**	1
Total comprehensive income for the year	**2 112**	1 685
Attributable to:		
Owners of the parent	**1 496**	1 121
Non-controlling interests	**616**	564
	2 112	1 685

SUMMARISED GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2015

	Notes	2015 Rm	2014 Restated Rm
Ordinary shareholders' equity at beginning of the year		**6 862**	5 990
Total comprehensive income		**1 496**	1 121
Issue of shares		**2 881**	
Share buy-back		**(1 140)**	(33)
Share-based payment costs – employees		**46**	26
Net movement in treasury shares		**138**	(42)
Transactions with non-controlling interests		**(11)**	22
Dividends paid		**(273)**	(222)
Ordinary shareholders' equity at end of the year		**9 999**	6 862
Non-controlling interests at beginning of the year		**5 607**	4 160
Total comprehensive income		**616**	564
Issue of shares		**2 852**	737
Share-based payment costs – employees		**15**	9
Acquisition of subsidiaries	5.1	**346**	366
Transactions with non-controlling interests		**(105)**	(35)
Dividends paid		**(234)**	(194)
Non-controlling interests at end of the year		**9 097**	5 607
Total equity		**19 096**	12 469
Dividend per share (cents)			
– interim		**55,0**	43,0
– final		**145,0**	90,0
		200,0	133,0

SUMMARISED GROUP STATEMENT OF CASH FLOWS

for the year ended 28 February 2015

	Notes	2015 Rm	2014 Restated Rm
Net cash flow from operating activities			
Cash generated from operations	4	**661**	794
Interest income		**596**	392
Dividend income		**530**	363
Finance costs		**(327)**	(266)
Taxation paid		**(384)**	(262)
Net cash flow from operating activities before cash movement in policyholder funds		**1 076**	1 021
Cash movement in policyholder funds		**(24)**	(14)
Net cash flow from operating activities		**1 052**	1 007
Net cash flow from investing activities		**(3 502)**	(1 236)
Net cash flow from subsidiaries acquired	5.1	**(584)**	(216)
Net cash flow from consolidation of mutual fund	5.2	**(1 175)**	
Acquisition of ordinary shares in associates		**(350)**	(439)
Proceeds from disposal of ordinary shares in associates		**20**	123
Acquisition of property, plant and equipment		**(1 425)**	(1 082)
Other investing activities		**12**	378
Net cash flow from financing activities		**1 669**	(165)
Dividends paid to group shareholders		**(273)**	(222)
Dividends paid to non-controlling interests		**(234)**	(194)
Capital contributions by non-controlling interests		**293**	679
Net acquisition from non-controlling interests		**(508)**	48
Net borrowings drawn/(repaid)		**931**	(395)
Proceeds from disposal of holding company's treasury shares		**64**	13
Shares issued/(repurchased)		**1 396**	(94)
Net decrease in cash and cash equivalents		**(781)**	(394)
Exchange gains on cash and cash equivalents		**26**	47
Cash and cash equivalents at beginning of the year		**1 581**	1 928
Cash and cash equivalents at end of the year *		**826**	1 581
Cash and cash equivalents consist of:			
Cash and cash equivalents linked to investment contracts		**27**	51
Cash and cash equivalents attributable to equity holders		**1 619**	2 099
Cash and cash equivalents attributable to equity holders and included in non-current assets held for sale		**3**	
Bank overdrafts attributable to equity holders (included in borrowings)		**(823)**	(569)
		826	1 581

* *In addition to cash and cash equivalents presented as at the latest reporting date, the group holds R860m in highly liquid debt securities that form part of the group's resources for meeting short-term cash requirements.*

NOTES TO THE SUMMARISED GROUP FINANCIAL STATEMENTS

for the year ended 28 February 2015

1. Basis of presentation and accounting policies

These summarised group financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, including IAS 34 *Interim Financial Reporting*; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the requirements of the Companies Act; and the JSE Listings Requirements.

The accounting policies applied in the preparation of these summarised group financial statements are consistent in all material respects with those used in the prior year's annual financial statements, apart from the early adoption of the amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture: Bearer Plants*, which were applied retrospectively. Previously, bearer plant biological assets were measured at fair value less cost to sell with the adjustment being recognised in profit or loss. Following the amendments, bearer plants are measured at cost, less accumulated depreciation and impairment losses. Accordingly, bearer plants are measured similar to self-constructed items of property, plant and equipment.

The group also adopted the various other revisions to IFRS, which were effective for its financial year ended 28 February 2015. These revisions have not resulted in material changes to the group's reported results and disclosures in these summarised group financial statements.

In addition to the business combinations set out below, the group's results for the year under review included, inter alia, those of Capespan Group Ltd ("Capespan") and Klein Karoo Saad Bemarking (Pty) Ltd for the full year, while same were only consolidated for eight months and four months in the prior year, respectively.

2. PSG Financial Services Ltd

PSG Financial Services Ltd is a wholly-owned subsidiary of PSG Group Ltd, except for the 17 415 770 (2014: 17 415 770) perpetual preference shares which are listed on the JSE. These preference shares are included in non-controlling interests in the statement of financial position.

	2015 Rm	Change %	2014 Restated Rm
3. Reconciliation to headline earnings			
Profit for the year attributable to owners of the parent	**1 560**		1 059
Non-headline items	**14**		(47)
Gross amounts			
Impairment of investments in associates	**4**		25
Net profit on sale/dilution of investments in associates	**(11)**		(24)
Fair value gain on step-up from associate to subsidiary	**(45)**		(80)
Net loss on sale/impairment of intangible assets (including goodwill)	**38**		9
Non-headline items of associates	**44**		(17)
Reversal of impairment on property, plant and equipment	**(12)**		
Other	**(7)**		
Non-controlling interests	**6**		33
Taxation	**(3)**		7
Headline earnings	**1 574**		1 012
Earnings per share (cents)			
– recurring headline	**593,6**	*32,3*	448,8
– headline	**818,6**	*48,0*	553,2
– attributable/basic	**811,3**	*40,2*	578,5
– diluted headline	**807,4**	*47,2*	548,6
– diluted attributable/basic	**800,2**	*39,5*	573,8
Number of shares (million)			
– in issue	**220,4**		207,6
– in issue (net of treasury shares)	**202,4**		182,9
– weighted average	**192,3**		183,0
– diluted weighted average	**195,0**		184,5

	2015 Rm	2014 Restated Rm
4. Cash generated from operations		
Profit before taxation	**2 583**	1 827
Share of profits of associates and joint ventures	**(1 448)**	(943)
Depreciation and amortisation	**295**	209
Investment income	**(764)**	(507)
Finance costs	**337**	263
Working capital changes and other non-cash items	**(342)**	(55)
	661	794

5. Business combinations

5.1 Subsidiaries acquired

The group's most significant business combinations entered into during the year under review included:

Mpongwe Milling (2009) Ltd ("Mpongwe Milling")
During April 2014, the group, through Zeder, acquired the entire issued share capital of Mpongwe Milling, a maize and wheat mill operating in the Copperbelt province of Zambia, for a Zambian kwatcha denominated cash consideration equating to R308m. Mpongwe Milling complements the group's existing farming operations in Zambia and the acquisition provides the group with an opportunity to expand its product offering across the value chain. Goodwill arose in respect of, inter alia, synergies pertaining to the procurement and marketing functions of the mill and farming operations.

Waterstone College (Pty) Ltd ("Waterstone")
During June 2014, the group, through Curro, acquired the entire issued share capital of Waterstone, a private school in Gauteng, South Africa, for a cash consideration of R130m (of which R30m is deferred) and Curro shares to the value of R1m. Goodwill arose in respect of, inter alia, the employee corps and expected synergies.

SMC Brands SA (Pty) Ltd ("SMC Brands")
During September 2014, the group, through PSG Private Equity's subsidiary, CA Sales Holdings (Pty) Ltd ("CA Sales"), increased its interest in SMC Brands (previously an associate) from 49% to 100% for a cash consideration of R81m. SMC Brands is involved in the distribution of fast-moving consumer goods and complements the group's already existing investments in same. Goodwill arose in respect of, inter alia, the employee corps and expected synergies.

Pack 'n Stack Investment Holdings (Pty) Ltd ("Pack 'n Stack")
During June 2014, the group, through PSG Private Equity's subsidiary, CA Sales, increased its interest in Pack 'n Stack (previously an associate) from 30% to 50,2% for a cash consideration of R52m. Pack 'n Stack is involved in the distribution of fast moving consumer goods and complements the group's already existing investments in same. Goodwill arose in respect of, inter alia, the employee corps and expected synergies.

Ryla 21 (RF) (Pty) Ltd ("BEE investment holding company")
During January 2015, the group acquired a 49% interest in BEE investment holding company as part of the aforementioned Thembeka scheme of arrangement. Given the group's shareholding and preference share funding of R800m advanced to BEE investment holding company, the group is deemed to control and therefore needs to consolidate this entity. The remaining 51% shareholding is held by the Stellenbosch BEE Education Trust and all benefits derived from same will be utilised to fund gifted but needy black students' education.

5. **Business combinations** *(continued)*

5.1 Subsidiaries acquired *(continued)*

The amounts of identifiable net assets acquired, goodwill and non-controlling interests recognised from aforementioned business combinations can be summarised as follows:

	Mpongwe Milling Rm	Water-stone Rm	SMC Brands Rm	Pack 'n Stack Rm	Subtotal Rm
Identifiable net assets acquired	152	72	64	39	327
Goodwill recognised	155	59	94	112	420
Non-controlling interests recognised				(22)	(22)
	307	131	158	129	725
Derecognition of previously held associate and joint venture interests			(77)	(77)	(154)
Subsidiary shares issued		(1)			(1)
Deferred purchase consideration		(30)			(30)
Cash consideration	307	100	81	52	540
Cash consideration paid	(307)	(100)	(81)	(52)	(540)
Cash and cash equivalents acquired	14	11	22	22	69
Net cash outflow from subsidiaries acquired	(293)	(89)	(59)	(30)	(471)

	Subtotal Rm	BEE invest-ment holding company Rm	Other Rm	Total Rm
Identifiable net assets acquired	327	575	102	1 004
Goodwill recognised	420		101	521
Non-controlling interests recognised	(22)	(293)	(31)	(346)
	725	282	172	1 179
Derecognition of previously held associate and joint venture interests	(154)		(60)	(214)
Subsidiary and holding company shares issued	(1)	(282)		(283)
Deferred purchase consideration	(30)			(30)
Cash consideration	540	–	112	652
Cash consideration paid	(540)		(112)	(652)
Cash and cash equivalents acquired	69		(1)	68
Net cash outflow from subsidiaries acquired	(471)	–	(113)	(584)

5. **Business combinations** *(continued)*

5.1 Subsidiaries acquired *(continued)*

Transaction costs relating to aforementioned business combinations were insignificant and expensed in the income statement.

The aforementioned business combinations do not contain any contingent consideration or indemnification asset arrangements.

Had the aforementioned entities been consolidated with effect from 1 March 2014 instead of their respective acquisition dates, the consolidated income statement would have reflected additional revenue from sale of goods and income of R1,4bn and profit after tax of R131m.

5.2 Consolidation of mutual fund

PSG Money Market Fund ("PSGMMF")

During June 2014, the group further invested excess cash in the PSGMMF following the bookbuild capital raising set out in note 8 below. In light of the larger interest held by the group in PSGMMF and PSG Konsult managing the fund, the group commenced consolidation of the PSGMMF. The PSGMMF invests in various money market instruments with an average maturity of 90 days or less. Money market instruments issued by Absa, FirstRand, Nedbank, Standard Bank and the South African government comprised approximately 80% of funds under management at the reporting date.

The amounts of identifiable net assets acquired and third-party liabilities arising on consolidation of the mutual fund recognised can be summarised as follows:

	Mutual fund Rm
Identifiable net assets acquired	**3 034**
Third-party liabilities arising on consolidation of mutual fund	**(1 545)**
Cash consideration	**1 489**
Cash consideration paid	**(1 489)**
Cash and cash equivalents acquired	**314**
Net cash outflow from consolidation of mutual fund	**(1 175)**

The increase in other financial assets and liabilities as per the statement of financial position are mainly as a result of the consolidation of aforementioned mutual fund.

6. **Linked investment contracts**

These represent PSG Life Ltd, a subsidiary of PSG Konsult, clients' assets held under investment contracts, which are linked to a corresponding liability. Accordingly, the value of policy benefits payable is directly linked to the fair value of the supporting assets and therefore the group is not exposed to the financial risks associated with these assets and liabilities. The impact on the income statement from the returns on investment contract policy holder assets and liabilities, as well as the investment income earned by the ordinary shareholders of the group, were as follows:

28 February 2015	Investment contract policy-holders Rm	Equity holders Rm	Total Rm
Investment income	**302**	**462**	**764**
Fair value gains and losses	**1 184**	**216**	**1 400**
Fair value adjustment to investment contract liabilities	**(1 483)**		**(1 483)**
	3	**678**	**681**
28 February 2014			
Investment income	264	245	509
Fair value gains and losses	1 088	366	1 454
Fair value adjustment to investment contract liabilities	(1 343)		(1 343)
	9	611	620

7. **Trade and other receivables and payables**

Included under trade and other receivables are PSG Online, a subsidiary of PSG Konsult, broker and clearing accounts of which R1,9bn (2014: R1,9bn) represents amounts owing by the JSE Ltd for trades conducted during the last few days before year-end. These balances fluctuate on a daily basis depending on the activity in the markets.

The control account for the settlement of these transactions is included under trade and other payables, with the settlement to clients taking place within three days after the transaction date.

8. **Corporate actions**

Apart from the transactions set out in note 5, the group's most significant corporate actions included the following:

- The group raised R1,275bn in cash through the issue of ordinary shares, of which R920m was by means of a bookbuild and R355m through private placements.
- The group's scheme of arrangement with Thembeka Capital (RF) Ltd ("Thembeka"), amounting to R1,5bn, was concluded in terms of which significant value was unlocked for Thembeka shareholders. Following the scheme of arrangement, the group holds a 49% interest in a new BEE investment holding company and the group's interest in Capitec and Curro increased to 30,7% and 58,5%, respectively.
- The group, through Zeder, increased its direct interest in Pioneer Food Group Ltd ("Pioneer Foods") to 27,3% through the issue of Zeder shares in a scheme of arrangement valued in excess of R2,5bn.
- Following the aforementioned Zeder share issue, the group's interest in Zeder diluted to 29,1%. The group subsequently increased its shareholding to 33,8% for a cash consideration of R447m.
- The group invested R356m cash in Curro, mainly in support of its rights issue to fund further expansion.

8. **Corporate actions** *(continued)*

The increase in investment in ordinary shares of associates and joint ventures as per the statement of financial position is mainly as a result of the group's aforementioned increased interest in Pioneer Foods and the Thembeka scheme of arrangement.

9. **Non-current assets held for sale**

The non-current assets held for sale at the reporting date mainly comprised PSG Private Equity's interest in GRW Holdings (Pty) Ltd (an associate), and Zeder's interest, through Capespan, in Addo Cold Storage (Pty) Ltd (a subsidiary). The prior year non-current assets held for sale mainly comprised JSE-listed Capevin Holdings Ltd shares, which was subsequently disposed of by Zeder.

10. **Financial instruments**

10.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, and price risk), credit risk and liquidity risk.

These summarised group financial statements do not include all financial risk management information and disclosures set out in the annual financial statements, and therefore they should be read in conjunction with the group's annual financial statements for the year ended 28 February 2015. Risk management continues to be carried out by each major entity within the group under policies approved by the respective boards of directors.

10.2 Fair value estimation

The group, through PSG Life Ltd, issues linked investment contracts where the value of the policy benefits (i.e. liability) is directly linked to the fair value of the supporting assets, and as such does not expose the group to the market risk relating to fair value movements.

The information below analyses financial assets and liabilities, which are carried at fair value, by level of hierarchy as required by IFRS 13. The different levels in the hierarchy are defined below:

Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

Level 2

Financial instruments that trade in markets that are not considered to be active but are valued (using valuation techniques) based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include over-the-counter traded derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. If all significant inputs in determining an instrument's fair value are observable, the instrument is included in level 2.

Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Investments classified within level 3 have significant unobservable inputs, as they trade infrequently.

10. **Financial instruments** *(continued)*

10.2 Fair value estimation *(continued)*

The carrying value of financial assets and liabilities carried at amortised cost approximates their fair value, while those measured at fair value in the statement of financial position can be summarised as follows:

28 February 2015	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Assets				
Derivative financial assets		**78**		**78**
Equity securities	**1 025**	**1 305**	**82**	**2 412**
Debt securities	**477**	**154**		**631**
Unit-linked investments		**11 333**	**1 117**	**12 450**
Investment in investment contracts		**226**	**1**	**227**
Closing carrying value	**1 502**	**13 096**	**1 200**	**15 798**
Liabilities				
Derivative financial liabilities		**69**	**64**	**133**
Investment contracts		**12 283**	**1 107**	**13 390**
Trade and other payables			**13**	**13**
Third-party liabilities arising on consolidation of mutual funds		**2 057**		**2 057**
Closing carrying value	**–**	**14 409**	**1 184**	**15 593**
28 February 2014				
Assets				
Derivative financial assets	1	29		30
Equity securities	768	1	43	812
Debt securities	33	805	237	1 075
Unit-linked investments		8 058	2 251	10 309
Investment in investment contracts		260	1	261
Non-current assets held for sale	177			177
Closing carrying value	979	9 153	2 532	12 664
Liabilities				
Derivative financial liabilities	15	39	46	100
Investment contracts		9 057	2 488	11 545
Trade and other payables			11	11
Third-party liabilities arising on consolidation of mutual funds		372		372
Closing carrying value	15	9 468	2 545	12 028

10. **Financial instruments** *(continued)*

10.2 Fair value estimation *(continued)*

The following table presents changes in level 3 financial instruments during the respective years:

	2015		2014	
	Assets Rm	**Liabilities Rm**	Assets Rm	Liabilities Rm
Opening carrying value	**2 532**	**2 545**	2 271	2 319
Additions	**3 337**	**3 304**	1 602	1 563
Disposals	**(4 764)**	**(4 763)**	(1 506)	(1 504)
Fair value adjustments	**95**	**96**	165	167
Other movements		**2**		
Closing carrying value	**1 200**	**1 184**	2 532	2 545

Unit-linked investments and debt securities represent the largest portion of the level 3 financial assets and relate to units and debentures held in hedge funds that are priced monthly. The prices are obtained from the asset managers of the particular hedge funds. These are held to match investment contract liabilities, and as such any change in measurement would result in a similar adjustment to investment contract liabilities.

Derivative financial assets, equity securities, debt securities and unit-linked investments are all included in "other financial assets" in the statement of financial position, while derivative financial liabilities and third-party liabilities arising on consolidation of mutual funds are included in "other financial liabilities".

There have been no significant transfers between levels 1, 2 or 3 during the year under review, nor were there any significant changes to the valuation techniques and inputs used to determine fair values. Valuation techniques and main inputs used to determine fair value for financial instruments classified as level 2 can be summarised as follows:

Instrument	**Valuation technique**	**Main inputs**
Derivative financial assets and liabilities	Exit price on recognised over-the-counter platforms	Not applicable
Debt securities	Valuation model that uses the market inputs (yield of benchmark bonds)	Bond interest rate curves Issuer credit ratings Liquidity spreads
Unit-linked investments	Quoted put (exit) price provided by the fund manager	Not applicable – prices available publicly
Investment in investment contracts	Prices are obtained from the insurer of the particular investment contract	Not applicable – prices provided by registered long-term insurers
Investment contracts	Current unit price of underlying unitised financial asset that is linked to the liability, multiplied by the number of units held	Not applicable
Third-party liabilities arising on consolidation of mutual funds	Quoted put (exit) price provided by the fund manager	Not applicable – prices available publicly

11. Capital commitments and contingencies

For the 2015 calendar year, Curro plans to invest approximately R600m in the expansion of existing campuses, develop three new Curro schools, develop a new site for the Meridian Pretoria school and expand the Cosmo City campus, develop three new Curro Castles in the Johannesburg area, invest R250m in land banking of various key sites and investigate potential acquisitions. As previously mentioned, Curro is currently in the process of a R740m capital raising by means of a rights offer to fund its expansion plans. PSG has underwritten same.

Capespan, being a subsidiary of Zeder, has approved investments of more than R500m in property, plant and equipment, which included the following acquisitions subsequent to the reporting date:

- Novo Packhouse's coldstores, packhouse and equipment for a cash consideration of R100m; and
- Theewaterskloof's business operations (being a pome fruit farm), moveable equipment, farm land and biological assets for a cash consideration of R140m.

Subsequent to the reporting date, Zeder announced its firm intention to acquire the remaining 25% shareholding in Capespan, held by minority shareholders other than management, by means of a scheme of arrangement. In terms of the scheme of arrangement, Zeder will issue 85 ordinary shares for every 100 Capespan ordinary shares acquired.

12. Restatement of prior year figures

The prior year figures of Capespan, a subsidiary of the group through Zeder, have been restated to account for the following:

Restatement 1: Agriculture: Bearer plants
Management adopted the retrospective amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture: Bearer Plants* on the basis set out in note 1 above.

Restatement 2: Accounting for the sales and cost of sales of product sold
Management reassessed an existing management agreement, which was accounted for as management fee income, but concluded it to rather fall within IFRIC 4 *Determining whether an Arrangement contains a Lease* and therefore applied IAS 17 *Leases* retrospectively. This resulted in Capespan now accounting for this agreement and the related farming operations as principal.

Restatement 3: Reclassification of production costs
Certain production costs were reallocated from other expenses to cost of sales to correctly disclose the nature thereof. This restatement had no impact on previously reported profit.

12. Restatement of prior year figures *(continued)*

The effect of these restatements on the group's results are as follows:

	Previously reported Rm	Now reported Rm	Change Rm
Income statement for the year ended 28 February 2014			
Revenue from sale of goods	7 569	7 535	(34)
Cost of goods sold	(6 685)	(6 755)	(70)
Changes in fair value of biological assets	91	134	43
Investment income	507	509	2
Other operating income	99	107	8
Marketing, administration and other expenses	(3 738)	(3 657)	81
Taxation	(289)	(295)	(6)
Profit for the year			24
Attributable to:			
Owners of the parent	1 052	1 059	7
Non-controlling interests	456	473	17
			24
Earnings per share for the year ended 28 February 2014			
Recurring headline	446,9	448,8	1,9
Headline	551,3	553,2	1,9
Attributable/basic	574,9	578,5	3,6
Statement of financial position at 28 February 2014			
Other financial assets	1 536	1 534	(2)
Inventory	914	1 130	216
Trade and other receivables	3 719	3 637	(82)
Ordinary shareholders' equity	6 855	6 862	(7)
Non-controlling interests	5 592	5 607	(15)
Deferred income tax liabilities	332	347	(15)
Trade and other payables and employee benefit liabilities	3 824	3 919	(95)
			–

Capespan, to which all of the aforementioned restatements relate, only became a subsidiary of the group during the prior year and therefore no amendments were required to the amounts reported in respect of earlier years.

13. Segment report

The group's classification into seven reportable segments, namely: Capitec, Curro, PSG Konsult, Zeder, PSG Private Equity, BEE investment holding company (previously Thembeka) and PSG Corporate, remains unchanged. These segments represent the major investments of the group. The services offered by PSG Konsult consist of financial advice, stockbroking, fund management and insurance, while Curro offers private education services. The other segments offer financing, banking, investing and advisory services. All segments operate predominantly in the Republic of South Africa. However, the group has exposure to offshore operations through Zeder's investments in Capespan, Zaad Holdings Ltd and Agrivision Africa, and PSG Private Equity's investments in CA Sales and Entrepo.

Intersegment income represents income derived from other segments within the group which is recorded at the fair value of the consideration received or receivable for services rendered in the ordinary course of the group's activities. Intersegment income mainly comprises intergroup management fees charged in terms of the respective management agreements.

Headline earnings comprise recurring and non-recurring headline earnings. Recurring headline earnings are calculated on a proportional basis and include the proportional headline earnings of underlying investments, excluding marked-to-market adjustments and one-off items. The result is that investments, in which the group holds less than 20% and which are generally not equity accountable in terms of accounting standards, are equity accounted for the purpose of calculating the consolidated recurring headline earnings. Non-recurring headline earnings include one-off gains and losses and marked-to-market fluctuations, as well as the resulting taxation charge on these items. Sum-of-the-parts ("SOTP") is a key valuation tool used to measure PSG's performance. In determining SOTP, listed assets and liabilities are valued using quoted market prices, whereas unlisted assets and liabilities are valued using appropriate valuation methods. These values will not necessarily correspond with the values per the statement of financial position since the latter are measured using the relevant accounting standards which include historical cost and the equity method of accounting.

13. Segment report *(continued)*

The chief operating decision-maker (the PSG Group Executive Committee) evaluates the following information to assess the segments' performance:

Year ended 28 February 2015	Income [2] Rm	Inter-segment Income [2] Rm	Recurring headline earnings (segment profit) Rm	Non-recurring headline earnings Rm	Headline earnings Rm	Sum-of-the-parts value [3] Rm
Capitec [1]			729		729	14 549
Curro	1 013		31		31	6 236
PSG Konsult	2 939		214	(1)	213	5 710
Zeder	8 993		152	(52)	100	3 712
PSG Private Equity	2 919		59	(9)	50	1 246
BEE investment holding company (previously Thembeka)	242		45	432	477	603
PSG Corporate (including PSG Capital)	331	(260)	90	87	177	3 190
Reconciling items						
Funding	65	(32)	(163)	(25)	(188)	(2 090)
Other			(15)		(15)	239
Total	16 502	(292)	1 142	432	1 574	33 395
Non-headline					(14)	
Earnings attributable to non-controlling interests					631	
Taxation					392	
Profit before taxation					2 583	

13. Segment report *(continued)*

Year ended 28 February 2014	Income [2] Rm	Inter-segment Income [2] Rm	Recurring headline earnings (segment profit) Rm	Non-recurring headline earnings Rm	Headline earnings Rm	Sum-of-the-parts value [3] Rm
Capitec [1]			571		571	5 989
Curro	663		21		21	4 660
PSG Konsult	2 489		163	(4)	159	4 004
Zeder [4]	6 395		128	(17)	111	1 698
PSG Private Equity	2 189		51	6	57	949
Thembeka [1]			23	100	123	1 243
PSG Corporate (including PSG Capital)	301	(124)	48	52	100	1 371
Reconciling items						
Funding	42	(19)	(181)	54	(127)	(2 008)
Other			(3)		(3)	133
Total	**12 079**	**(143)**	**821**	**191**	**1 012**	**18 039**
Non-headline [4]					47	
Earnings attributable to non-controlling interests					473	
Taxation					295	
Profit before taxation					**1 827**	

[1] *Equity method of accounting applied.*

[2] *The total of "income" and "intersegment income" comprises the total of "revenue from sale of goods" and "income" per the income statement.*

[3] *SOTP is a key valuation tool used to measure the group's performance, but does not necessarily correspond to net asset value.*

[4] *Restated as set out in note 12.*

13. Segment report *(continued)*

	2015 Rm	2014 Restated Rm
Reconciliation of segment revenue to IFRS revenue:		
Segment revenue as stated above:		
Income	**16 502**	12 079
Inter-segment income	**(292)**	(143)
Less:		
Changes in fair value of biological assets	**(144)**	(134)
Fair value gains and losses	**(1 400)**	(1 454)
Fair value adjustment to investment contract liabilities	**1 483**	1 343
Other operating income	**(95)**	(107)
IFRS revenue	**16 054**	11 584
Non-recurring headline earnings comprised the following:		
Non-recurring items from investments	**370**	85
Net fair value gains on liquid investment portfolio	**2**	10
Other gains	**60**	96
	432	191

	Shareholders		Shares held	
	Number	%	Number	%
14. Ordinary shareholder analysis				
Range of shareholding				
1 – 500	7 481	49,4	1 709 591	0,8
501 – 1 000	2 783	18,4	2 146 494	1,0
1 001 – 5 000	3 486	23,0	7 898 059	3,9
5 001 – 10 000	644	4,3	4 664 557	2,3
10 001 – 50 000	525	3,5	11 051 872	5,4
50 001 – 100 000	66	0,4	4 600 965	2,2
100 001 – 500 000	110	0,7	26 153 046	12,8
500 001 – 1 000 000	14	0,1	9 961 994	4,9
Over 1 000 000	25	0,2	136 341 563	66,7
	15 134	100,0	204 528 141	100,0
Treasury shares				
Employee share scheme	1		1 994 811	
Shares held by a subsidiary	1		13 908 770	
	15 136		220 431 722	
Public and non-public shareholding				
Non-public (directors) *	11	0,1	72 806 633	35,5
Public	15 123	99,9	131 721 508	64,5
	15 134	100,0	204 528 141	100,0
Individual shareholders (excluding directors) holding 5% or more of shares in issue (net of treasury shares) at 28 February 2015				
Public Investment Corporation (including Government Employees Pension Fund)			15 297 147	7,5
Steinhoff International Holdings Ltd and its subsidiaries			37 265 781	18,2
			52 562 928	25,7

* *Refer to the directors' report for further details of directors' holdings.*

Notice is hereby given of the annual general meeting of shareholders of PSG Group Ltd ("PSG Group" or "the company") to be held at Spier Wine Estate, Baden Powell Drive, Stellenbosch, on Friday, 19 June 2015, at 12:00 ("the AGM").

Purpose
The purpose of the AGM is to transact the business set out in the agenda below.

Agenda

- Presentation of the audited annual financial statements of the company, including the reports of the directors and the audit and risk committee for the year ended 28 February 2015. The annual report, of which this notice forms part, contains the summarised group financial statements and the aforementioned reports. The annual financial statements, including the unmodified audit opinion, are available on PSG Group's website at *www.psggroup.co.za*, or may be requested and obtained in person, at no charge, at the registered office of PSG Group during office hours.
- To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

  Note:
  For any of the ordinary resolutions numbers 1 to 8 to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 9 to be adopted, at least 75% of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.

1. Retirement and re-election of directors

1.1 Ordinary resolution number 1
"Resolved that Mr J de V du Toit, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr J de V (Jaap) du Toit
Jaap graduated with a BAcc degree from the University of Stellenbosch and qualified as both Chartered Accountant (SA) and Chartered Financial Analyst. He served as financial director, and later as portfolio manager, of the stockbroking firm SMK. Jaap is a founding director of PSG Group and currently also serves as non-executive director to various other companies, including Capespan and PSG Konsult.

1.2 Ordinary resolution number 2
"Resolved that Mr FJ Gouws, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr FJ (Francois) Gouws
Francois graduated with a BAcc degree from the University of Stellenbosch and qualified as Chartered Accountant (SA). He worked for SMK as an insurance and banks analyst, and became a partner of this firm in 1993. He joined UBS Investment Bank in 1995 and held various positions within this business. Alongside the Heads of Fixed Income, he was responsible for the UBS Securities Division until October 2011. He joined PSG Konsult in July 2012 and currently serves as chief executive officer of PSG Konsult.

1.3 Ordinary resolution number 3
"Resolved that Mr JJ Mouton, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr JJ (Jan) Mouton
Jan obtained an MPhil Finance degree from the University of Cambridge, holds BAcc (cum laude) and BAcc (Hons) degrees from the University of Stellenbosch, and qualified as Chartered Accountant (SA). He joined the PSG group in 2002 and is currently the manager of the PSG Flexible Fund.

1.4 Ordinary resolution number 4
"Resolved that Mr CA Otto, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr CA (Chris) Otto
Chris graduated with BCom and LLB degrees from the University of Stellenbosch. He is a founding director of PSG Group, Capitec and Zeder, and currently also serves as non-executive director to various other companies, including Capespan, Capevin Holdings, Distell and Kaap Agri.

The reason for ordinary resolutions numbers 1 to 4 (inclusive) is that the memorandum of incorporation of the company, the Listings Requirements of the JSE Ltd ("JSE") and, to the extent applicable, the South African Companies Act, 71 of 2008, as amended ("the Companies Act"), require that a component of the non-executive directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors.

2. Re-appointment of the members of the audit and risk committee of the company

Note:
For avoidance of doubt, all references to the audit and risk committee of the company is a reference to the audit committee as contemplated in the Companies Act.

2.1 Ordinary resolution number 5
"Resolved that Mr PE Burton, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

Summary curriculum vitae of Mr PE (Patrick) Burton
Patrick graduated with a BCom (Hons) Financial Management degree and post-graduate Diploma in Tax Law from the University of Cape Town. He is a founding director of Siphumelele Investments, a black economic empowerment company, and his experience as a director includes executive and non-executive positions in fishing, telecommunications, media and entertainment, technology and financial services. He currently also serves as non-executive director to various other companies, including PSG Konsult.

2.2 Ordinary resolution number 6
"Resolved that Mr J de V du Toit, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

A summary of Mr J de V du Toit's curriculum vitae has been included in paragraph 1.1 above.

2.3 Ordinary resolution number 7

"Resolved that Mr CA Otto, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next annual general meeting of the company."

A summary of Mr CA Otto's curriculum vitae has been included in paragraph 1.4 above.

The reason for ordinary resolutions numbers 5 to 7 (inclusive) is that the company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each annual general meeting of a company.

3. **Re-appointment of auditor**

Ordinary resolution number 8

"Resolved that PricewaterhouseCoopers Inc be and is hereby re-appointed as auditor of the company for the ensuing year on the recommendation of the audit and risk committee of the company."

The reason for ordinary resolution number 8 is that the company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the annual general meeting of the company as required by the Companies Act.

4. **General authority to issue ordinary shares for cash**

Ordinary resolution number 9

"Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue any of the company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the company's memorandum of incorporation, the Companies Act and the Listings Requirements of the JSE ("Listings Requirements"), provided that:

- the approval shall be valid until the date of the next annual general meeting of the company, provided it shall not extend beyond fifteen months from the date of this resolution;
- the general issues of shares for cash under this authority may not exceed, in the aggregate, 5% of the company's issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders, shares issued to the PSG Group Ltd Supplementary Share Incentive Trust ("the Trust") or options granted by the Trust in accordance with the Listings Requirements shall not diminish the number of ordinary shares that comprise the 5% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 5% of the company's issued ordinary share capital (net of treasury shares) amounts to 10 232 801 ordinary shares;
- in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30 business day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements and not to related parties;
- any such issue will only be comprised of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- in the event that the securities issued represent, on a cumulative basis, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on SENS."

For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions and/or to share incentive schemes (which schemes have been duly approved by the JSE and by the shareholders of the company)), it is necessary for the board of the company to obtain the prior authority of the shareholders in accordance with the Listings Requirements and the memorandum of incorporation of the company. Accordingly, the reason for ordinary resolution number 9 is to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements and the memorandum of incorporation of the company.

For this resolution to be adopted, at least 75% of the shareholders present in person or by proxy and entitled to vote on this resolution at the AGM must cast their vote in favour of this resolution.

- To consider and, if deemed fit, pass, with or without modification, the following special resolutions:

Note:
For the special resolutions to be adopted, at least 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

5. Remuneration of non-executive directors

Special resolution number 1

"Resolved, in terms of section 66(9) of the Companies Act, that the company be and is hereby authorised to remunerate its directors for their services as directors on the basis set out below and on any other basis as may be recommended by the remuneration committee and approved by the board of directors, provided that this authority will be valid until the next annual general meeting of the company:

	Proposed annual remuneration [1]				
		Committee member			
	Board member R	Audit R	Remuneration R	PSG BEE Trust R	Total R
PE Burton [2]	132 306	72 824	8 742	7 287	221 159
ZL Combi	132 306				132 306
J de V du Toit [3]	132 306	86 049			218 355
MM du Toit	132 306		8 742		141 048
FJ Gouws	132 306				132 306
MJ Jooste [4]	132 306		9 277		141 583
JF Mouton [5]	264 611				264 611
JJ Mouton	132 306				132 306
CA Otto	132 306	72 824	8 742		213 872
W Theron	132 306				132 306
Total	**1 455 365**	**231 697**	**35 503**	**7 287**	**1 729 852**

Notes:

1 *With effect from 1 March 2015*

2 *Chairman of the PSG BEE Trust*

3 *Chairman of the PSG Group Audit and Risk Committee*

4 *Chairman of the PSG Group Remuneration Committee*

5 *Chairman of the PSG Group board."*

The reason for special resolution number 1 is for the company to obtain the approval of shareholders by way of a special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

The effect of special resolution number 1 is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval until the next annual general meeting of the company.

6. **Inter-company financial assistance**

6.1 Special resolution number 2: Inter-company financial assistance

"Resolved, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the board of the company may deem fit to any company or corporation that is related or inter-related ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) to the company, on the terms and conditions and for amounts that the board of the company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

The reason for and effect of special resolution number 2 is to grant the directors of the company the authority, until the next annual general meeting of the company, to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the company. This means that the company is, inter alia, authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

6.2 Special resolution number 3: Financial assistance for the subscription and/or purchase of shares in the company or a related or inter-related company

"Resolved, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the board of the company may deem fit to any company or corporation that is related or inter-related to the company ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the company or any company or corporation that is related or inter-related to the company, on the terms and conditions and for amounts that the board of the company may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

The reason for and effect of special resolution number 3 is to grant the directors the authority, until the next annual general meeting of the company, to provide financial assistance to any company or corporation which is related or inter-related to the company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the company or any related or inter-related company or corporation. This means that the company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the company or its subsidiaries. A typical example of where the company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the company confirm that the board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the company, that immediately after providing any financial assistance as contemplated in special resolution numbers 2 and 3 above:

- the assets of the company (fairly valued) will equal or exceed the liabilities of the company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the company);
- the company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months;
- the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the company as contained in the company's memorandum of incorporation have been met.

7. **Share repurchases by the company and its subsidiaries**

Special resolution number 4: Share buy-back by PSG Group and its subsidiaries

"Resolved, as a special resolution, that the company and the subsidiaries of the company be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the memorandum of incorporation of the company, the Listings Requirements and the requirements of any other stock exchange on which the shares of the company may be quoted or listed, including, inter alia, that:

- the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;

- this general authority shall only be valid until the next annual general meeting of the company, provided that it shall not extend beyond fifteen months from the date of this resolution;
- an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the company's issued share capital at the time the authority is granted;
- a resolution has been passed by the board of directors approving the purchase, that the company has satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the company and its subsidiaries ("the Group");
- the general repurchase is authorised by the company's memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the company's securities have not traded in such five business day period;
- the company may at any point in time only appoint one agent to effect any repurchase(s) on the company's behalf; and
- the company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the Listings Requirements."

The reason for and effect of special resolution number 4 is to grant the directors a general authority in terms of its memorandum of incorporation and the Listings Requirements for the acquisition by the company or by a subsidiary of the company of shares issued by the company on the basis reflected in special resolution number 4. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, a pro rata repurchase by the company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

8. **Other business**

To transact such other business as may be transacted at an annual general meeting or raised by shareholders with or without advance notice to the company.

Information relating to the special resolutions

1. The directors of the company or its subsidiaries will only utilise the general authority to purchase shares of the company as set out in special resolution number 4 to the extent that the directors, after considering the maximum number of shares to be purchased, are of the opinion that the position of the Group would not be compromised as to the following:

- the Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this AGM and for a period of 12 months after the purchase;
- the consolidated assets of the Group will at the time of the AGM and at the time of making such determination be in excess of the consolidated liabilities of the Group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the Group;
- the ordinary capital and reserves of the Group after the purchase will remain adequate for the purpose of the business of the Group for a period of 12 months after the AGM and after the date of the share purchase; and
- the working capital available to the Group after the purchase will be sufficient for the Group's requirements for a period of 12 months after the date of the notice of the AGM.

General information in respect of major shareholders, material changes and the share capital of the company is contained in the annual report of which this notice forms part, as well as the full set of annual financial statements, being available on PSG Group's website at *www.psggroup.co.za* or which may be requested and obtained in person, at no charge, at the registered office of PSG Group during office hours.

2. The directors, whose names appear on page 15 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice of AGM contains all information required by the Listings Requirements.

3. Special resolutions numbers 2, 3 and 4 are renewals of resolutions taken at the previous annual general meeting held on 20 June 2014.

Voting

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the company ("the Share Register") for purposes of being entitled to receive this notice is Friday, 8 May 2015.

2. The date on which shareholders must be recorded in the Share Register for purposes of being entitled to attend and vote at this AGM is Friday, 12 June 2015, with the last day to trade being Friday, 5 June 2015.

3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly bring a copy of their identity document, passport or driver's licence to the AGM. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.

4. Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.

5. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the company at the address given below by not later than 12:00 on Wednesday, 17 June 2015.
6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person, will need to request their Central Securities Depository Participant ("CSDP") or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
7. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.
8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

By order of the board

PSG Corporate Services (Pty) Ltd
Company secretary

8 May 2015
Stellenbosch

PSG GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1970/008484/06)
JSE share code: PSG ISIN code: ZAE000013017
("PSG Group" or "the company")

FORM OF PROXY – FOR USE BY CERTIFICATED AND OWN-NAME DEMATERIALISED SHAREHOLDERS ONLY

For use at the annual general meeting of ordinary shareholders of the company to be held at 12:00 at Spier Wine Estate, on Friday, 19 June 2015 ("the AGM").

I/We (full name in print) ______________________________

of (address) ______________________________

being the registered holder of ______________________________ ordinary shares hereby appoint:

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. the chairman of the AGM,

as my proxy to vote for me/us at the AGM for purposes of considering and, if deemed fit, passing, with or without modification, the special resolutions and ordinary resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name(s) in accordance with the following instructions (see Notes):

		Number of shares		
		In favour of	Against	Abstain
1.1	Ordinary resolution number 1: To re-elect Mr J de V du Toit as director			
1.2	Ordinary resolution number 2: To re-elect Mr FJ Gouws as director			
1.3	Ordinary resolution number 3: To re-elect Mr JJ Mouton as director			
1.4	Ordinary resolution number 4: To re-elect Mr CA Otto as director			
2.1	Ordinary resolution number 5: To re-appoint Mr PE Burton as a member of the audit and risk committee			
2.2	Ordinary resolution number 6: To re-appoint Mr J de V du Toit as a member of the audit and risk committee			
2.3	Ordinary resolution number 7: To re-appoint Mr CA Otto as a member of the audit and risk committee			
3.	Ordinary resolution number 8: To re-appoint PricewaterhouseCoopers Inc as the auditor			
4.	Ordinary resolution number 9: General authority to issue ordinary shares for cash			
5.	Special resolution number 1: Remuneration of non-executive directors			
6.1	Special resolution number 2: Inter-company financial assistance			
6.2	Special resolution number 3: Financial assistance for acquisition of shares in a related or inter-related company			
7.	Special resolution number 4: Share buy-back by PSG Group and its subsidiaries			

Please indicate your voting instruction by way of inserting the number of shares or by a cross in the space provided.

Signed at ______________________ on this __________ day of ______________________ 2015.

Signature(s) ______________________________

Assisted by *(where applicable) (state capacity and full name)* ______________________________

Each PSG Group shareholder is entitled to appoint one or more proxy(ies) (who need not be a shareholder(s) of the company) to attend, speak and vote in his/her stead at the AGM.

Notes

1. A PSG Group shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the AGM". The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A PSG Group shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of the AGM, if he/she is the authorised proxy, to vote in favour of the resolutions at the AGM, or any other proxy to vote or to abstain from voting at the AGM as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the AGM in respect of such shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at any AGM, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder, in whose name any shares stand, shall be deemed joint holders thereof.
4. Forms of proxy must be completed and returned to be received by the transfer secretaries of the company, Computershare Investor Services (Pty) Ltd (PO Box 61051, Marshalltown, 2107), by not later than 12:00 on Wednesday, 17 June 2015.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the AGM.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

Summarised standalone financial statements

These summarised standalone financial statements comprise a summary of the audited standalone annual financial statements of PSG Financial Services Ltd for the year ended 28 February 2015.

The standalone annual financial statements, including these summarised standalone financial statements, were compiled under the supervision of the group financial director, Mr WL Greeff, CA(SA), and were audited by PSG Financial Services Ltd's external auditor, PricewaterhouseCoopers Inc.

The standalone annual financial statements, including the unmodified audit opinion, are available on PSG Group Ltd's website at *www.psggroup.co.za* or may be requested and obtained in person, at no charge, at the registered office of PSG Financial Services Ltd during office hours.

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 the 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"); the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the manner required by the Companies Act; and the JSE Listings Requirements, and incorporate full and reasonable disclosure. Appropriate and recognised accounting policies are consistently applied.

These summarised standalone financial statements were derived from the standalone annual financial statements and do not contain all the disclosures required by IFRS and the requirements of the Companies Act. Reading these summarised standalone financial statements, therefore, is not a substitute for reading the standalone annual financial statements of PSG Financial Services Ltd.

The company has not appointed an audit committee since the functions in terms of section 94 of the Companies Act, are performed on its behalf by the audit committee of its holding company, PSG Group Ltd. The audit committee of PSG Group Ltd has confirmed to the directors of the company that these functions have been performed without any exceptions noted in relation to the annual financial statements and that they are satisfied that the auditor was independent of the company.

The audit committee of PSG Group Ltd, the company's holding company, 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 PSG Group Ltd Audit Committee.

The annual 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 annual financial statements, including the summarised standalone financial statements set out on pages 83 to 91, were approved by the board of directors of PSG Financial Services Ltd and are signed on its behalf by:

JF Mouton
Chairman

PJ Mouton
Chief executive officer

WL Greeff
Financial director

DECLARATION BY THE COMPANY SECRETARY

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

PSG Corporate Services (Pty) Ltd
Per PJR de Wit
Company secretary

8 May 2015
Stellenbosch

DIRECTORS' REPORT

for the year ended 28 February 2015

Nature of business

PSG Financial Services Ltd, being an investment holding company, offers, through its various subsidiaries, associates and joint ventures, a broad range of goods and services. These goods and services mainly comprise financial services (financial advice, stockbroking, fund management, insurance, financing, banking, investing and advisory services), logistical services, agricultural goods and private education services. The various activities are set out in further detail in the review of operations section (page 18) of this annual report.

Operating results

The operating results and state of affairs of the company are set out in the attached summarised income statement and summarised statements of financial position, comprehensive income, changes in equity and notes thereto. The company's profit for the year amounted to R422m (2014: R391m).

Stated capital

The company issued a further 11 696 079 ordinary shares during the year under review. During the previous year, the company issued a further 3 996 291 preference shares. No other changes took place in the company's issued share capital.

Dividends

Ordinary

Dividends declared and paid during the current and prior year are set out in the statement of changes in equity.

Preference

The directors have declared the following dividends in respect of the cumulative, non-redeemable, non-participating preference shares:

Cents per share	2015	2014
Interim	**380,6**	357,1
Final	**382,2**	354,7
Total	**762,8**	711,8

Directors

The directors of the company are exactly the same as PSG Group Ltd's (which appear on page 15). There have not been any changes to the composition of the board since the date of the previous report.

Holding company

The company is a wholly-owned subsidiary of PSG Group Ltd, except for the 17 415 770 (2014: 17 415 770) preference shares which are listed on the JSE Ltd.

Shareholding of directors

The directors held no interest in the preference share capital of the company during the year under review, nor at any time up to the date of this report.

Secretary

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

REPORT OF THE INDEPENDENT AUDITOR

to the shareholders of PSG Financial Services Ltd

These summarised standalone financial statements, which comprise the summarised standalone statement of financial position as at 28 February 2015, and the summarised standalone statements of income, comprehensive income and changes in equity for the year then ended, and related notes, as set out on pages 85 to 91, are derived from the audited annual financial statements of PSG Financial Services Ltd for the year ended 28 February 2015. We expressed an unmodified audit opinion on those annual financial statements in our report dated 8 May 2015.

These summarised standalone financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act, as applicable to annual financial statements. Reading the summarised standalone financial statements, therefore, is not a substitute for reading the audited standalone annual financial statements of PSG Financial Services Ltd.

Directors' responsibility for the summarised financial statements

The directors are responsible for the preparation of a summarised version of the audited standalone annual financial statements in accordance with the requirements of section 8.57 of the JSE Listings Requirements, and the requirements of the Companies Act, as applicable to summarised financial statements, and for such internal controls as the directors determine is necessary to enable the preparation of summarised standalone financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the summarised standalone financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, these summarised standalone financial statements derived from the audited standalone annual financial statements of PSG Financial Services Ltd for the year ended 28 February 2015 are consistent, in all material respects, with those standalone annual financial statements, in accordance with the requirements of Section 8.57 of the JSE Listings Requirements, and the requirements of the Companies Act, as applicable to summarised financial statements.

Other reports required by the Companies Act

The "Other reports required by the Companies Act" paragraph in our audit report dated 8 May 2015 states that as part of our audit of the standalone annual financial statements for the year ended 28 February 2015, we have read the directors' report, the audit and risk committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited standalone annual financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the standalone annual financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised standalone financial statements or our opinion thereon.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc
Director: NH Döman
Registered auditor

8 May 2015
Stellenbosch

SUMMARISED STANDALONE STATEMENT OF FINANCIAL POSITION

at 28 February 2015

	Notes	2015 Rm	2014 Rm
Assets			
Investment in subsidiaries	2	**5 487**	3 163
Investment in associates	3	**1 484**	1 498
Equity securities	4	**1 903**	1 238
Deferred income tax		**10**	1
Loans and advances	5	**1 276**	534
Derivative financial instruments		**35**	8
Receivables		**23**	11
Income tax receivable			2
Total assets		**10 218**	6 455
Equity			
Stated capital			
Ordinary shares		**1 827**	342
Preference shares		**1 506**	1 506
Other reserves		**1 460**	919
Retained earnings		**1 022**	766
Total equity		**5 815**	3 533
Liabilities			
Borrowings	6	**3 956**	2 639
Derivative financial instruments		**35**	10
Deferred income tax		**345**	211
Trade and other payables		**67**	62
Total liabilities		**4 403**	2 922
Total equity and liabilities		**10 218**	6 455

SUMMARISED STANDALONE INCOME STATEMENT

for the year ended 28 February 2015

	Notes	2015 Rm	2014 Rm
Income			
Investment income	7	**437**	384
Gain on disposal of investment in associate		**5**	
Fair value gains on derivative financial instruments		**2**	75
Total income		**444**	459
Expenses			
Marketing, administration and other expenses *			
Total expenses		**–**	–
Profit before finance costs and taxation		**444**	459
Finance costs		**(22)**	(50)
Profit before taxation		**422**	409
Taxation	8		(18)
Profit for the year		**422**	391

* *Marketing, administration and other expenses are less than R1m.*

SUMMARISED STANDALONE STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2015

	Notes	2015 Rm	2014 Rm
Profit for the year		**422**	391
Other comprehensive income			
Fair value gains on equity securities		**665**	386
Taxation on fair value gains	8	**(124)**	(72)
Total comprehensive income for the year		**963**	705

SUMMARISED STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2015

	Stated capital				
	Ordinary shares Rm	**Preference shares Rm**	**Other reserves Rm**	**Retained earnings Rm**	**Total Rm**
Balance at 1 March 2013	342	1 207	605	525	2 679
Profit for the year				391	391
Other comprehensive income					
Fair value gains on equity securities			314		314
Transactions with owners	–	299	–	(150)	149
Issue of preference shares		299			299
Common control transaction			2		2
Transfer between reserves			(2)	2	–
Dividend – ordinary shares				(36)	(36)
Dividend – preference shares				(116)	(116)
Balance at 28 February 2014	342	1 506	919	766	3 533
Profit for the year				**422**	**422**
Other comprehensive income					
Fair value gains on equity securities			**541**		**541**
Transactions with owners	**1 485**	**–**	**–**	**(166)**	**1 319**
Issue of ordinary shares	**1 485**				**1 485**
Dividend – ordinary shares				**(33)**	**(33)**
Dividend – preference shares				**(133)**	**(133)**
Balance at 28 February 2015	**1 827**	**1 506**	**1 460**	**1 022**	**5 815**

NOTES TO THE SUMMARISED STANDALONE FINANCIAL STATEMENTS

for the year ended 28 February 2015

1. Basis of presentation and accounting policies

These summarised standalone financial statements, which should be read in conjunction with either PSG Group Ltd ("PSG") or PSG Financial Services Ltd's ("PSL") group annual financial statements, have been derived from the standalone annual financial statements of PSL, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"); the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the manner required by the Companies Act; and the JSE Listings Requirements. PSL has only presented summarised standalone financial statements in this annual report, as PSL is the only significant asset of PSG. The group annual financial statements of PSL are therefore very similar to those of PSG, a summarised version of which have been presented on pages 43 to 69.

The principal accounting policies applied in the preparation of these summarised standalone financial statements are similar to those of PSG, as set out in note 1 to PSG's summarised group financial statements. These policies have been consistently applied to all the years presented.

2. Investment in subsidiaries

	Interest held directly		Carrying value	
	2015	2014	**2015**	2014
Company	**%**	%	**Rm**	Rm
Curro Holdings Ltd	**57,1**	57,1	**1 206**	850
Ou Kollege Beleggings Ltd	**100,0**	100,0	**48**	48
PSG Africa Holdings (Pty) Ltd	**98,0**	98,0	**317**	317
PSG Capital (Pty) Ltd	**100,0**	100,0	**4**	4
PSG Channel Holdings Ltd	**100,0**	100,0	**13**	13
PSG Corporate Services (Pty) Ltd	**100,0**	100,0	**52**	52
PSG Konsult Ltd	**62,7**	64,7	**514**	514
PSG Private Equity (Pty) Ltd	**100,0**	100,0	**490**	628
Thembeka Capital (RF) Ltd [1]	**100,0**		**1 627**	
Zeder Investments Ltd [2]	**33,8**	42,4	**1 216**	737
			5 487	3 163

[1] *During the year under review, the company acquired the 49% interest previously held by PSG Private Equity (Pty) Ltd, a subsidiary, in Thembeka Capital (RF) Ltd. Furthermore, PSG Group Ltd, being the company's holding company, acquired the remaining 51% interest in Thembeka Capital (RF) Ltd by way of a scheme of arrangement, whereafter PSG Group Ltd disposed of such interest to the company in exchange for the issue of shares. Thembeka Capital (RF) Ltd holds interests in Curro Holdings Ltd and Capitec Bank Holdings Ltd (an associate) of 1,4% and 2,5%, respectively.*

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

The above subsidiaries are only those with a carrying value and are all 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.

3. Investment in associates

	Interest held directly		Carrying value	
	2015	2014	**2015**	2014
Company	**%**	%	**Rm**	Rm
Capitec Bank Holdings Ltd (JSE-listed)	**28,2**	28,3	**1 484**	1 484
Propell Group Holdings (Pty) Ltd (unlisted)		30,0		14
			1 484	1 498

Details of Capitec Bank Holdings Ltd's operations are disclosed in the front section of this annual report.

4. Equity securities

Equity securities consist of 13 908 770 (2014: 13 908 770) ordinary shares in PSG Group Ltd, the company's JSE-listed holding company, and are classified as available-for-sale.

5. Loans and advances

	2015	2014
Unsecured loans [1]	**812**	100
Unsecured loans to wholly-owned subsidiaries [2]	**111**	61
Preference share investments		
Subsidiary (2014: associate of a subsidiary) [3]	**247**	275
Associate [4]	**8**	8
Other [5]	**98**	90
	1 276	534
Current portion	**1 170**	162
Non-current portion	**106**	372

[1] *The loan receivable from a subsidiary at end February 2015 carried interest at prime plus 2% and was converted subsequently into preference share funding, being redeemable during March 2018. The loan receivable at end February 2014 carried interest at prime plus 2% and was collected during the year.*

[2] *These loans are interest-free with no fixed terms of repayment.*

[3] *These preference shares are unsecured, carry prime-linked dividend rates ranging between 9,7% and 11,3% (2014: ranging between 9,4% and 11%) and are redeemable during December 2015.*

[4] *These preference shares are unsecured, carry no dividend rate and are redeemable during November 2017.*

[5] *Preference shares with a carrying value of R65m (2014: R63m) are secured, carry a fixed dividend rate of 8,44% and are redeemable during May 2020. The counterparty to same is related to Mr FJ Gouws, a director of the company. The remaining preference shares are unsecured, carry a dividend rate of prime less 1% and are redeemable during September 2017.*

	2015 Rm	2014 Rm
6. Borrowings		
Current		
Unsecured loan from holding company [1]	**1 645**	1 786
Unsecured loans from wholly-owned subsidiaries [1]	**2 221**	853
Unsecured bank borrowings [2]	**90**	
	3 956	2 639

[1] *These loans are interest-free with no fixed terms of repayment.*
[2] *This loan carries interest at 7,5% and was repaid subsequent to the reporting date.*

	2015 Rm	2014 Rm
7. Investment income		
Interest income – loans and advances	**23**	24
Dividend income		
Preference dividend income	**44**	33
Equity securities classified as available-for-sale	**20**	17
Dividends from subsidiaries	**120**	112
Dividends from associates	**230**	198
	437	384

	2015 Rm	2014 Rm
8. Taxation		
Current taxation – prior year over provision		3
Deferred taxation – current year		(21)
	–	(18)

Components of other comprehensive income carried a tax charge of R124m (2014: R72m).

9. Non-cash transactions

The company does not have any cash and cash equivalents, and transactions are effected through intergroup loan accounts. Accordingly, no statement of cash flows has been presented. The most significant movements in assets and liabilities, relating to investing and financing activities, are summarised below:

	2015 Rm	2014 Rm
Investing activities		
Additional investment in subsidiaries	**(2 324)**	(364)
Proceeds on disposal of investment in associate	**19**	
Increase in loans and advances	**(712)**	(76)
Redemption of/(additional investment in) preference shares	**20**	(123)
Decrease in loans from holding company	**(141)**	(251)
Increase in loans from wholly-owned subsidiaries	**1 368**	286
Increase in bank borrowings	**90**	
(Increase)/decrease in loans to wholly-owned subsidiaries	**(50)**	228
	(1 730)	(300)
Financing activities		
Issue of ordinary shares	**1 485**	
Issue of preference shares		299
Decrease in borrowings		(247)
Dividend paid to ordinary shareholder	**(33)**	(36)
Dividend paid to preference shareholders	**(128)**	(101)
	1 324	(85)

10. Preference share analysis

Range of shareholding	**Shareholders Number**	**%**	**Shares held Number**	**%**
1 – 2 000	**1 829**	**65,5**	**1 503 342**	**8,6**
2 001 – 5 000	**517**	**18,5**	**1 661 490**	**9,5**
5 001 – 10 000	**201**	**7,2**	**1 494 728**	**8,6**
10 001 – 100 000	**220**	**7,9**	**5 442 499**	**31,3**
100 001 – 500 000	**19**	**0,7**	**3 627 129**	**20,8**
Over 500 001	**5**	**0,2**	**3 686 582**	**21,2**
Public shareholding	**2 791**	**100,0**	**17 415 770**	**100,0**

Apart from Allan Gray Stable Fund holding 1 054 763 (6,1%) of the company's issued preference shares, no other individual shareholder or fund held 5% or more of the issued preference shares as at 28 February 2015, nor were any shares held by non-public shareholders.

Notice is hereby given of the general meeting of preference shareholders of PSG Financial Services Ltd ("PSG Financial Services" or "the company") to be held in the boardroom, 1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, on Thursday, 18 June 2015, at 09:00 ("the general meeting").

Purpose

The purpose of the general meeting is to transact the business set out in the agenda below.

Agenda

1. To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

   Note:
   For the ordinary resolutions to be adopted, at least 75% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof, as required in terms of the memorandum of incorporation of the company and by the Listings Requirements of the JSE Ltd ("the JSE").

1.1 Ordinary resolution number 1: Unissued cumulative, non-redeemable, non-participating preference shares placed under the control of the directors

"Resolved that the unissued, cumulative, non-redeemable, non-participating preference shares in the company ("the preference shares") be and are hereby placed under the control of the directors until the next annual general meeting of the ordinary shareholder of the company or general meeting of preference shareholders of the company, whichever is the latest, and that the directors be and are hereby authorised to issue any such preference shares as they may deem fit provided that any preference shares issued pursuant to this authority shall rank *pari passu* with the existing issued preference shares, and such authority shall be limited to issuing such number of preference shares which, when taken together, do not exceed a cumulative clean subscription price of R300 million (i.e. the cumulative subscription payable for the preference shares less accrued dividends on such preference shares), subject to the South African Companies Act, 71 of 2008, as amended ("the Companies Act"), the memorandum of incorporation of the company, and the provisions of the Listings Requirements of the JSE ("Listings Requirements"), save that the aforementioned R300 million limitation shall not apply to any preference shares issued in terms of a rights offer."

The reason for ordinary resolution number 1 is that the board requires authority from the preference shareholders in terms of its memorandum of incorporation and in terms of the Listings Requirements to issue further listed preference shares from its existing unissued preference share capital. This general authority, once granted, allows the board from time to time, when it is appropriate to do so, to issue listed preference shares as may be required, inter alia, in terms of capital raising exercises and to maintain a healthy capital adequacy ratio. This general authority is subject to the restriction that it is limited to issuing such number of preference shares which, when taken together, do not exceed a cumulative clean subscription price of R300 million, that preference shares issued in terms thereof shall rank *pari passu* in all respects with the listed preference shares already in issue and that it shall be valid until the next annual general meeting of the ordinary shareholder of the company or general meeting of preference shareholders of the company, whichever is the latest.

1.2 Ordinary resolution number 2: General authority to issue preference shares for cash

"Resolved that, to the extent required by the Listings Requirements, if applicable, the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue any of the preference shares in the company, placed under their control, for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the company's memorandum of incorporation, the Companies Act and the Listings Requirements, to the extent applicable, including that:

- the approval shall be valid until the next annual general meeting of the ordinary shareholder of the company or general meeting of preference shareholders of the company, whichever is the latest, provided it shall not extend beyond fifteen months from the date of this resolution;
- the general issues of shares for cash, in the aggregate, under this authority, may not exceed 15% of the company's issued share capital (number of securities) of that class as at the date of this notice of general meeting, it being recorded that preference shares issued pursuant to a rights offer to preference shareholders shall not diminish the number of preference shares that comprise the 15% of the preference shares that can be issued in terms of this ordinary resolution. As at the date of this notice of general meeting, 15% of the issued listed preference shares of the company amounts to 2 612 366 preference shares;
- in determining the price at which an issue of preference shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30 business day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements and not to related parties;
- any such issue will only comprise securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- in the event that the securities issued represent, on a cumulative basis, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on SENS,

and it being resolved, for the avoidance of doubt, that the company shall not be required to comply with the provisions of the authority contained in this resolution should same not be required by the Listings Requirements."

For listed entities wishing to issue listed ordinary shares for cash, it is necessary for the board of the company to obtain the prior authority of ordinary shareholders in accordance with the Listings Requirements. It is not clear whether the JSE will apply this requirement to the issue of listed preference shares for cash. The reason for this resolution is that, in the interests of prudence and good corporate governance, the company is obtaining, to the extent required, the approval of its preference shareholders for general issues of preference shares for cash in the event that such authority is deemed to be a requirement in terms of the Listings Requirements. Should it transpire that such authority is not required, the company will naturally not be bound to adhere to the terms of the authority granted in terms of this resolution.

Voting

1. The date on which preference shareholders ("preference shareholders" or "shareholders") must be recorded as such in the preference share register maintained by the transfer secretaries of the company ("the share register") for purposes of being entitled to receive this notice is Friday, 8 May 2015.
2. The date on which shareholders must be recorded in the share register for purposes of being entitled to attend and vote at this meeting is Friday, 12 June 2015, with the last day to trade being Friday, 5 June 2015.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the general meeting and must accordingly bring a copy of their identity document, passport or driver's licence to the general meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.
4. Shareholders entitled to attend and vote at the general meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the general meeting. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the general meeting.
5. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the company at the address given below by not later than 09:00 on Monday, 15 June 2015.
6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the general meeting in person will need to request their Central Securities Depository Participant ("CSDP") or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
7. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the general meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.
8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

By order of the board

PSG Corporate Services (Pty) Ltd
Company secretary

8 May 2015
Stellenbosch

PSG Financial Services Limited

(Incorporated in the Republic of South Africa)
(Registration number 1919/000478/06)
(a wholly-owned subsidiary of PSG Group Ltd)
JSE share code: PGFP ISIN code: ZAE000096079
("PSL" or "the company")

FORM OF PROXY – FOR USE BY CERTIFICATED AND OWN-NAME DEMATERIALISED SHAREHOLDERS ONLY

For use at the general meeting of preference shareholders of the company to be held on Thursday, 18 June 2015, at 09:00 in the boardroom, 1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch ("the general meeting").

I/We (full name in print) ______________________________

of (address) ______________________________

being the registered holder of ______________________________ preference shares hereby appoint:

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. the chairman of the general meeting,

as my proxy to vote for me/us at the general meeting for purposes of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the preference shares registered in my/our name(s) in accordance with the following instructions (see Notes):

		Number of preference shares		
		In favour of	Against	Abstain
1.1	Ordinary resolution number 1: Unissued preference shares placed under control of the directors			
1.2	Ordinary resolution number 2: General authority to issue preference shares for cash			

Please indicate your voting instruction by way of inserting the number of preference shares or by a cross in the space provided.

Signed at ______________________________ on this __________ day of ____________________ 2015.

Signature(s) ______________________________

Assisted by *(where applicable) (state capacity and full name)* ______________________________

Each PSL preference shareholder is entitled to appoint one or more proxy(ies) (who need not be a preference shareholder(s) of the company) to attend, speak and vote in his/her stead at the general meeting.

Notes

1. A PSL preference shareholder ("shareholder" or "PSG Financial Services shareholder") may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the general meeting". The person whose name appears first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A PSG Financial Services shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of preference shares to be voted on behalf of that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of the general meeting, if he/she is the authorised proxy, to vote in favour of the resolutions at the general meeting, or any other proxy to vote or to abstain from voting at the general meeting as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.
3. When there are joint registered holders of any preference shares, any one of such persons may vote at the meeting in respect of such preference shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at any meeting, that one of the said persons whose name stands first in the register in respect of such preference shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder, in whose name any preference shares stand, shall be deemed joint holders thereof.
4. Forms of proxy must be completed and returned to be received by the transfer secretaries of the company, Computershare Investor Services (Pty) Ltd (PO Box 61051, Marshalltown, 2107), by not later than 09:00 on Monday, 15 June 2015.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the general meeting.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

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 secretary
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 advisor and sponsor
PSG Capital

Broker
PSG Online

Auditor
PricewaterhouseCoopers Inc

Principal banker
FirstRand Ltd

Website address
www.psggroup.co.za

SHAREHOLDERS' DIARY

	2015
Financial year-end	28 February
Profit announcement	15 April
Annual general meetings	
– PSG Financial Services Ltd	18 June
– PSG Group Ltd	19 June
General meeting of PSG Financial Services Ltd preference shareholders	18 June
Interim report for the six months ending 31 August 2015	12 October

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