2014

PSG GROUP LIMITED

ANNUAL REPORT

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

Contents

Sum-of-the-parts value per share

+31%

year on year

Recurring headline earnings per share

+14%

to 446,9 cents

Dividend per share

+20%

to 133 cents

Dear shareholder

It is now twenty years since South Africa became a democracy in 1994. The transition to a fully democratic state contributed positively to the lives of many of its citizens. Real GDP per capita has increased by approximately 40%, despite two global financial crises. Living standards have also improved, with the percentage of people in the LSM 5-10 range increasing from 48% in 2001 to in excess of 75% at present. And while our country continues to face challenges such as corruption and poor service delivery, we can still say that we live in a land of opportunity.

PSG Group Ltd ("PSG") is a "new" South Africa company, having been established in November 1995. We have over the years contributed positively to the lives of our shareholders and to society in general, and have always done so with honesty and integrity. It is my pleasure to report on another year of good performance across our investment portfolio, and to share with you some of our philosophies.

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 R20bn, while we have influence over companies with a combined market capitalisation of around R74bn.

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

- Capitec (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);
- Thembeka Capital (BEE investment holding company); and
- PSG Corporate (investment management and treasury services), including PSG Capital (corporate finance).

While we are a corporate enterprise, 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. We are fortunate that a significant portion of our shareholder base has been loyal PSG supporters for many years. We all have a common goal – to increase shareholder wealth over time.

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.

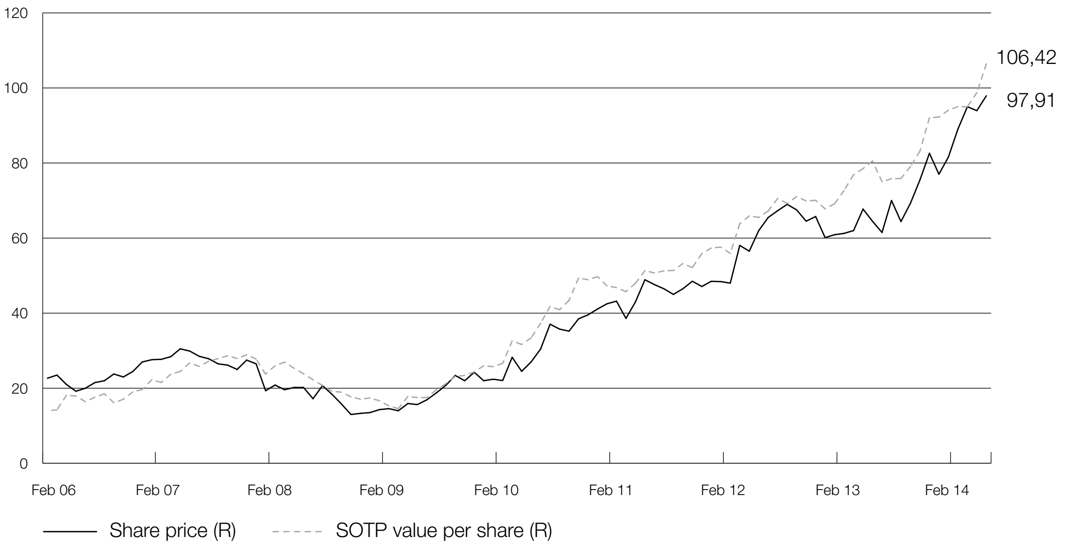
When evaluating PSG's performance over the *long term*, one should focus on the *total return index ("TRI")* as measurement tool. The *TRI* is the *compound annual growth rate ("CAGR")* of an investment, and is calculated by taking cognisance of share price appreciation, dividend and other distributions. This is a sound measure of wealth creation and a reliable means of benchmarking different companies. PSG's *TRI* as at 28 February 2014 was 50% per annum over the 18-year period since its establishment. This means that had you purchased R100 000 worth of PSG shares in November 1995, reinvested all your dividends and held onto the Capitec shares unbundled in 2003, your investment would be worth R169m today. The same investment in the JSE All Share Index over this period would be worth R1,5m today. We are proud of this achievement.

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.

TRI Table

	Annual change		
Year ended February	**PSG share price %**	**JSE All Share Index %**	**Difference %**
1996	543	11	532
1997	113	9	104
1998	219		219
1999	(24)	(9)	(15)
2000	(11)	43	(54)
2001	(28)	19	(47)
2002	(26)	26	(52)
2003	17	(20)	37
2004	102	34	68
2005	155	28	127
2006	198	46	152
2007	26	39	(13)
2008	(16)	22	(38)
2009	(19)	(38)	19
2010	94	48	46
2011	99	24	75
2012	14	10	4
2013	20	19	1
2014	30	23	7
CAGR since establishment	**50**	**16**	**34**
Overall gain	**168 832**	**1 453**	

PSG share price vs SOTP value per share



At 28 February 2014, the *SOTP value* per PSG share was R95,01, which equated to a 44% CAGR over the last five years. At 11 April 2014, the *SOTP value* per share was R106,42.

It is pleasing to note that the value contribution within PSG's *SOTP value* has improved, with Capitec constituting 30% of total assets as at 11 April 2014 as opposed to 54% three years ago, while PSG Konsult and Curro now respectively represent approximately 25% and 20%. We currently have a number of high growth potential investments that are not profitable or cash generative as yet. We look forward to a significant contribution from these investments in future.

Recurring headline earnings per share for the year ended 28 February 2014 increased by 14% to 446,9 cents per share. This resulted from solid earnings growth from PSG Konsult, Capitec and Zeder.

OUR INVESTMENT PHILOSOPHY

PSG's trusted investment philosophy consists of, inter alia, the following:

- 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 not negotiable – we believe in 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 37% of the company.

OUR STRATEGY

Project Internal Focus

In April last year, PSG introduced its latest strategy, *Project Internal Focus*, to the market. PSG's investment portfolio contains a healthy balance between established and start-up businesses, all of which offer attractive growth potential. The majority of PSG's most significant successes has been businesses that were either started by, or in conjunction with, PSG. Capitec, PSG Konsult and Zeder are all examples of same. In order to extract maximum value, we formalised *Project Internal Focus*, a strategy whereby our focus is primarily directed at the optimisation, refinement and growth of PSG's existing investment portfolio.

Capitec is a good example of an established business that requires limited attention from PSG management. It has achieved much success to date, with exponential growth in *headline earnings* per share since establishment in 2001. Capitec continues to provide PSG with a solid earnings base to leverage. Investments in the development phase on the other hand, such as Curro and Chayton, require more active strategic input from PSG. These companies are likely to experience new business strain while expanding, and are anticipated to only start making a meaningful contribution to PSG's earnings in later years. This has a negative impact on PSG's earnings and dividend growth in the short to medium term as the cost of funding associated with the investment exceeds the investment yield achieved from an earnings and cash flow perspective.

Project Internal Focus in action

The drive to revisit and, if necessary, reformulate the business strategy of each investment throughout the group, is showing promise. Every underlying business has now compiled a revised strategic plan for the next few years, and the appointed successor CEOs at some of our larger investments have already made a positive contribution towards the future success of those businesses.

OUR INVESTMENTS

When evaluating our key investments, each one has definite characteristics which are representative of our aforementioned investment philosophy.

Capitec (28,3%)

- *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

Capitec differentiates itself as leader in the banking sector and remains a significant contributor to the profitability of our investment portfolio.

Its *headline earnings* per share for the year ended 28 February 2014 increased by 15%, despite:

- A general decrease in credit granted in the unsecured lending market; and
- The deterioration in customers' financial means following, inter alia, the increase in fuel and electricity prices and higher interest rates.

It is comforting that the company continues to become less dependent on lending income. Net transaction fee income increased by 43% to almost R2bn, and now covers 59% (2013: 45%) of operating expenses.

In our opinion, Capitec is an exceptional business with the following main competitive advantages:

- Talented management team, the majority of whom have been together since its establishment;
- Conservative provisioning and write-off policy;
- Conservative capital adequacy ratio of 39%;
- Diversified funding base, with fixed-term funding comprising 59%, the remainder being sticky retail savings deposits; and
- Substantial growth potential of its transaction banking product offering.

Nowhere is the success of Capitec more evident than in the findings of the *All Media and Products Survey ("AMPS")*. This shows that Capitec's market share in the primary banking sector has increased from 5,4% in 2010 to 12,7% in 2013. With Capitec having overtaken Nedbank in this regard, one can now probably refer to the "big five banks". The numerous awards ranking Capitec top in customer service, commercial banking and online banking bear further testimony to how great a company this is.

We are, needless to say, extremely proud of what Capitec has achieved over the past 13 years under the leadership of Riaan Stassen. Their relentless focus remains an example to all of us at PSG. It is encouraging to witness the energy and ambition with which Gerrie Fourie has taken over the helm as new CEO, and we are confident that he will contribute greatly in the years to come.

Curro (57,1%)

- *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 represents a high growth potential investment. It continues to assert its leading position in the South African private school market, albeit a small percentage of same. Under the leadership of Chris van der Merwe, Curro has exceeded all expectations over the years and is positioned to make a significant positive contribution to the future development of our country.

When comparing Curro's 31 December 2013 actual results to the forecast numbers per its 2011 pre-listing statement, it is evident that exceptional progress has been made. At the time of its listing in 2011, Curro expected to operate 17 schools with 9 594 learners by 2013. However, at 31 December 2013, Curro operated 26 schools with 21 027 learners.

We support Curro's growth plans and continue to provide them with funding and management input when needed. Curro is well on its way to achieve its stated objective of having 80 schools by 2020.

PSG Konsult (64,7%)

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

PSG Konsult, under the leadership of Francois Gouws, has delivered on its strategy for the year ended 28 February 2014. All three divisions, namely Wealth Management, Asset Management and Insure, made positive contributions to its commendable 34% increase in *recurring headline earnings* per share. The 38% increase in funds under management to R112,1bn and 31% increase in funds under administration to R234,5bn are proof of the continued trust and confidence which the investor community places in PSG Konsult.

PSG Konsult to a large extent represents the PSG brand in the minds of the South African public. It is the largest independent financial intermediary in the country, offering a one-stop solution for holistic financial planning to more than 150 000 clients. Its 618 financial planners, stockbrokers and short-term insurance brokers operate out of 193 offices across South Africa.

During the past year, PSG Konsult management has streamlined the business into three distinct divisions, and incorporated best practice governance and risk management structures to position the company for future growth. PSG supports management's intention of listing the company on the JSE during June 2014. We believe being in the public domain as a listed company brings out the best in people, which should ultimately increase performance and wealth creation.

We have been asked whether PSG Konsult's listing will potentially discourage investment in PSG as holding company. Although we cannot definitively say whether this will be the case or not, we believe that should investors buy PSG Konsult shares directly, it will have a positive effect on PSG Konsult's share price, which in turn will have a positive effect on our *SOTP value* and ultimately our share price, thereby creating further wealth for all shareholders. In addition thereto, we believe investors do not buy into PSG merely to gain exposure to its current portfolio, but also to management's ability to create further wealth through new investments and value-adding corporate action.

We are proud of what Francois and his team have achieved and will continue to support them with their future growth plans for the company.

Zeder (42,4%)

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

In line with *Project Internal Focus*, Zeder has under the leadership of Norman Celliers streamlined its investment portfolio to now comprise five core investments, namely Agri Voedsel (Pioneer Foods), Capespan, Chayton, Kaap Agri and Zaad. As part of this rebalancing, Zeder disposed of investments valued at R529m and invested R879m to primarily acquire additional stakes in its existing core portfolio. This has resulted in a focused portfolio wherein the company now exercises increased influence and in some instances control.

As mentioned before, talented and dedicated management forms an integral part of the PSG investment philosophy. Zeder was instrumental in management changes within its investment portfolio, of which the appointment of Phil Roux at Pioneer Foods is a good example. He has already made a significant contribution to Pioneer Foods' improved performance.

During the financial year under review, Zeder increased its *SOTP value* per share by 26% and reported a 16% increase in *recurring headline earnings* per share.

We believe Zeder's core investment portfolio to be strategically positioned to take advantage of the opportunities which the agribusiness sector presents, in particular throughout sub-Saharan Africa.

PSG Private Equity (100%)

- *High growth potential*
  - early-stage investments

PSG Private Equity's investment portfolio contains businesses across various industries and in different stages of maturity. While the investment team is small, they have distinct knowledge of the industries in which we are invested. There are currently three priority industries, namely education, services and technology. PSG Private Equity does not use debt to enhance returns, but rather invests in companies with high growth potential. The management team, led by Nico de Waal, has over the last two years spent a considerable amount of time to restructure the portfolio and assist underlying investments to resolve various challenges.

We look forward to the possibility of PSG Private Equity producing another Capitec, Curro or PSG Konsult.

Thembeka Capital (49%)

Thembeka Capital, under the leadership of KK Combi, is a BBBEE investment holding company in which we own 49%. The company has created significant wealth for its shareholders over the years, having started with R1 000 in 2006 and increasing its intrinsic value to more than R2,5bn today.

Thembeka Capital remains an extraordinary BEE success story. True transformation is about equitable wealth distribution, and the wide and far-reaching shareholder base of this company has helped to achieve this.

OUR CONTRIBUTION TO SOCIETY

A great company should 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 with a donation of 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. We donate a further R100 000 in cash per year to support additional students.
- *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 162 children and now employs 17 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 granted bursaries to learners in the amount of R33,6m during its past financial year compared to R18,4m in the prior year.
- *Impak*
  - This company provides grade 0 to 12 educational products and services to home scholars and learners enrolled at their 120 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 Capital. We are hopeful that this trust will in future assist many previously disadvantaged students to obtain high-quality education.

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.

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 directors always act with caution and with the best interest of shareholders and other stakeholders at heart.

I have complete faith in our senior executives, namely Piet Mouton (CEO), Wynand Greeff (FD) and Johan Holtzhausen (CEO: PSG Capital). Rest assured, the future of PSG is in good hands.

The PSG Executive Committee ("PSG Exco") is a subcommittee of the board and the chief operating decision-maker, and comprises the aforementioned three senior executives, Chris Otto as independent non-executive director and myself. Chemus Taljaard is a permanent invitee and the best tax advisor I know. The PSG Exco:

- Is responsible for determining and implementing the PSG strategy, as approved by the 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

The JSE is currently trading at record levels, with valuations indicating relatively high equity prices. Coupled with the macroeconomic dynamics in both South Africa and globally, it is likely to result in equity market volatility going forward. In times like these, it is advisable that a fundamentals-based investment approach be followed. That said, given the strong fundamentals of our underlying companies, PSG is well positioned to achieve attractive growth in years to come.

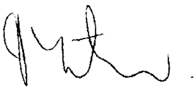
I am happy to say that we recently celebrated another PSG milestone when the share price broke through R100 for the first time. I am confident that this is not the last time that we will celebrate new highs.

A WORD OF THANKS

I love coming in to the office every day, even though I no longer work full-time. PSG is my life and family. I am proud of what we have achieved and of every PSG family member, and look forward to our continued success. I remain a happy PSG shareholder and can confirm that I will not sell a single share in my lifetime. Instead, I will be looking to increase my investment in PSG whenever possible.

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

Finally, to our clients, our shareholders and all other stakeholders in PSG – our success will not be possible without your continued support. Thank you!



Jannie Mouton

12 May 2014
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, 20 June 2014 at Spier Wine Estate, Baden Powell Drive, Stellenbosch.

The timetable is as follows:

09:00	PSG Konsult Ltd
09:45	Zeder Investments Ltd
10:30	Tea
11:00	Curro Holdings Ltd
11:45	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

Board of directors

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

EXECUTIVE

WL (Wynand) Greeff (44) [1]
BCompt (Hons), CA(SA)
Financial director
Appointed 13 October 2008

JA (Johan) Holtzhausen (43) [1]
Bluris, LLB, HDip Tax
Chief executive officer – PSG Capital
Appointed 13 May 2010

PJ (Piet) Mouton (37) [1]
BCom (Mathematics)
Chief executive officer
Appointed 16 February 2009

NON-EXECUTIVE

FJ (Francois) Gouws (49)
BAcc, CA(SA)
Chief executive officer – PSG Konsult Ltd
Appointed 25 February 2013

JF (Jannie) Mouton (67) [1]
BCom (Hons), CA(SA), AEP
Non-executive chairman
Appointed 25 November 1995

JJ (Jan) Mouton (39)
BAcc (Hons), CA(SA), MPhil (Cantab)
Manager – PSG Flexible Fund
Appointed 18 April 2005

W (Willem) Theron (62)
BCompt (Hons), CA(SA)
Chairman – PSG Konsult Ltd
Appointed 2 March 2006

INDEPENDENT NON-EXECUTIVE

PE (Patrick) Burton (61) [2, 3]
BCom (Hons), PG Dip Tax
Director of companies
Appointed 19 March 2001

ZL (KK) Combi (62)
Diploma in Public Relations
Executive chairman – Thembeka Capital Ltd (RF)
Appointed 14 July 2008

J de V (Jaap) du Toit (59) [2, 4]
BAcc, CA(SA), CFA
Director of companies
Appointed 30 January 1996

MM (Thys) du Toit (55) [3]
BSc, MBA
Chief executive officer – Rootstock Investment Management (Pty) Ltd
Appointed 29 September 2009

MJ (Markus) Jooste (53) [3]
BAcc, CA(SA)
Chief executive officer – Steinhoff International Holdings Ltd
Appointed 25 February 2002

AB (Ben) la Grange (39)
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 (64) [1, 2, 3]
BCom, LLB
Director of companies
Appointed 25 November 1995

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

As at 28 February 2014

PSG GROUP LIMITED

100%

PSG FINANCIAL SERVICES LIMITED

R1,74bn nominal listed perpetual preference shares in issue.

Capitec Bank	28,3%
PSG Konsult	64,7%
PSG Private Equity	100%
Curro Holdings	57,1%
Thembeka Capital	49%
Zeder Investments Limited	42,4%
PSG Capital	100%
PSG Corporate Services	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 83% of the value is calculated using listed and over-the-counter traded share prices, while other investments are included at market-related valuations. At 28 February 2014, the *SOTP value* per PSG share was R95,01 (2013: R72,67) – a 44% CAGR over the last five years. At 11 April 2014, the *SOTP value* was R106,42 per share.

Asset/Liability	28 Feb 2011 Rm	29 Feb 2012 Rm	28 Feb 2013 Rm	**28 Feb 2014 Rm**	*% of total*
Capitec *	5 138	5 978	6 128	**5 989**	*30*
Curro *		1 118	2 607	**4 660**	*23*
PSG Konsult **	1 206	1 483	2 237	**4 004**	*20*
Zeder *	1 069	1 067	1 412	**1 698**	*8*
PSG Private Equity †	1 242	728	681	**949**	*5*
Thembeka Capital †		570	899	**1 243**	*6*
PSG Corporate *(incl. PSG Capital)* ††	350	338	383	**383**	*2*
Other investments *(incl. cash)* ††	548	684	1 505	**1 122**	*6*
Total assets	9 553	11 966	15 852	**20 048**	*100*
Perpetual pref funding *	(1 028)	(1 188)	(1 163)	**(1 393)**	
Other debt ††	(507)	(463)	(845)	**(615)**	
Total SOTP value	8 018	10 315	13 844	**18 040**	
Shares in issue *(net of treasury shares)* (m)	171,3	184,5	190,5	**189,9**	
SOTP value per share (rand)	46,81	55,92	72,67	**95,01**	
Net asset value per share (rand)	21,56	26,50	32,62	**37,48**	

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

Capitec remains PSG's largest investment and represented 30% (2013: 39%) of the *SOTP value's* total assets as at 28 February 2014. Its share price has virtually remained unchanged over the past three years following continuous negative publicity regarding the unsecured lending market and despite strong earnings growth. Its price earnings ("PE") ratio has as a result decreased from 21x to 11x over this period. As at 28 February 2014, Curro and PSG Konsult respectively represented 23% (2013: 16%) and 20% (2013: 14%) of PSG's total assets following an increase in share price and the aforementioned Capitec PE-rerating. However, Capitec continues to be the major contributor to PSG's *recurring headline earnings*.

RECURRING HEADLINE EARNINGS

Year ended February	2012 Rm	*Change %*	2013 Rm	*Change %*	**2014 Rm**
Capitec	362,4	*38*	499,9	*14*	**570,7**
Curro	(5,2)	*n/a*	8,1	*154*	**20,6**
PSG Konsult	107,9	*10*	118,8	*37*	**162,7**
Zeder	115,4	*(8)*	106,6	*17*	**124,5**
PSG Private Equity	32,0	*134*	75,0	*(31)*	**51,4**
Thembeka Capital	18,7	*50*	28,0	*(17)*	**23,2**
PSG Corporate *(including PSG Capital)*	20,4	*(22)*	15,9	*(56)*	**7,0**
Other	19,3	*60*	30,8	*26*	**38,9**
Recurring headline earnings before funding	670,9	*32*	883,1	*13*	**999,0**
Funding	(134,4)	*25*	(168,2)	*8*	**(181,2)**
Recurring headline earnings	536,5	*33*	714,9	*14*	**817,8**
Non-recurring items	30,6	*423*	160,1	*19*	**191,0**
Headline earnings	567,1	*54*	875,0	*15*	**1 008,8**
Non-headline items	135,9	*95*	264,8	*(84)*	**43,2**
Attributable earnings	703,0	*62*	1 139,8	*(8)*	**1 052,0**
Weighted average number of shares in issue *(net of treasury shares)* (m)	173,9		182,2		**183,0**
Earnings per share (cents)					
– Recurring headline	308,6	*27*	392,3	*14*	**446,9**
– Headline	326,2	*47*	480,2	*15*	**551,3**
– Attributable	404,4	*55*	625,5	*(8)*	**574,9**
Dividend per share (cents)	82,0	*35*	111,0	*20*	**133,0**

Recurring headline earnings for the year ended 28 February 2014 increased by 14% to 446,9 cents per share, following strong earnings growth from PSG Konsult, Capitec and Zeder.

Headline earnings increased by 15% to 551,3 cents per share. *Headline earnings* included *non-recurring* gains of R191m (2013: R160m), resulting in *headline earnings* per share being 23% higher than *recurring* *headline earnings* per share. The *non-recurring headline* gains mainly consisted of marked-to-market profits achieved on PSG's interest rate hedge and Thembeka's portfolio of listed shares, as well as an after-tax performance fee of R42,5m (2013: Rnil) earned from PSG's management of Zeder.

Attributable earnings decreased by 8% to 574,9 cents per share mainly as a result of the *non-headline* profits achieved on the disposal of PSG's Capitec rights offer shares and Zeder's disposal of a 15,1% interest in Capevin Holdings in the prior year.

PSG CORPORATE ACTION AND INVESTING

- Repurchased 492 471 PSG ordinary shares for R33,1m cash at R67,19 per share;
- Issued 3 996 291 PSG Financial Services perpetual preference shares for cash proceeds of R300m at an effective dividend yield of 9,44%, and partial utilisation thereof to redeem promissory notes upon maturity of R269,8m; and
- Curro conducted a rights offer during May 2013, underwritten by PSG. Our additional investment from same amounted to R350,6m.

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

28,3%

Financial results – year ended February	2012	2013	2014
Headline earnings (Rm)	1 078	1 584	**2 017**
HEPS (cents)	1 125	1 519	**1 752**
Growth in HEPS (%)	49	35	**15**
Dividend per share (cents)	425	574	**663**
Dividend cover ratio	2,6x	2,6x	**2,6x**
Return on equity (%)	29	27	**23**
Gross loans and advances (Rm)	18 408	30 658	**33 690**
Value of loans advanced (Rm)	19 393	25 401	**18 214**
Net loan impairment expense (Rm)	1 604	2 659	**3 976**
Impairment as percentage of loans and advances (%)	8,7	8,7	**11,8**
Net transaction fee income (Rm)	836	1 349	**1 927**
Net transaction fee income as percentage of operating expenses (%)	34	45	**59**
Number of active clients ('000)	3 706	4 677	**5 388**
Number of branches	507	560	**629**
Number of employees	7 194	8 308	**9 070**

Capitec continued to deliver attractive results amid challenging conditions in the unsecured credit market, with a 15% increase in headline earnings per share for the year ended 28 February 2014. It continues to become less dependent on lending income, with a 43% increase in net transaction fee income, which now covers 59% (2013: 45%) of operating expenses.

In our opinion, Capitec is an exceptional business managed by talented people. This is also evident from the numerous accolades they have received:

- Winner of the *Ask Africa Orange Index* for best service company in the banking industry for 2013/14 and 4th across all industries. This accolade has been awarded to Capitec twice, the first time being in 2011.
- Highest rated bank brand for customer satisfaction in the 2014 *South African Consumer Satisfaction Index*.
- Overall bank of the year in 2014 according to a survey by *Intellidex* and published by the *Business Times*.
- Named a *Sunday Times Royal Company* in 2013. Royal Companies are those which have for three consecutive years been ranked among the top 20 in the *Sunday Times Top 100 Companies*.
- Best commercial bank in South Africa in 2013 as awarded by the *World Finance Banking Awards*.
- *Sunday Times* top performing company of the top 100 companies on the JSE in 2012. This accolade is based on five-year share price growth performance. Capitec has won this accolade twice, the first time being in 2010.
- Named a *Great Brand of Tomorrow* by *Credit Suisse* in 2010 – one of only 27 brands worldwide to receive this award at the time and the only South African brand to do so.

The company is well capitalised with a 39% capital adequacy ratio, has further tightened its credit criteria and maintains a conservative provisioning policy. PSG remains excited about this investment.

Capitec's comprehensive results for the year ended 28 February 2014 are available at *www.capitecbank.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

64,7%

Financial results – year ended February	2012	2013	**2014**
Recurring headline earnings (Rm)	151,3	174,4	**251,1**
Recurring HEPS (cents)	14,1	15,4	**20,6**
Growth in recurring HEPS (%)	16	9	**34**
Funds under management (Rbn)	51,2	81,4	**112,1**
Funds under administration (Rbn)	87,8	179,5	**234,5**

PSG Konsult recently reported its first set of full-year financial results under its refocused business model and Francois Gouws's leadership as new CEO. PSG Konsult's *recurring headline earnings* per share increased by 34% for the year ended 28 February 2014. Each of the three divisions, namely *Wealth, Asset Management* and *Insure*, produced commendable results.

PSG Wealth has maintained its upward revenue trend, benefiting from positive client inflows, increased trading activity and favourable market conditions. *PSG Asset Management* is a high growth area and increased brand awareness has facilitated strong client inflows from both retail and institutional investors. *PSG Insure* has shown subdued revenue growth amid a fiercely competitive market, particularly in the personal lines business. However, inward reinsurance income has shown significant growth.

Funds under management increased by 38% to R112bn, while funds under administration increased by 31% to R235bn during the year under review.

We are proud of the following PSG Konsult achievements and industry awards:

- PSG Online was voted the *Business Day Investors Monthly* Stockbroker of the Year award for the third consecutive year.
- PSG Asset Management recorded top quartile investment returns across its entire domestic flag-ship range of funds in the respective *Morningstar* categories measured over six months, one year, three years and five years. These include the *PSG Equity*, *PSG Flexible* and *PSG Balanced* funds.
- PSG Konsult received the Portfolio Administration Award for Performance Excellence at the 2013 *National Santam Broker Awards* and the National Broker Award for Performance Excellence in Personal Lines.

PSG Konsult's strategic focus for the year ahead is top line revenue growth, which will enable it to unlock operational leverage scale benefits now that it has successfully bedded down its repositioning.

PSG Konsult intends listing on the JSE during June 2014.

PSG Konsult's comprehensive results for the year ended 28 February 2014 are available at *www.psg.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 2014, PSG Private Equity's portfolio comprised the following investments:

Investment	Interest %	Description	2012 Rm	2013 Rm	**2014 Rm**	IRR %
CA Sales	50,9	FMCG distributor		199	**239**	(6,5)
Precrete *	52,8	Mine safety and support services	161	123	**150**	22,8
African Unity Insurance	47,5	Life and related insurance	71	74	**74**	28,7
GRW	37,7	Tanker manufacturer	63	62	**60**	(4,9)
CSG Holdings	15,7	Construction support services	32	54	**148**	39,1
Spirit Capital	28,0	Leveraged buy-outs	46	51	**62**	30,8
Impak	76,9	Correspondence learning	21	51	**59**	4,6
Protea Foundry	49,9	Non-ferrous foundry	38	38	**39**	34,8
Propell	30,0	Levy finance	18	18	**20**	7,6
Energy Partners	39,2	Energy saving solutions	14	11	**13**	2,9
Erbacon	12,3	Construction	14			
SNC	24,4	Nanofibre technology	8			
Poynting	27,0	Antenna-related products			**83**	n/a
IT School Innovation	47,0	E-learning solutions			**2**	
Investments disposed of			242			
SOTP value			728	681	**949**	

* *Valuation in prior years included a preference share investment.*

PSG Private Equity's portfolio contains a range of businesses across various industries and in different stages of maturity. The portfolio delivered weaker than expected results for the year ended 28 February 2014, with a 31% decrease in *recurring headline earnings* to R51,4m. However, management remains optimistic about the earnings growth potential of this investment portfolio.

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

- Acquired a 27% stake in AltX-listed *Poynting*, a provider of antenna-related products;
- Acquired a 47% stake in *IT School Innovation*, a provider of e-learning solutions to schools;
- *M&S Holdings* concluded its merger with *BDM Holdings* to form AltX-listed *CSG Holdings*, a diversified outsourced services group; and
- *CA Sales Holdings* acquired a 49% stake in *SMC Brands*, a distributor of liquor products.

Chief executive officer	**Chris van der Merwe**
Financial director	**Bernardt van der Linde**
Curro is a provider of private school education.	

57,1%

Financial results – year ended December	2011	2012	2013	**2014 ***
Headline earnings (Rm)	(7,5)	15,0	36,8	
HEPS (cents)	(5,4)	7,0	13,1	
Growth in HEPS (%)	n/a	n/a	87	
Number of campuses	12	22	26	**31**
Number of learners	5 777	12 473	21 027	**27 263**
Number of educators	446	1 151	1 593	**1 868**
Learner/teacher ratio	12	11	13	**15**
Total building size (m^2)	75 000	169 024	261 004	**264 441**

* *As at 31 January 2014.*

Curro continues to assert its leading position in the South African private school market, albeit a small percentage of same.

It currently operates 31 (2013: 26) campuses accommodating 27 263 (2013: 21 027) learners from three months to grade 12, and continues to make private schooling more accessible to South Africans, offering fees that range between R1 000 and R6 500 per month.

Curro reported an 80% increase in revenue and an 87% increase in headline earnings per share for its financial year ended 31 December 2013. It is well under way to achieve its target of 80 campuses by 2020 and plans to develop 10 new campuses in the year ahead.

Curro will undertake a R589m rights issue, underwritten by PSG, to help fund its capital expansion during the year ahead.

Curro's comprehensive results for the year ended 31 December 2013 are available at *www.curro.co.za*.

Executive chairman	**KK Combi**

Thembeka is a black-owned and controlled investment company in which PSG holds a 49% interest.

49%

Thembeka's total assets of R3,1bn includes investments in Capitec, Curro, Kaap Agri, MTN Zakhele, Pioneer Foods and PSG.

Financial results – year ended February	2012	2013	**2014**
Intrinsic value (net of CGT) (Rbn)	1,0	1,5	**2,1**
Growth in intrinsic value (net of CGT) (%)	8	52	**37**

Thembeka has, under the leadership of KK Combi, grown its intrinsic value (net of CGT) by 52% per year over the past eight years and as such remains an extraordinary BEE success story. During the year ended 28 February 2014, Thembeka's net intrinsic value (after CGT) increased by 37% to R2,1bn.

Thembeka continues to support growth initiatives in its underlying investments with a view to enhancing portfolio returns.

Thembeka's comprehensive results for the year ended 28 February 2014 are available at *www.thembekacapital.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.

42,4%

Financial results – year ended February	2012	2013	**2014**
Recurring headline earnings (Rm)	273,0	251,1	**292,1**
Recurring HEPS (cents)	27,9	25,7	**29,8**
Growth in recurring HEPS (%)	3	(8)	**16**
SOTP value per share (rand)	3,15	3,99	**5,02**
Growth in SOTP value per share (%)	15	27	**26**
Dividend per share (cents)	4,0	4,0	**4,5**

Zeder is an investor in the broad agribusiness industry. The value of its underlying portfolio amounted to R4,9bn as at 28 February 2014. Agri Voedsel, with its 30,4% interest in Pioneer Foods, remains a large strategic investment representing 39,8% of the portfolio. During the year under review, Zeder continued rebalancing its portfolio in line with its amended strategy. It disposed of investments valued at R529m and invested R879m primarily to acquire additional stakes in its existing core portfolio (including Agri Voedsel, Capespan, Chayton, Kaap Agri and Zaad).

Zeder reported a 26% increase in its *SOTP value* per share and a 16% increase in *recurring headline earnings* per share for the year ended 28 February 2014, with all its core portfolio investments contributing positively.

Zeder's comprehensive results for the year ended 28 February 2014 are available at *www.zeder.co.za*.

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. Since establishment in 1998, PSG Capital has advised on publicly announced transactions in excess of R90bn.

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

OUR TRACK RECORD

Year ended February	**2014**	2013	2012	2011	2010	2009	2008
Headline earnings per share (cents)	**551,3**	480,2	326,2	306,7	249,2	65,3	295,1
Headline earnings (Rm)	**1 008,8**	875,0	567,1	512,4	431,4	109,9	482,5
Recurring headline earnings per share (cents)	**446,9**	392,3	308,6	241,9	207,4	174,3	129,5
Recurring headline earnings (Rm)	**818,0**	714,9	536,6	404,1	359,0	293,4	211,8
Distribution per share (cents)							
Normal	**133,0**	111,0	82,0	67,0	42,0	57,0	112,5
Special						200,0	
Ordinary shareholders' equity (Rm)	**6 855**	5 990	4 760	3 585	2 947	2 755	3 295
Net asset value per share (cents)	**3 748**	3 262	2 650	2 156	1 765	1 640	1 948
Total assets (Rm)	**33 567**	25 857	20 961	17 410	14 686	14 127	14 206
Market capitalisation (gross of treasury shares) (Rm)	**18 480**	12 747	9 528	8 219	4 211	2 760	3 953
Number of shares ('000)							
Issued	**207 589**	208 082	202 724	190 262	190 953	189 579	189 579
Treasury shares	**(24 666)**	(24 440)	(23 111)	(24 001)	(23 959)	(21 559)	(20 386)
Net	**182 923**	183 642	179 613	166 261	166 994	168 020	169 193
Weighted average	**182 994**	182 224	173 872	167 055	173 113	168 352	163 505
Return on equity (%)	**15,7**	16,3	13,6	15,7	15,1	3,6	17,0

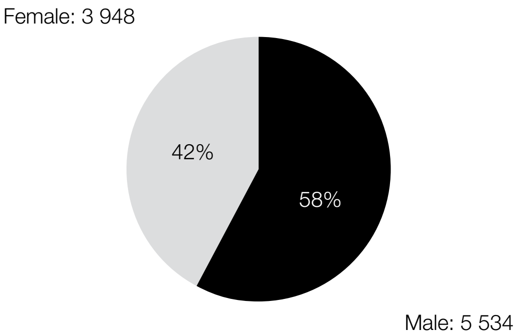
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
	2 925	2 300	705	520	650	885	986	1 585	1 900	1 550	510	300
	1 570	620	253	255	375	440	527	800	495	445	210	20
	2 720	2 266	700	385	520	476	660	1 000	1 170	1 530	470	225
	2 257	1 060	428	460	512	675	685	1 114	1 172	966	401	78
	5,2	6,4	7,8	5,0	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

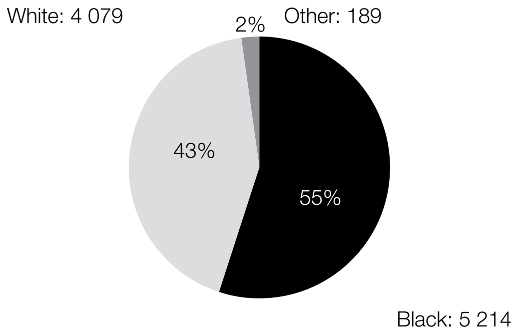
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
	519,3	351,8	90,0	76,3	70,7	141,0	150,3	120,6	85,9	47,3	25,5	14,4
	651,4	358,4	96,7	85,2	84,8	175,2	200,2	164,7	82,0	34,5	10,1	3,1
	90,0	67,5	45,0	30,0	20,0	50,0	45,0	36,0	25,0			
				70,0	200,0							
	2 373	719	362	336	993	1 218	1 141	1 085	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

	2014		2013	
VALUE ADDED	Rm	%	Rm	%
Total income (including revenue from sale of goods)	11 916,4		5 057,3	
Dividends received from associates	279,5		300,9	
Total expenses (excluding employee costs, depreciation and amortisation)	(9 000,9)		(3 135,6)	
	3 195,0		2 222,6	
Non-recurring items				
Net profit on sale/dilution of subsidiaries and associates	(25,0)		(732,4)	
Impairment charges	5,9		169,8	
Other	1,4		(1,4)	
	3 177,3		1 658,6	
VALUE ALLOCATED				
To employees				
Salaries, wages and other benefits	1 565,2	49	762,1	46
To providers of capital	679,1	21	524,9	31
Finance costs	263,3	8	206,0	12
Dividends – owners of the parent	221,8	7	162,0	10
– non-controlling interests	194,0	6	156,9	9
To governments				
Normal tax on companies	267,4	9	264,0	16
To expansion and growth	665,6	21	107,6	7
Depreciation and amortisation	209,5	7	121,8	7
Retained earnings	456,1	14	(14,2)	
	3 177,3	100	1 658,6	100

GENDER	Number	%
Male	5 534	58
Female	3 948	42
RACE		
Black (African, Coloured and Indian)	5 214	55
White	4 079	43
Other (mainly Asian)	189	2
EDUCATION		
Up to grade 11	2 082	22
Grade 12	3 459	36
Post grade 12 (e.g. diploma/certificate)	2 098	22
University degree	1 271	13
Post-graduate university degree or professional qualification	572	7
HIERARCHY		
Executive directors	61	1
Senior management	217	2
Middle/Junior management	1 094	12
Operational	5 741	61
Support	2 369	24
TOTAL NUMBER OF EMPLOYEES	**9 482**	

Statistics relate to permanent employees as at 28 February 2014 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 associates are similarly committed having, inter alia, their own audit, risk and remuneration committees.

BOARD OF DIRECTORS

Details of PSG Group's directors are provided on page 12 of this annual report. The board met four times during the year under review. The attendance at these meetings is set out in the table below:

Director	15 Apr 2013	15 Jul 2013	14 Oct 2013	27 Feb 2014
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 PE Burton, ZL Combi, MJ Jooste and W Theron 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 III recommends that the majority of non-executive directors be independent. Although only certain of the non-executive directors are independent as defined by King III, all of the non-executive directors are independent of thought and action. Having considered the matter, the board is accordingly satisfied, as stated previously, that its current composition ensures a balance of power and authority.

Mr JF Mouton 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. During the prior year, Mr J de V du Toit was appointed as lead independent director of PSG Group.

The PSG Group Nomination Committee considers and recommends appropriate appointments of directors to the board. During the prior year, the appointment of Mr FJ Gouws as a non-executive director was recommended in such a manner. 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.

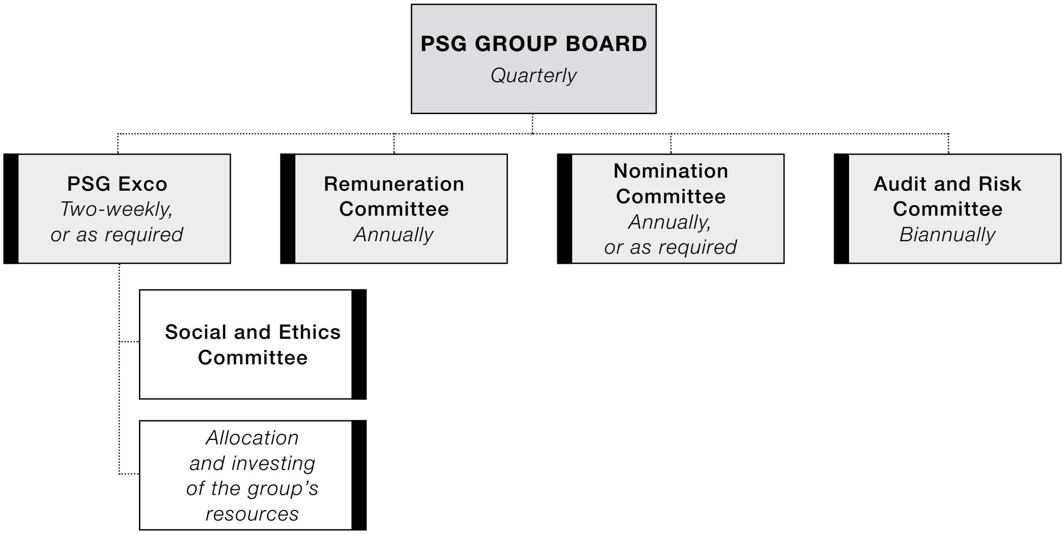
The vast majority of the directors are shareholders or representatives of shareholders in the company.

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), JA Holtzhausen (executive) and CA Otto (independent non-executive). Mr JC Taljaard (tax advisor) attends the PSG Exco meetings as a permanent invitee. 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 associates 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 associate has its own remuneration committee chaired by an independent non-executive director.

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

Due to the limited number of individuals employed at 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 met once during the past financial year and all members were present. As stated previously, the nomination committee is responsible for assisting the board with the appointment of directors by making appropriate recommendations in this regard.

AUDIT AND RISK COMMITTEE

The audit and risk committee comprises 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	12 Apr 2013	11 Oct 2013
PE Burton	√	√
J de V du Toit	√	√
CA Otto	√	√

√ *Present*

A report by the PSG Group Audit and Risk Committee has been provided on page 36 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 five years, while Messrs PE Burton and CA Otto have served as members for seven years and two years respectively.

SOCIAL AND ETHICS COMMITTEE

The PSG Exco, which comprises five directors with two being non-executive, has also been tasked as the committee with the responsibility of 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 Exco 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 corporate 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 declaration by the company secretary in terms of section 88(2)(e) of the Companies Act, 71 of 2008, is presented on pages 37 and 80 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 40 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 subsidiaries and associates to ensure adherence to the various acts and codes that govern the group's day-to-day operations.

INTERNAL AUDIT

On the recommendation of the audit and risk committee, the board has decided not to establish an internal audit function at group level given that the board has satisfied itself that, where appropriate, subsidiaries and associates 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 subsidiaries and associates 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 furthermore pays all its taxes regularly and encourages government to spend its receipts responsibly.

PSG Group has no political affiliations or any exposure in this regard.

Refer to the chairman's letter on page 3 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 subsidiaries and associates. Employees are co-owners of the business and are treated as such, with transparent communication a priority.

Employment equity

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

Ethics

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

Products and product development

PSG Group acts as investor for own account, as financier and finance conduit for the group. Group companies develop their own specialist product ranges, such as insurance, investment, broking, 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 Listings Requirements of the JSE Ltd.

Condensed group financial statements

These condensed group financial statements comprise a summary of the audited group annual financial statements of PSG Group Ltd for the year ended 28 February 2014.

The group annual financial statements, including these condensed 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 2014

The audit and risk committee ("the committee") reports that it has considered the matters set out in the Companies Act, 71 of 2008, as amended, 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 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 2014, as well as these condensed 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, 71 of 2008, as amended, and International Financial Reporting Standards.

J de V du Toit
Chairman

12 May 2014
Stellenbosch

DECLARATION BY THE COMPANY SECRETARY

for the year ended 28 February 2014

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, 71 of 2008, 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

12 May 2014
Stellenbosch

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2014

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 of South Africa; and the JSE Listings Requirements, and incorporate full and reasonable disclosure. Appropriate and recognised accounting policies are applied consistently.

These condensed 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, 71 of 2008. Reading these condensed 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 condensed group financial statements set out on pages 39 to 64, were approved by the board of directors of PSG Group Ltd and are signed on its behalf by:

JF Mouton
Chairman

WL Greeff
Financial director

12 May 2014
Stellenbosch

DIRECTORS' REPORT

for the year ended 28 February 2014

Nature of business

The group, through its various subsidiaries, associates and joint ventures, offers diversified financial and other services. These services include financial advice, stockbroking, asset management, insurance, financing, banking, investing, corporate finance and education services. The various activities are set out in further detail in the review of operations section (page 14) of this annual report.

Operating results

The operating results and state of affairs of the group are set out in the attached condensed income statement and condensed statements of financial position, comprehensive income, changes in equity and cash flows. For the year under review, the group's recurring headline earnings amounted to R817,8m (2013: R714,9m), headline earnings amounted to R1 008,8m (2013: R875m) and earnings attributable to owners of the parent amounted to R1 052m (2013: R1 139,8m).

Stated/share capital

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

	Number of shares 2014	Number of shares 2013
At beginning of the year	**208 081 893**	202 724 410
Less: Treasury shares		
Held by a subsidiary (PSG Financial Services Ltd)	**(13 908 770)**	(13 873 895)
Held by an associate (Thembeka Capital Ltd (RF))	**(4 852 151)**	(4 852 151)
Held by executives through loan funding advanced	**(2 000 000)**	
Held by the PSG Group Ltd Share Incentive Trust	**(375 000)**	(711 000)
Held by the PSG Group Ltd Supplementary Share Incentive Trust	**(3 339 061)**	(3 674 202)
Shares in issue at beginning of the year, net of treasury shares	**183 606 911**	179 613 162
General issue for cash at R68,13		1 784 921
General issue for cash at R67,00		3 572 562
General repurchase for cash at R67,19	**(492 471)**	
Movement in treasury shares		
Shares acquired by executives through loan funding advanced	**(100 000)**	(2 000 000)
Shares acquired by the PSG Group Ltd Supplementary Share Incentive Trust	**(800 000)**	(500 000)
Shares released to participants by the PSG Group Ltd Share Incentive Trust	**225 000**	336 000
Shares released to participants by the PSG Group Ltd Supplementary Share Incentive Trust	**483 689**	835 141
Shares in issue at end of the year, net of treasury shares	**182 923 129**	183 641 786

Dividends

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

Directors

Directors of the company at the date of this report, being unchanged throughout the year under review, appear on page 12.

Directors' emoluments

The following directors' emoluments were paid by the company and its subsidiaries in respect of the year ended 28 February 2014:

Cash-based remuneration

Audited	Fees R'000	Basic salary R'000	Company contri-butions R'000	Perfor-mance-related R'000	**Total 2014 R'000**	Total 2013 R'000
Executive						
WL Greeff		2 560	40	2 600	**5 200**	4 640
JA Holtzhausen		2 489	111	3 750	**6 350**	6 070
PJ Mouton		2 587	13	2 600	**5 200**	4 640
Non-executive						
PE Burton	193				**193**	180
ZL Combi [1]	251				**251**	153
J de V du Toit [2]	541				**541**	563
MM du Toit	123				**123**	115
FJ Gouws [5, 8, 9]		4 000		8 000	**12 000**	4 167
MJ Jooste [3]	124				**124**	116
JF Mouton [4]	231	2 606	52	2 389	**5 278**	4 700
JJ Mouton [5, 6, 9]		1 400	21	4 700	**6 121**	3 260
CA Otto [7]	1 445				**1 445**	1 350
W Theron [8, 9]	116	2 262	13		**2 391**	3 295
	3 024	17 904	250	24 039	**45 217**	33 249

[1] Paid to AE Empowerment Services (Pty) Ltd, a subsidiary of Thembeka Capital Ltd (RF), an associate. R115 560 (2013: R108 000) was paid in respect of directors' fees; the balance represents fees received at a subsidiary level.

[2] R190 710 (2013: R178 200) 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 the 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] R115 560 (2013: R108 000) was paid in respect of directors' fees to PSG Asset Management (Pty) Ltd, a subsidiary.

[7] R186 790 (2013: R174 528) was paid in respect of directors' fees; the balance represents fees received at a subsidiary level.

[8] Paid to PSG Konsult Management Services (Pty) Ltd, a subsidiary.

[9] In terms of the PSG Konsult Group Share Incentive Scheme, the following directors have been awarded PSG Konsult Ltd share options:

Audited	Share options granted during the year ended 28 Feb 2014 Number	Exercise price R	Unexercised share options as at 28 Feb 2014 Number	Weighted average exercise price R
FJ Gouws	12 500 000	2,83	22 500 000	2,39
JJ Mouton	300 000	2,83	300 000	2,83
W Theron	3 000 000	2,83	7 350 923	2,07

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 2013	Number of scheme shares during year Granted	Vested	Average market price per share on vesting date R	Vesting price per share R	Date granted	Number of shares as at 28 Feb 2014
Non-executive							
JF Mouton	250 000		(150 000)	65,85	17,81	21/04/2008	**100 000**
CA Otto	125 000		(75 000)	66,39	17,59	23/04/2008	**50 000**
Total	375 000	–	(225 000)				**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 2013	Number of scheme 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 2014
Executive							
WL Greeff	86 099		(43 049)	65,85	15,52	20/04/2009	**43 050**
	98 409		(49 205)	70,51	18,77	28/08/2009	**49 204**
	13 342				22,09	28/02/2010	**13 342**
	183 888				39,61	28/02/2011	**183 888**
	90 718				47,39	28/02/2012	**90 718**
	104 179				61,50	28/02/2013	**104 179**
		601 428			83,23	28/02/2014*	**601 428**
	576 635	601 428	(92 254)				**1 085 809**
JA Holtzhausen	65 726		(32 864)	65,85	15,52	20/04/2009	**32 862**
	85 578		(42 789)	70,51	18,77	28/08/2009	**42 789**
	77 490				22,09	28/02/2010	**77 490**
	148 327				39,61	28/02/2011	**148 327**
	99 791				47,39	28/02/2012	**99 791**
	103 538				61,50	28/02/2013	**103 538**
		602 244			83,23	28/02/2014*	**602 244**
	580 450	602 244	(75 653)				**1 107 041**
PJ Mouton	70 467		(35 234)	65,85	15,52	20/04/2009	**35 233**
	81 655		(40 827)	70,51	18,77	28/08/2009	**40 828**
	75 542				22,09	28/02/2010	**75 542**
	226 394				39,61	28/02/2011	**226 394**
	112 842				47,39	28/02/2012	**112 842**
	129 052				61,50	28/02/2013	**129 052**
		661 884			83,23	28/02/2014*	**661 884**
	695 952	661 884	(76 061)				**1 281 775**

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

Audited	Number of share options as at 28 Feb 2013	Number of scheme 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 2014
Non-executive							
JF Mouton	383 641		(127 880)	65,88	26,16	22/04/2010	**255 761**
	151 464				39,61	28/02/2011	**151 464**
	204 056				47,39	28/02/2012	**204 056**
	171 164				61,50	28/02/2013	**171 164**
		643 824			83,23	28/02/2014*	**643 824**
	910 325	643 824	(127 880)				**1 426 269**
Total	2 763 362	2 509 380	(371 848)				**4 900 894**

* *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 (CEO), WL Greeff (financial director), JA Holtzhausen (executive) and CA Otto (independent non-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 3) and corporate governance report (page 28) 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 2014 was as follows:

	Beneficial		Non-beneficial	Total shareholding 2014		Total shareholding 2013	
Audited	Direct	Indirect	Indirect	**Number**	**%**	Number	%
PE Burton			100 000	**100 000**	**0,1**	100 000	0,1
J de V du Toit			3 840 000	**3 840 000**	**2,0**	3 840 000	2,0
MM du Toit		5 210 716		**5 210 716**	**2,7**	5 079 454	2,7
WL Greeff	93 357	888 045		**981 402**	**0,5**	889 148	0,5
JA Holtzhausen	535 594	500 000		**1 035 594**	**0,5**	959 941	0,5
JF Mouton	3 885 847		45 026 507	**48 912 354**	**25,8**	48 634 474	25,4
JJ Mouton	115 000	1 402 600		**1 517 600**	**0,8**	1 478 600	0,8
PJ Mouton	54 148	4 913 292		**4 967 440**	**2,6**	4 888 379	2,5
CA Otto	108		3 801 813	**3 801 921**	**2,0**	3 746 921	2,0
W Theron	10 000		157 502	**167 502**	**0,1**	162 502	0,1
Total	4 694 054	12 914 653	52 925 822	**70 534 529**	**37,1**	69 779 419	36,6

Shareholding of directors *(continued)*
Subsequent to year-end:

- Messrs JF Mouton and CA Otto obtained a further 100 000 and 50 000 PSG Group Ltd ordinary shares respectively, having taken delivery of same in terms of the PSG Group Ltd Share Incentive Trust. No further vestings are due in terms of the PSG Group Ltd Share Incentive Trust.
- The following number of share options were exercised in terms of the PSG Group Ltd Supplementary Share Incentive Trust:

	Number of share options
WL Greeff	133 698
JA Holtzhausen	145 999
JF Mouton	229 382
PJ Mouton	176 681

- Messrs WL Greeff and JA Holtzhausen each disposed of 100 000 PSG Group Ltd shares to settle share incentive scheme obligations.
- Mr JF Mouton acquired 200 000 PSG Group Ltd shares.

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

PSG Financial Services Ltd
The board of the company be authorised, in terms of sections 45(3)(a)(ii) and 44(3)(a)(ii) of the Companies Act, 71 of 2008, to approve any direct or indirect financial assistance that the board may deem fit to any director, prescribed officer or company 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 (including direct or indirect financial assistance for the purchase of shares in a related or inter-related company).

The company be authorised to repurchase its own issued shares, upon such terms and conditions as the directors of the company may determine, but subject to the provisions of sections 46 and 48 of the Companies Act, 71 of 2008, the memorandum of incorporation of the company, the Listings Requirements of the JSE Ltd (if listed) and the requirements of any other stock exchange on which the shares of the company may be quoted or listed.

The company approved the acquisition by any subsidiary of the company of shares issued by such subsidiary and/or by the company upon such terms and conditions that the directors of such subsidiary may determine, but subject to the provisions of sections 46 and 48 of the Companies Act, 71 of 2008, the memorandum of incorporation of the company, the Listings Requirements of the JSE Ltd (if listed) and the requirements of any other stock exchange on which the shares of the subsidiary may be quoted or listed.

The company be authorised to reorganise its authorised and issued share capital by:

- The conversion of each of the existing authorised and issued ordinary par value shares of R0,08 (eight cents) each into authorised and issued ordinary shares of no par value; and
- The conversion of each of the existing authorised and issued cumulative, non-redeemable, non-participating, variable rate preference shares ("preference shares") with a par value of R1 (one rand) each into authorised and issued preference shares of no par value.

Special resolutions passed by subsidiaries *(continued)*

PSG Financial Services Ltd *(continued)*

The company be authorised to make consequential amendments to the memorandum of incorporation of the company resulting from the passing of the aforementioned special resolution with regard to the conversion of the authorised and issued share capital.

Subsidiary companies of the company, except for those which are specifically mentioned below, be authorised to:

- Reorganise authorised and issued share capital by the conversion of each of the existing authorised and issued ordinary par value shares into authorised and issued ordinary shares with no par value; and
- Approve any direct or indirect financial assistance, in terms of sections 45(3)(a)(ii) and 44(3)(a)(ii) of the Companies Act, 71 of 2008, that the board may deem fit to any director, prescribed officer or company 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 (including direct or indirect financial assistance for the purchase of shares in a related or inter-related company).

PSG Private Equity (Pty) Ltd, a subsidiary of the company, be authorised to reorganise its authorised and issued preference share capital by the conversion of each of the existing authorised and issued preference par value shares into authorised and issued preference shares with no par value.

Ou Kollege Beleggings Ltd, a subsidiary of the company, be authorised to terminate the existing 2 000 authorised redeemable preference shares designated as Class D preference shares.

Zeder Investments Ltd

The board of the company be authorised, in terms of sections 45(3)(a)(ii) and 44(3)(a)(ii) of the Companies Act, 71 of 2008, to approve any direct or indirect financial assistance that the board may deem fit to any director, prescribed officer or company 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 (including direct or indirect financial assistance for the purchase of shares in a related or inter-related company).

The company be authorised to repurchase its own issued shares, upon such terms and conditions as the directors of the company may determine, but subject to the provisions of sections 46 and 48 of the Companies Act, 71 of 2008, the memorandum of incorporation of the company, the Listings Requirements of the JSE Ltd (if listed) and the requirements of any other stock exchange on which the shares of the company may be quoted or listed.

The company approved the acquisition by any subsidiary of the company of shares issued by such subsidiary and/or by the company upon such terms and conditions that the directors of such subsidiary may determine, but subject to the provisions of sections 46 and 48 of the Companies Act, 71 of 2008, the memorandum of incorporation of the company, the Listings Requirements of the JSE Ltd (if listed) and the requirements of any other stock exchange on which the shares of the subsidiary may be quoted or listed.

The company be authorised to reorganise its authorised and issued share capital by:

- The conversion of each of the existing authorised and issued ordinary par value shares of R0,01 (one cent) each into authorised and issued ordinary shares of no par value; and
- The conversion of each of the existing authorised cumulative, non-redeemable, non-participating, preference shares ("preference shares") with a par value of R0,01 (one cent) each into authorised preference shares of no par value.

Special resolutions passed by subsidiaries *(continued)*

Zeder Investments Ltd *(continued)*

The company be authorised to increase its authorised ordinary share capital by the creation of a further 500 000 000 ordinary no par value shares, so as to result in a total of 2 000 000 000 ordinary no par value shares in the ordinary share capital of the company.

The company be authorised to make consequential amendments to the memorandum of incorporation of the company resulting from the passing of the aforementioned special resolutions with regard to the conversion of the authorised and issued share capital and the creation of further ordinary no par value shares.

Curro Holdings Ltd

The company be authorised to remunerate its directors for their services as directors.

The board of the company be authorised, in terms of sections 45(3)(a)(ii) and 44(3)(a)(ii) of the Companies Act, 71 of 2008, to approve any direct or indirect financial assistance that the board may deem fit to any director, prescribed officer or company 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 (including direct or indirect financial assistance for the purchase of shares in a related or inter-related company).

The company be authorised to repurchase its own issued shares, upon such terms and conditions as the directors of the company may determine, but subject to the provisions of sections 46 and 48 of the Companies Act, 71 of 2008, the memorandum of incorporation of the company, the Listings Requirements of the JSE Ltd (if listed) and the requirements of any other stock exchange on which the shares of the company may be quoted or listed.

The company approved the acquisition by any subsidiary of the company of shares issued by such subsidiary and/or by the company upon such terms and conditions that the directors of such subsidiary may determine, but subject to the provisions of sections 46 and 48 of the Companies Act, 71 of 2008, the memorandum of incorporation of the company, the Listings Requirements of the JSE Ltd (if listed) and the requirements of any other stock exchange on which the shares of the subsidiary may be quoted or listed.

PSG Konsult Ltd

The company be authorised to remunerate its directors for their services as directors.

The board of the company be authorised, in terms of sections 45(3)(a)(ii) and 44(3)(a)(ii) of the Companies Act, 71 of 2008, to approve any direct or indirect financial assistance that the board may deem fit to any director, prescribed officer or company 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 (including direct or indirect financial assistance for the purchase of shares in a related or inter-related company).

The company and/or its subsidiaries be authorised to repurchase its own shares upon such terms as the directors may determine, but subject to the provisions of sections 46 and 48 of the Companies Act, 71 of 2008, and the memorandum of incorporation of the company.

The company converted its authorised and issued share capital to no par value shares and then increased the authorised share capital by 1 500 000 000 ordinary shares to 3 000 000 000 shares.

The company approved and adopted a new memorandum of incorporation, in terms of section 16(5)(a) of the Companies Act, 71 of 2008.

REPORT OF THE INDEPENDENT AUDITOR

to the shareholders of PSG Group Ltd

These condensed group financial statements, which comprise the condensed group statement of financial position as at 28 February 2014, and the condensed 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 48 to 64 are derived from the audited group annual financial statements of PSG Group Ltd for the year ended 28 February 2014. We expressed an unmodified audit opinion on those group annual financial statements in our report dated 12 May 2014.

These condensed group financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act, 71 of 2008. Reading the condensed group financial statements, therefore, is not a substitute for reading the audited group annual financial statements of PSG Group Ltd.

Directors' responsibility for the condensed group financial statements

The company's directors are responsible for the preparation of a condensed 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, 71 of 2008, as applicable to condensed financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on the condensed 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 condensed group financial statements derived from the audited group annual financial statements of PSG Group Ltd for the year ended 28 February 2014 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, 71 of 2008, as applicable to group financial statements.

Other reports required by the Companies Act

The "Other reports required by the Companies Act" paragraph in our audit report dated 12 May 2014 states that as part of our audit of the group annual financial statements for the year ended 28 February 2014, we have read the directors' report, the audit 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 condensed group financial statements or our opinion thereon.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: NH Döman
Registered auditor

12 May 2014
Stellenbosch

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

at 28 February 2014

	Notes	2014 Rm	2013 Rm
Assets			
Property, plant and equipment		**3 326,8**	1 799,7
Intangible assets		**2 094,5**	1 666,5
Biological assets		**201,4**	31,3
Investment in ordinary shares of associates and joint ventures		**6 312,1**	5 961,3
Investment in preference shares of/loans granted to associates and joint ventures		**321,3**	312,7
Deferred income tax assets		**125,9**	59,5
Financial assets linked to investment contracts	5	**12 692,8**	10 272,4
Cash and cash equivalents (including money market funds)		**51,3**	65,1
Other financial assets		**12 641,5**	10 207,3
Other financial and employee benefit assets		**1 536,0**	734,0
Inventory		**913,7**	320,8
Trade and other receivables	6	**3 718,8**	2 243,6
Current income tax assets		**42,9**	14,6
Cash and cash equivalents (including money market funds)		**2 098,6**	2 153,2
Non-current assets held for sale	8	**182,0**	287,7
Total assets		**33 566,8**	25 857,3
Equity			
Ordinary shareholders' equity		**6 855,2**	5 989,7
Non-controlling interests		**5 591,6**	4 159,8
Total equity		**12 446,8**	10 149,5
Liabilities			
Insurance contracts		**493,2**	378,0
Financial liabilities under investment contracts	5	**12 692,8**	10 272,4
Borrowings and other financial liabilities		**3 740,9**	2 373,4
Deferred income tax liabilities		**331,6**	243,5
Trade and other payables and employee benefit liabilities	6	**3 823,2**	2 434,2
Current income tax liabilities		**38,3**	6,3
Total liabilities		**21 120,0**	15 707,8
Total equity and liabilities		**33 566,8**	25 857,3
Net asset value per share (cents)		**3 747,6**	3 261,6
Net tangible asset value per share (cents)		**2 602,6**	2 354,1

CONDENSED GROUP INCOME STATEMENT

for the year ended 28 February 2014

	Notes	2014 Rm	2013 Rm
Revenue from sale of goods		**7 568,6**	2 001,8
Cost of goods sold		**(6 684,6)**	(1 682,9)
Gross profit from sale of goods		**884,0**	318,9
Income			
Changes in fair value of biological assets		**90,5**	28,7
Investment income	5	**507,0**	418,3
Fair value gains and losses	5	**1 453,6**	1 023,9
Fair value adjustment to investment contract liabilities	5	**(1 342,7)**	(1 186,6)
Commission, insurance and other fee income		**3 540,1**	1 941,1
Other operating income and expenses		**99,3**	830,1
		4 347,8	3 055,5
Expenses			
Insurance claims and loss adjustments, net of recoveries		**(353,4)**	(60,0)
Marketing, administration and other expenses	9	**(3 737,6)**	(2 276,6)
		(4 091,0)	(2 336,6)
Income from associates and joint ventures			
Share of profits of associates and joint ventures		**943,1**	1 036,6
Loss on impairment of associates		**(24,5)**	(104,2)
		918,6	932,4
Profit before finance costs and taxation		**2 059,4**	1 970,2
Finance costs		**(263,3)**	(206,0)
Profit before taxation		**1 796,1**	1 764,2
Taxation		**(287,9)**	(248,1)
Profit for the year		**1 508,2**	1 516,1
Attributable to:			
Owners of the parent		**1 052,0**	1 139,8
Non-controlling interests		**456,2**	376,3
		1 508,2	1 516,1

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2014

	2014 Rm	2013 Rm
Profit for the year	**1 508,2**	1 516,1
Other comprehensive income for the year, net of taxation	**152,8**	20,7
Items that may be subsequently reclassified to profit or loss		
Currency translation adjustments	**161,6**	15,6
Cash flow hedges	**(15,9)**	
Fair value gains and losses on investments and the reversal thereof upon disposal	**(0,3)**	(0,1)
Share of other comprehensive income of associates	**62,2**	6,4
Reversal of share of associates' other comprehensive income upon disposal	**(55,9)**	(1,2)
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit obligations	**1,1**	
Total comprehensive income for the year	**1 661,0**	1 536,8
Attributable to:		
Owners of the parent	**1 115,1**	1 132,4
Non-controlling interests	**545,9**	404,4
	1 661,0	1 536,8

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2014

	Notes	2014 Rm	2013 Rm
Ordinary shareholders' equity at beginning of the year		**5 989,7**	4 759,9
Total comprehensive income		**1 115,1**	1 132,4
Issue of shares			361,0
Share buy-back		**(33,1)**	
Share-based payment costs – employees		**26,2**	14,2
Net movement in treasury shares		**(41,0)**	(123,4)
Transactions with non-controlling interests		**20,1**	7,6
Dividends paid		**(221,8)**	(162,0)
Ordinary shareholders' equity at end of the year		**6 855,2**	5 989,7
Non-controlling interests at beginning of the year		**4 159,8**	3 187,7
Total comprehensive income		**545,9**	404,4
Issue of shares		**737,3**	551,5
Share-based payment costs – employees		**9,5**	3,3
Acquisition of subsidiaries	4	**366,4**	202,0
Transactions with non-controlling interests		**(33,3)**	(32,2)
Dividends paid		**(194,0)**	(156,9)
Non-controlling interests at end of the year		**5 591,6**	4 159,8
Total equity		**12 446,8**	10 149,5
Dividend per share (cents)			
– interim		**43,0**	33,0
– final		**90,0**	78,0
		133,0	111,0

CONDENSED GROUP STATEMENT OF CASH FLOWS

for the year ended 28 February 2014

	Notes	2014 Rm	2013 Rm
Cash generated by operations		**1 532,8**	623,9
Cash movement in policyholder funds	5	**(13,8)**	(32,1)
Finance costs and taxation paid		**(512,4)**	(467,2)
Net cash flow from operating activities		**1 006,6**	124,6
Net cash flow from investing activities		**(1 235,8)**	(12,0)
Net cash flow from financing activities		**(164,6)**	1 183,0
Net (decrease)/increase in cash and cash equivalents		**(393,8)**	1 295,6
Exchange gains on cash and cash equivalents		**46,7**	1,5
Cash and cash equivalents at beginning of the year		**1 927,7**	630,6
Cash and cash equivalents at end of the year		**1 580,6**	1 927,7
Cash and cash equivalents consists of:			
Cash and cash equivalents linked to investment contracts		**51,3**	65,1
Cash and cash equivalents attributable to equity holders		**2 098,6**	2 153,2
Bank overdrafts attributable to equity holders (included in borrowings)		**(569,3)**	(290,6)
		1 580,6	1 927,7

NOTES TO THE CONDENSED GROUP FINANCIAL STATEMENTS

for the year ended 28 February 2014

1. Basis of presentation and accounting policies

These condensed 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 South African Companies Act, 71 of 2008; and the Listings Requirements of the JSE Ltd.

The accounting policies applied in the preparation of these condensed group financial statements are consistent in all material respects with those used in the prior financial year, apart from the following new accounting standards and amendments to IFRSs which were relevant to the group's operations from 1 March 2013:

- IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and amendments to IAS 28 *Investments in Associates*
  The group has adopted aforementioned suite of IFRSs and amendments which deal with the accounting treatment for the group's interests in its investees. The group has reviewed its accounting policies and concluded that the adoption of same did not result in any material changes to the group's accounting for its investees.
- IFRS 13 *Fair Value Measurement*
  The group has adopted the new standard on how to measure fair value and enhance fair value disclosures. The adoption did not result in any material impact on the financial statements, apart from additional disclosures (note 10).
- Amendments to IAS 19 *Employee Benefits*
  The amendments became relevant to the group following its acquisition of a controlling interest in Capespan Group Ltd ("Capespan") (note 4), which operates defined-benefit plans. Capespan previously elected to follow a policy of recognising remeasurements to employee benefit assets and liabilities in other comprehensive income, which has now become mandatory.
- Amendments to IAS 34 *Interim Financial Reporting*
  The amendments relate to the introduction of IFRS 13 *Fair Value Measurement* and changes to IFRS 7 *Financial Instruments: Disclosures*. The group has complied with these additional disclosure requirements.

The group also adopted the various other revisions to IFRS, which were effective for its financial year ended 28 February 2014. These revisions have not resulted in material changes to the group's reported results and disclosures in these condensed group financial statements.

Enhanced disclosures, as required by IFRS 12 *Disclosures of Interests in Other Entities*, have been provided in the annual financial statements for the year ended 28 February 2014.

2. PSG Financial Services Ltd

PSG Financial Services Ltd is a wholly-owned subsidiary of PSG Group Ltd, except for the 17 415 770 (2013: 13 419 479) perpetual preference shares, which are listed on the JSE Ltd. These preference shares are included in non-controlling interests in the statement of financial position. No separate financial statements are presented in this announcement for PSG Financial Services Ltd as it is the only asset of PSG Group Ltd.

	2014 Rm	Change	2013 Rm
3. Reconciliation to headline earnings			
Profit for the year attributable to owners of the parent	**1 052,0**		1 139,8
Non-headline items	**(43,2)**		(264,8)
Gross amounts			
Impairment of investments in associates	**24,5**		104,2
Net profit on sale/dilution of investments in associates	**(24,4)**		(728,6)
Fair value gain on step-up from associate to subsidiary	**(79,5)**		(21,2)
Net loss on sale/Impairment of intangible assets (including goodwill)	**9,2**		167,9
Non-headline items of associates	**(16,7)**		(23,2)
Other	**3,6**		6,8
Non-controlling interests	**32,9**		106,6
Taxation	**7,2**		122,7
Headline earnings	**1 008,8**		875,0
Earnings per share (cents)			
– recurring headline	**446,9**	*13,9%*	392,3
– headline	**551,3**	*14,8%*	480,2
– attributable/basic	**574,9**	*(8,1%)*	625,5
– diluted headline	**546,8**	*14,8%*	476,3
– diluted attributable/basic	**570,2**	*(8,1%)*	620,5
Number of shares (million)			
– in issue	**207,6**		208,1
– in issue (net of treasury shares)	**182,9**		183,6
– weighted average	**183,0**		182,2
– diluted weighted average	**184,5**		183,7

4. Business combinations

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

Capespan Group Ltd ("Capespan")

Effective April 2013, the group, through Zeder, acquired a further 25,3% shareholding in Capespan and thereby increased its interest to 71,1%. Subsequently, the group further increased its interest to 72,1% in Capespan. Capespan is a global fruit procurement company and South Africa's largest fruit exporter. Remeasurement to fair value of the associate interest previously held resulted in a non-headline gain of R40,7m being recognised in "fair value gains and losses" in the income statement. Non-controlling interest was recognised at its fair value based on Capespan's over-the-counter traded share price.

4. **Business combinations** *(continued)*

Klein Karoo Seed Marketing (Pty) Ltd ("Klein Karoo")

Effective October 2013, the group, through Zeder, acquired the remaining 51% shareholding in Klein Karoo not already held. Klein Karoo develops and distributes vegetable, pasture and agronomic seed in mainly Africa, the Middle East and Asia. The remeasurement of the previously held associate interest resulted in a non-headline gain of R1,1m being recognised in "fair value gains and losses" in the income statement. Non-controlling interests in a subsidiary of Klein Karoo were valued at its fair value.

Precrete Holdings (Pty) Ltd ("Precrete")

Effective August 2013, the group, through PSG Private Equity, acquired a further 7,2% shareholding in Precrete and thereby increased its interest to 55,2%. At year-end, the group's effective interest in Precrete was 52,8%. Precrete is involved in providing mine safety and support services. The previously held associate interest approximated fair value and therefore no remeasurement gain or loss arose upon gaining control. Non-controlling interests were recognised at its proportionate share of net assets.

Embury Institute for Teacher Education (Pty) Ltd ("Embury")

Effective April 2013, the group, through Curro, acquired the entire issued shareholding in Embury, a Durban-based teachers training college.

Northern Academy

Effective April 2013, the group, through Curro, acquired the entire business operations and properties of Northern Academy, a private education campus in Polokwane.

PSG Optimal Income Fund

During the year under review, the group, through PSG Konsult, increased its interest in the PSG Optimal Income Fund, resulting in the consolidation of same. At year-end, the group's interest in this fund amounted to 34,1%.

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

	Capespan Rm	Klein Karoo Rm	Precrete Rm	Embury Rm	Subtotal carried forward Rm
Identifiable net assets acquired	929,5	196,2	152,7	20,9	1 299,3
Goodwill recognised		69,1	77,0	37,7	183,8
Non-controlling interests recognised	(268,6)	(34,2)	(63,6)		(366,4)
	660,9	231,1	166,1	58,6	1 116,7
Derecognition of previously held associate interest or unit-linked investment at fair value	(403,0)	(101,0)	(146,4)		(650,4)
Cash consideration	257,9	130,1	19,7	58,6	466,3

4. Business combinations *(continued)*

	Subtotal brought forward Rm	Northern Academy Rm	PSG Optimal Income Fund Rm	Other Rm	Total Rm
Identifiable net assets acquired	**1 299,3**	**64,7**	**97,0**	**26,1**	**1 487,1**
Goodwill recognised	**183,8**	**85,2**			**269,0**
Non-controlling interests recognised	**(366,4)**				**(366,4)**
	1 116,7	**149,9**	**97,0**	**26,1**	**1 389,7**
Derecognition of previously held associate interest or unit-linked investment at fair value	**(650,4)**		**(97,0)**		**(747,4)**
Cash consideration	**466,3**	**149,9**	**–**	**26,1**	**642,3**

Goodwill recognised from these business combinations can be attributed to the employee corps, expected synergies, economies of scale and the businesses' growth potential. Transaction costs relating to aforementioned business combinations were insignificant and expensed in the income statement.

5. Linked investment contracts

These represent PSG Life Ltd clients' assets held under investment contracts, which are linked to a corresponding liability. The impact on the income statement from the returns on investment contract policyholder assets and liabilities, as well as the investment income earned by the ordinary shareholders of the group, were as follows:

	Investment contract policy-holders Rm	Equity holders Rm	Total Rm
28 February 2014			
Investment income	**263,6**	**243,4**	**507,0**
Fair value gains and losses	**1 087,7**	**365,9**	**1 453,6**
Fair value adjustment to investment contract liabilities	**(1 342,7)**		**(1 342,7)**
	8,6	**609,3**	**617,9**
28 February 2013			
Investment income	272,0	146,3	418,3
Fair value gains and losses	937,1	86,8	1 023,9
Fair value adjustment to investment contract liabilities	(1 186,6)		(1 186,6)
	22,5	233,1	255,6

6. **Trade and other receivables and payables**
Included under trade and other receivables are PSG Online broker and clearing accounts of which R1,9bn (2013: R1,6bn) 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.

7. **Corporate actions**
Apart from the transactions set out in note 4, the group's most significant corporate actions included the following:

- Repurchase of 492 471 PSG Group Ltd ordinary shares for R33,1m cash at R67,19 per share.
- Issue of 3 996 291 PSG Financial Services Ltd preference shares for cash proceeds of R300m at an effective dividend yield of 9,44% and partial utilisation thereof to redeem promissory notes upon maturity of R269,8m.
- Curro conducted a rights offer during May 2013, underwritten by the group. The group followed its rights and the additional investment amounted to R350,6m.
- Effective June 2013, the group, through PSG Konsult, increased its shareholding in Western Group Holdings Ltd ("Western"), being a short-term insurer, from 75% to 90%. Following approval from the Financial Services Board during September 2013, the group acquired the remaining 10% minority shareholding in Western and then subsequently sold 40% of its shareholding to Santam.

8. **Non-current assets held for sale**
Non-current assets held for sale consists mainly of JSE-listed equity securities to the amount of R177m (2013: R287,7m), held by the group, through Zeder, in Capevin Holdings Ltd. These equity securities are expected to be realised through sale in the coming months.

	2014 Rm	2013 Rm
9. Marketing, administration and other expenses		
Expenses by nature		
Depreciation and amortisation	**209,5**	121,8
Operating lease rentals	**153,0**	86,0
Employee benefit expenses	**1 565,2**	762,0
Impairments and losses on disposal	**37,7**	204,9
Commissions paid	**837,5**	622,1
Other	**934,7**	479,8
	3 737,6	2 276,6

Directors' emoluments are disclosed in the directors' report (page 40).

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, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

These condensed 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 2014. 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 (note 5) 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 are 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 fair 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 2014	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Assets				
Derivative financial assets	**1,0**	**29,1**		**30,1**
Equity securities	**767,8**	**1,0**	**42,6**	**811,4**
Debt securities	**32,9**	**804,8**	**237,3**	**1 075,0**
Unit-linked investments		**8 058,4**	**2 250,5**	**10 308,9**
Investment in investment contracts		**260,4**	**1,4**	**261,8**
Non-current assets held for sale	**177,0**			**177,0**
Closing carrying value	**978,7**	**9 153,7**	**2 531,8**	**12 664,2**
Liabilities				
Derivative financial liabilities	**15,2**	**38,6**	**45,7**	**99,5**
Investment contracts		**9 056,9**	**2 487,8**	**11 544,7**
Trade and other payables			**10,6**	**10,6**
Third-party liabilities arising on consolidation of mutual funds		**372,2**		**372,2**
Closing carrying value	**15,2**	**9 467,7**	**2 544,1**	**12 027,0**
28 February 2013				
Assets				
Derivative financial assets		16,0		16,0
Equity securities	1 015,0	97,5	0,8	1 113,3
Debt securities		338,5	250,1	588,6
Unit-linked investments		4 832,6	1 958,1	6 790,7
Investment in investment contracts		264,8	61,7	326,5
Non-current assets held for sale	287,7			287,7
Closing carrying value	1 302,7	5 549,4	2 270,7	9 122,8
Liabilities				
Derivative financial liabilities		94,4	45,7	140,1
Investment contracts		6 152,5	2 266,5	8 419,0
Trade and other payables			6,3	6,3
Third-party liabilities arising on consolidation of mutual funds		25,1		25,1
Closing carrying value	–	6 272,0	2 318,5	8 590,5

10. Financial instruments *(continued)*

10.2 Fair value estimation *(continued)*

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

	2014		2013	
	Assets Rm	**Liabilities Rm**	Assets Rm	Liabilities Rm
Opening balance	**2 270,7**	**2 318,5**	1 983,9	2 048,3
Additions	**1 602,0**	**1 562,9**	1 028,0	702,4
Disposals	**(1 506,2)**	**(1 504,1)**	(969,8)	(707,8)
Subsidiaries sold			(3,7)	
Fair value adjustments	**165,3**	**166,6**	232,3	230,6
Other movements		**0,2**		45,0
	2 531,8	**2 544,1**	2 270,7	2 318,5

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

Zeder has previously announced the acquisition of Mpongwe Milling in its Stock Exchange News Service announcement dated 13 November 2013, which became effective after the reporting date and is currently being implemented.

Curro announced in its recently released financial results that during the year ahead it intends to develop 10 new schools and embark on expansion projects at approximately seven existing campuses across the group.

Capitec has reported receiving a notice from the National Credit Regulator alleging contraventions of the National Credit Act. It furthermore reported that it had taken legal advice and believed the matter would be resolved satisfactorily through due process. The matter was heard by the National Consumer Tribunal on 13 March 2014 and judgement was reserved. Due to uncertainties that currently exist, Capitec is unable to estimate the financial effect of any possible outcome.

12. Segment report

The group's classification into seven reportable segments, namely Capitec, Curro, PSG Konsult, PSG Private Equity, Thembeka Capital, Zeder 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 corporate finance services. All segments operate predominantly in the Republic of South Africa; however, Zeder has further expanded its offshore operations through the acquisition of Capespan and Klein Karoo (note 4).

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.

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

12. Segment report *(continued)*

Year ended 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]			**570,7**		**570,7**	**5 989,1**
Curro	**662,9**		**20,6**		**20,6**	**4 659,7**
PSG Konsult	**2 488,8**		**162,7**	**(4,3)**	**158,4**	**4 003,8**
PSG Private Equity	**2 189,1**		**51,4**	**5,7**	**57,1**	**948,7**
Thembeka Capital [1]			**23,2**	**100,2**	**123,4**	**1 242,8**
Zeder	**6 374,3**		**124,5**	**(16,9)**	**107,6**	**1 698,1**
PSG Corporate (including PSG Capital)	**301,1**	**(123,5)**	**48,4**	**51,9**	**100,3**	**1 370,5**
Reconciling items						
Funding	**42,2**	**(18,5)**	**(181,2)**	**54,2**	**(127,0)**	**(2 008,3)**
Other			**(2,3)**		**(2,3)**	**135,0**
Total	**12 058,4**	**(142,0)**	**818,0**	**190,8**	**1 008,8**	**18 039,4**
Non-headline items					**43,2**	
Earnings attributable to non-controlling interests					**456,2**	
Taxation					**287,9**	
Profit before taxation					**1 796,1**	
Year ended February 2013						
Capitec [1]	410,1		499,9		499,9	6 127,6
Curro	367,3		8,1		8,1	2 606,6
PSG Konsult	1 673,0		118,8	(0,1)	118,7	2 236,8
PSG Private Equity	1 690,9		75,0	(9,2)	65,8	680,7
Thembeka Capital [1]			28,0	140,0	168,0	898,8
Zeder	755,5		106,6	(23,2)	83,4	1 411,6
PSG Corporate (including PSG Capital) [5]	190,7	(61,0)	48,3	85,9	134,2	1 855,2
Reconciling items						
Funding [5]	39,0	(8,2)	(168,2)	(33,3)	(201,5)	(2 008,2)
Other			(1,6)		(1,6)	34,4
Total	5 126,5	(69,2)	714,9	160,1	875,0	13 843,5
Non-headline items					264,8	
Earnings attributable to non-controlling interests					376,3	
Taxation					248,1	
Profit before taxation					1 764,2	

12. Segment report *(continued)*

	2014 Rm	2013 Rm
Reconciliation of segment revenue to IFRS revenue:		
Segment revenue as stated above		
Income	**12 058,4**	5 126,5
Inter-segment income	**(142,0)**	(69,2)
Less:		
Changes in fair value of biological assets	**(90,5)**	(28,7)
Fair value gains and losses	**(1 453,6)**	(1 023,9)
Fair value adjustment to investment contract liabilities	**1 342,7**	1 186,6
Other operating income and expenses	**(99,3)**	(830,1)
IFRS revenue	**11 615,7**	4 361,2
Non-recurring headline earnings comprised the following:		
Non-recurring items from investments	**84,7**	107,5
Net fair value gains on unit trust and share investments	**9,5**	72,0
Other [4]	**96,7**	(19,4)
	190,9	160,1

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 *Current year consists mainly of marked-to-market gains on the group's interest rate hedge.*
5 *Non-recurring headline losses of R29,1m pertaining to the group's interest rate hedge have been reclassified from PSG Corporate to Funding.*

	Shareholders Number	Shareholders %	Shares held Number	Shares held %
13. Ordinary shareholder analysis				
Range of shareholding				
1 – 500	5 019	41,9	1 252 129	0,6
501 – 1 000	2 527	21,1	1 946 020	1,0
1 001 – 5 000	3 259	27,1	7 271 682	3,8
5 001 – 10 000	556	4,6	3 982 550	2,1
10 001 – 50 000	482	4,0	10 024 704	5,3
50 001 – 100 000	51	0,4	3 532 785	1,9
100 001 – 500 000	79	0,7	19 337 334	10,2
500 001 – 1 000 000	15	0,1	9 691 733	5,1
Over 1 000 000	17	0,1	132 836 345	70,0
	12 005	100,0	189 875 282	100,0
Treasury shares				
Employee share schemes	2		3 805 370	
Shares held by a subsidiary	1		13 908 770	
	12 008		207 589 422	
Public and non-public shareholding				
Non-public				
Directors *	10	0,1	70 534 529	37,1
Thembeka Capital Ltd (RF) (associate)	1		9 902 349	5,2
Public	11 994	99,9	109 438 404	57,7
	12 005	100,0	189 875 282	100,0
Individual shareholders (excluding directors) holding 5% or more of shares in issue (net of treasury shares) at 28 February 2014				
Public Investment Corporation (including Government Employees Pension Fund)			17 214 684	9,1
Steinhoff International Holdings Ltd and its subsidiaries			37 265 781	19,6
			54 480 465	28,7

* *Refer to the directors' report on page 43 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, 20 June 2014, at 11:45 ("the AGM").

Purpose

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

Agenda

1. 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 2014. The annual report of which this notice forms part, contains the condensed group financial statements and the aforementioned reports. The annual financial statements, including the unmodified audit opinion, is 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.

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

   Note:
   For any of the ordinary resolution 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.

2.1 Retirement and re-election of directors

2.1.1 Ordinary resolution number 1

"Resolved that Mr PE Burton, 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 PE Burton

Mr Burton obtained a BCom (Hons) Financial Management and post-graduate Diploma in Tax Law from the University of Cape Town.

He was one of the founding members of Siphumelele Investments Ltd, a black economic empowerment company established in 1995 with a shareholder base representing in excess of 150 000 previously disadvantaged individuals. His experience as a director includes executive and non-executive positions in fishing, telecommunications, media and entertainment, technology and financial services. He also serves on the board of PSG Konsult Ltd and is a member of the audit committees of PSG Group, PSG Konsult Ltd and Siphumelele Investments Ltd.

2.1.2 Ordinary resolution number 2

"Resolved that Mr ZL Combi 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 ZL Combi

Mr Combi is the executive chairman of Thembeka Capital Ltd (RF). He holds a diploma in public relations and was awarded the Ernst & Young South African Entrepreneur of the Year award in 2000, as well as the World Entrepreneur of the Year in Managing Change award in 2001. Mr Combi is a member of the Institute of Directors and serves on various listed and unlisted companies' boards, as well as the Absa Bank Advisory Committee (Western Cape).

2.1.3 Ordinary resolution number 3

"Resolved that Mr MJ Jooste, 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 MJ Jooste
Mr Jooste obtained a BAcc degree from the University of Stellenbosch and qualified as a Chartered Accountant (SA). He is the chief executive officer of Steinhoff International Holdings Ltd and serves on several boards in the Steinhoff group's operations.

2.1.4 Ordinary resolution number 4
"Resolved that Mr W Theron, 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 W Theron
Mr Theron obtained his BCom degree at the University of Stellenbosch and BCompt (Hons) through Unisa. In 1976, he qualified as Chartered Accountant (SA). He started the chartered accountancy firm Theron du Plessis in 1976 in Middelburg (Eastern Cape), which in 1998 had 10 offices in the Western and Eastern Cape. In 1998, he was the founder of PSG Konsult Ltd.

The reason for ordinary resolution numbers 1 to 4 (inclusive) is that the memorandum of incorporation of the company 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.

2.2 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.

2.2.1 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."

A summary of Mr PE Burton's curriculum vitae has been included in paragraph 2.1.1 above.

2.2.2 Ordinary resolution number 6
"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."

Summary curriculum vitae of Mr CA Otto
Mr Otto graduated with BCom and LLB degrees from the University of Stellenbosch.

He has been an executive director of PSG Group since its formation in 1995 until March 2009 and is a co-founder of same. Mr Otto has been directly involved in the establishment of PSG's investment in micro-finance and subsequent establishment of Capitec Bank Holdings Ltd of which he has been a director since then. He has also been directly involved in the establishment of PSG Group's investments in the agri sector, which culminated in the formation of Zeder Investments Ltd of which he remains a director. Mr Otto serves on various boards as a non-executive director, including Capespan Group Ltd, Capevin Holdings Ltd, Kaap Agri Ltd, Agri Voedsel Ltd and Distell Group Ltd.

2.2.3 Ordinary resolution number 7

"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."

Summary curriculum vitae of Mr J de V du Toit

Mr du Toit graduated with a BAcc degree. He qualified as Chartered Accountant (SA) and Chartered Financial Analyst. He served as financial director, and later as portfolio manager, of the stockbroking firm SMK. Mr du Toit is a co-founder of PSG Group and non-executive director of various companies.

The reason for ordinary resolution 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.

2.3 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.

2.4 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 Listings Requirements of the JSE Ltd ("the JSE"), and subject to the proviso that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, shall be limited to 5% of the issued share capital as at the date of this notice of AGM, 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 in any one financial year 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 or shares issued to the PSG Group Limited Supplementary Share Incentive Trust ("the trust") or options granted by the trust in accordance with the Listings Requirements of the JSE 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 amounts to 10 379 471 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 trading 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 of the JSE and not to related parties; and
- any such issue will only be 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."

For listed entities wishing to issue shares for cash (other than issues by way of rights offers and/or 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 to obtain the prior authority of the shareholders in accordance with the Listings Requirements of the JSE and the memorandum of incorporation of the company. The reason for ordinary resolution number 9 is accordingly to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements of the JSE and the memorandum of incorporation of the company.

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.

3. 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.

3.1 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	Remune-ration R	PSG BEE Trust R	Total R
PE Burton [2]	123 650	68 060	8 170	6 810	206 690
ZL Combi	123 650				123 650
J de V du Toit [3]	123 650	80 420			204 070
MM du Toit	123 650		8 170		131 820
FJ Gouws	123 650				123 650
MJ Jooste [4]	123 650		8 670		132 320
JF Mouton [5]	247 300				247 300
JJ Mouton	123 650				123 650
CA Otto	123 650	68 060	8 170		199 880
W Theron	123 650				123 650
Total	**1 360 150**	**216 540**	**33 180**	**6 810**	**1 616 680**

Notes:
[1] *With effect from 1 March 2014*
[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 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.

3.2 Inter-company financial assistance

3.2.1 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 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.

3.2.2 Special resolution number 3: Financial assistance for acquisition of shares in a related or inter-related company

"Resolved that 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 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 a related or inter-related company or corporation, or for the purchase of any shares or securities of 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 to provide financial assistance to any company or corporation which is related or inter-related to the company for the purpose of or in connection with the subscription or purchase of options, shares or other securities in any such 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 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.

3.3 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 of the JSE 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 on the open market of the JSE 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 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 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;
- the company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase programme in place as contemplated in terms of paragraph 5.72(h) of the Listings Requirements of the JSE; and
- the company must ensure that its sponsor provides the JSE with the required working capital letters before it commences the repurchase of any shares."

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 of the JSE for the acquisition by the company or by a subsidiary of the company of shares issued by the company on the basis reflected in the special resolution.

In terms of the Listings Requirements of the JSE, any general repurchase by the company must, inter alia, be limited to a maximum of 20% of the company's issued share capital in any one financial year of that class at the time the authority is granted. Furthermore, 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.

3.4. Amendments to the memorandum of incorporation of the company

Special resolution number 5: Amendment to the memorandum of incorporation of the company in relation to the issue of shares

"Resolved as a special resolution that the memorandum of incorporation of the company be and is hereby amended by the deletion of existing clause number 6, in its entirety, and the substitution thereof with the following new clause 6:

'6.1 The Company is authorised to issue –

6.1.1 such number of such class of Shares as is set out in Schedule 1 hereto, subject to the preferences, rights, limitations and other terms associated with such class set out therein;

6.1.2 such number of each of such further classes of Shares, if any, as are set out in Schedule 1 hereto with the preferences, rights, limitations and other terms associated with each such class set out therein, subject to the JSE Listings Requirements.

6.2 The power of the Board to –

6.2.1 increase or decrease the number of authorised Shares of any class of the Company's Shares; or

6.2.2 create any class of Shares; or

6.2.3 reclassify any classified Shares that have been authorised but not issued; or

6.2.4 classify any unclassified Shares that have been authorised but not issued; or

6.2.5 determine the preferences, rights, limitations or other terms of any Shares,

shall be subject to the approval of the Shareholders by way of a special resolution.

6.3 The authorisation and classification of Shares, the numbers of authorised Shares of each class, and the preferences, rights, limitations and other terms associated with each class of Shares, as set out in this Memorandum of Incorporation, may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the Shareholders and in accordance with the JSE Listings Requirements.

6.4 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share, and accordingly if any amendment to this Memorandum of Incorporation relates to the variation of any preferences, rights, limitations and other terms associated with any class of Share already in issue, such amendments shall not be implemented without a special resolution adopted by the holders of Shares of that class at a separate meeting. The holders of Shares of that class will, subject to the further provisions of clause 23.2, also be entitled to vote at the meeting of ordinary Shareholders where the amendment is tabled for approval.

6.5 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7).

6.6 The Board may, subject to clauses 6.7, 6.9 and 6.11, the Act and the JSE Listings Requirements, resolve to issue Shares of the Company at any time, but only –

6.6.1 within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation; and

6.6.2 to the extent that such issue has been approved by the Shareholders in general meeting, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares, provided that, if such approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting, provided further that the approval by Shareholders in general meeting shall not be required –

6.6.2.1 *to the extent that such Shares have first been offered to existing ordinary Shareholders in proportion to their shareholding, on such terms and in accordance with such procedures as the Board may determine; or*

6.6.2.2 *to the extent that such Shares are issued for the acquisition of assets by the Company, whether by means of an acquisition issue or a vendor consideration placement.*

6.7 *All issues of Shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition, be in accordance with the JSE Listings Requirements.*

6.8 *Save where permitted by the JSE, all Securities for which a listing is sought on the JSE and all Securities of the same class as Securities which are listed on the JSE must be freely transferable and must, notwithstanding the provisions of section 40(5), but unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Board for the issuance of such Securities.*

6.9 *Save –*

6.9.1 *where otherwise permitted under the Act, the JSE Listings Requirements or this Memorandum of Incorporation;*

6.9.2 *where approved by Shareholders in general meeting; or*

6.9.3 *where such Shares are issued for the acquisition of assets by the Company, whether by means of an acquisition issue or a vendor consideration placement*

the Board may only issue unissued Shares if such Shares have first been offered to existing ordinary Shareholders in proportion to their shareholding on such terms and in accordance with such procedures as the Board may determine.

6.10 *The Shareholders may at a general meeting authorise the Directors to issue Shares of the Company at any time and/or grant options to subscribe for Shares as the Directors in their discretion think fit, provided that, to the extent applicable, such transaction(s) has/have been approved by the JSE and comply with the JSE Listings Requirements.*

6.11 *Notwithstanding anything to the contrary herein, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of section 41(3), require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.*

6.12 *Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or as may otherwise be provided in this Memorandum of Incorporation, no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company.' "*

The reason for special resolution number 5 is to obtain the required approval of shareholders to amend the memorandum of incorporation of the company in the manner that aligns the memorandum of incorporation with the provisions of the JSE Listings Requirements and the Companies Act, in relation to the issue of shares, as set out in the special resolution above.

The effect of special resolution number 5 is that the company will have the necessary authority to amend the memorandum of incorporation in the manner set out in the special resolution above, which amendments have also been approved by the JSE.

4. 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 shares to be purchased, are of the opinion that the position of the company and its subsidiaries ("PSG Group") would not be compromised as to the following:

   - PSG 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 PSG Group will at the time of the AGM and at the time of making such determination be in excess of the consolidated liabilities of PSG 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 PSG Group;
   - the ordinary capital and reserves of PSG Group after the purchase will remain adequate for the purpose of the business of PSG Group for a period of 12 months after the AGM and after the date of the share purchase; and
   - the working capital available to PSG Group after the purchase will be sufficient for PSG Group's requirements for a period of 12 months after the date of the notice of the AGM

   and the directors have passed a resolution authorising the repurchase, resolving that the company or the subsidiary, as the case may be, has satisfied the solvency and liquidity test as defined in the Companies Act and resolving that, since the solvency and liquidity test had been applied, there have been no material changes to the financial position of PSG Group.

   General information in respect of directors, major shareholders, directors' interest in securities and 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 company is not involved in any legal or arbitration proceedings, nor are any proceedings pending or threatened of which the company is aware that may have or have had in the previous 12 months, a material effect on the company's financial position.
3. The directors, whose names appear on page 12 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 that have been made and that the notice contains all information required by the Listings Requirements of the JSE.
4. Special resolution numbers 2, 3 and 4 are renewals of resolutions taken at the previous annual general meeting on 21 June 2013.

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, 9 May 2014.
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, 13 June 2014, with the last day to trade being Friday, 6 June 2014.
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 member of the company. A form of proxy, in which are set out the relevant instructions for its completion, is enclosed for the use of 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 11:45 on Wednesday, 18 June 2014.
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

12 May 2014
Stellenbosch

PSG form of proxy

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 11:45 at Spier Wine Estate, on Friday, 20 June 2014 ("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.	Presentation of the audited annual financial statements			
2.1.1	Ordinary resolution number 1: To re-elect Mr PE Burton as director			
2.1.2	Ordinary resolution number 2: To re-elect Mr ZL Combi as director			
2.1.3	Ordinary resolution number 3: To re-elect Mr MJ Jooste as director			
2.1.4	Ordinary resolution number 4: To re-elect Mr W Theron as director			
2.2.1	Ordinary resolution number 5: To re-appoint Mr PE Burton as a member of the audit and risk committee			
2.2.2	Ordinary resolution number 6: To re-appoint Mr CA Otto as a member of the audit and risk committee			
2.2.3	Ordinary resolution number 7: To re-appoint Mr J de V du Toit as a member of the audit and risk committee			
2.3	Ordinary resolution number 8: To re-appoint PricewaterhouseCoopers Inc as the auditor			
2.4	Ordinary resolution number 9: General authority to issue ordinary shares for cash			
3.1	Special resolution number 1: Remuneration of non-executive directors			
3.2.1	Special resolution number 2: Inter-company financial assistance			
3.2.2	Special resolution number 3: Financial assistance for acquisition of shares in a related or inter-related company			
3.3	Special resolution number 4: Share buy-back by PSG Group and its subsidiaries			
3.4	Special resolution number 5: Amendment to the memorandum of incorporation of the company in relation to the issue of shares			

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 ______________ 2014.

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 member, 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 11:45 on Wednesday, 18 June 2014.
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.

Condensed standalone financial statements

These condensed standalone financial statements comprise a summary of the audited standalone annual financial statements of PSG Financial Services Ltd for the year ended 28 February 2014.

The standalone annual financial statements, including these condensed 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, Pricewaterhouse-Coopers 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; and the manner required by the Companies Act of South Africa, and incorporate full and reasonable disclosure. Appropriate and recognised accounting policies are consistently applied.

These condensed 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 of South Africa. Reading these condensed 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 of South Africa 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 condensed standalone financial statements set out on pages 81 to 89, were approved by the board of directors of PSG Financial Services Ltd and are signed on its behalf by:

JF Mouton
Chairman

WL Greeff
Financial director

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 of South Africa 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

12 May 2014
Stellenbosch

DIRECTORS' REPORT

for the year ended 28 February 2014

Nature of business

The company, through its various subsidiaries, associates and joint ventures, offers diversified financial and other services. These services include financial advice, stockbroking, asset management, insurance, financing, banking, investing, corporate finance and education services. The various activities are set out in further detail in the review of operations section (page 14) of this annual report.

Operating results

The operating results and state of affairs of the company are set out in the attached condensed income statement and condensed statements of financial position, comprehensive income, changes in equity and notes thereto. The company's profit for the year amounted to R390,4m (2013: R440,4m).

Share capital

The company issued a further 3 996 291 preference shares during the year under review. No changes took place in the company's ordinary share capital during the current or prior year.

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	2014	2013
Interim	**357,1**	366,8
Final	**354,7**	351,2
Total	**711,8**	718,0

Directors

The directors of the company are exactly the same as PSG Group Ltd's (which appear on page 12). 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 (2013: 13 419 479) 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 condensed financial statements, which comprise the condensed statement of financial position as at 28 February 2014, and the condensed statements of income, comprehensive income and changes in equity for the year then ended, and related notes, as set out on pages 83 to 89, are derived from the audited annual financial statements of PSG Financial Services Ltd for the year ended 28 February 2014. We expressed an unmodified audit opinion on those annual financial statements in our report dated 12 May 2014.

These condensed financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act, 71 of 2008. Reading the condensed financial statements, therefore, is not a substitute for reading the audited annual financial statements of PSG Financial Services Ltd.

Directors' responsibility for the condensed financial statements

The company's directors are responsible for the preparation of an condensed version of the audited annual financial statements in accordance with the requirements of Section 8.57 of the JSE Listings Requirements, and the requirements of the Companies Act, 71 of 2008, as applicable to condensed financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on the condensed 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 condensed financial statements derived from the audited annual financial statements of PSG Financial Services Ltd for the year ended 28 February 2014 are consistent, in all material respects, with those annual financial statements, in accordance with the requirements of Section 8.57 of the JSE Listings Requirements, and the requirements of the Companies Act, 71 of 2008, as applicable to condensed financial statements.

Other reports required by the Companies Act

The "Other reports required by the Companies Act" paragraph in our audit report dated 12 May 2014 states that as part of our audit of the annual financial statements for the year ended 28 February 2014, we have read the directors' report, the audit 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 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 audited 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 condensed standalone financial statements or our opinion thereon.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: NH Döman
Registered auditor

12 May 2014
Stellenbosch

CONDENSED STANDALONE STATEMENT OF FINANCIAL POSITION

as at 28 February 2014

	Notes	2014 Rm	2013 Rm
ASSETS			
Investment in subsidiaries	2	**3 163,1**	2 798,7
Investment in associates	3	**1 497,8**	1 497,8
Equity securities	4	**1 238,2**	849,9
Deferred income tax		**0,5**	21,6
Loans and advances	5	**534,3**	562,4
Derivative financial instruments		**7,6**	
Receivables		**11,1**	63,6
Income tax receivable		**2,7**	
Total assets		**6 455,3**	5 794,0
EQUITY			
Ordinary shares			
Stated/share capital		**342,3**	47,0
Share premium			295,3
Preference shares			
Stated/share capital		**1 505,9**	13,4
Share premium			1 193,7
Other reserves		**919,1**	605,2
Retained earnings		**766,0**	525,2
Total equity		**3 533,3**	2 679,8
LIABILITIES			
Borrowings	6	**2 639,4**	2 851,0
Derivative financial instruments		**9,6**	77,2
Deferred income tax		**211,3**	138,9
Trade and other payables		**61,7**	47,1
Total liabilities		**2 922,0**	3 114,2
Total equity and liabilities		**6 455,3**	5 794,0

CONDENSED STANDALONE INCOME STATEMENT

for the year ended 28 February 2014

	Notes	2014 Rm	2013 Rm
Income			
Investment income	7	**384,3**	421,6
Gain on disposal of investment in associates			141,3
Fair value gains on derivative financial instruments		**75,3**	
Total income		**459,6**	562,9
Expenses			
Fair value losses on derivative financial instruments			(40,4)
Impairment of investment in an associate			(6,0)
Marketing, administration and other expenses		**(0,3)**	(0,5)
Total expenses		**(0,3)**	(46,9)
Profit before finance costs and taxation		**459,3**	516,0
Finance costs		**(50,5)**	(61,0)
Profit before taxation		**408,8**	455,0
Taxation	8	**(18,4)**	(14,6)
Profit for the year		**390,4**	440,4

CONDENSED STANDALONE STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2014

	Notes	2014 Rm	2013 Rm
Profit for the year		**390,4**	440,4
Other comprehensive income			
Fair value gains on equity securities		**385,8**	201,3
Taxation on fair value gains	8	**(71,9)**	(62,9)
Total comprehensive income for the year		**704,3**	578,8

CONDENSED STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2014

	Stated/share capital and share premium				
	Ordinary shares Rm	**Preference shares Rm**	**Other reserves Rm**	**Retained earnings Rm**	**Total Rm**
Balance at 1 March 2012	342,3	1 207,1	473,4	515,4	2 538,2
Profit for the year				440,4	440,4
Other comprehensive income					
Fair value gains on equity securities			138,4		138,4
Transactions with owners	–	–	(6,6)	(430,6)	(437,2)
Transfer between reserves			(6,6)	6,6	–
Dividend – ordinary shares				(340,8)	(340,8)
Dividend – preference shares				(96,4)	(96,4)
Balance at 28 February 2013	342,3	1 207,1	605,2	525,2	2 679,8
Profit for the year				**390,4**	**390,4**
Other comprehensive income					
Fair value gains on equity securities			**313,9**		**313,9**
Transactions with owners	**–**	**298,8**	**–**	**(149,6)**	**149,2**
Issue of preference shares		**298,8**			**298,8**
Common control transaction			**2,0**		**2,0**
Transfer between reserves			**(2,0)**	**2,0**	**–**
Dividend – ordinary shares				**(35,6)**	**(35,6)**
Dividend – preference shares				**(116,0)**	**(116,0)**
Balance at 28 February 2014	**342,3**	**1 505,9**	**919,1**	**766,0**	**3 533,3**

NOTES TO THE CONDENSED STANDALONE FINANCIAL STATEMENTS

for the year ended 28 February 2014

1. Basis of presentation and accounting policies

These condensed 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 South African Companies Act, 71 of 2008, as amended, and the Listings Requirements of the JSE Ltd. PSL has only presented condensed 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 condensed version of which have been presented on pages 39 to 64.

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

2. Investment in subsidiaries

	Interest held directly		Carrying value	
Company	**2014 %**	2013 %	**2014 Rm**	2013 Rm
35 Kerkstraat Beleggings Ltd	**100,0**	100,0		
Arch Equity Corporate Services (Pty) Ltd (in process of deregistration)		100,0		
Curro Holdings Ltd	**57,1**	57,5	**849,9**	485,5
Ou Kollege Beleggings Ltd	**100,0**	100,0	**48,2**	48,2
Paladin Capital Ltd	**100,0**	100,0		
PSG Africa Holdings (Pty) Ltd	**98,0**	94,2	**317,0**	317,0
PSG Capital (Pty) Ltd	**100,0**	100,0	**3,6**	3,6
PSG Channel Holdings Ltd	**100,0**	100,0	**12,5**	12,5
PSG Corporate Services (Pty) Ltd	**100,0**	100,0	**52,3**	52,3
PSG Konsult Ltd	**64,7**	65,4	**513,8**	513,8
PSG Private Equity (Pty) Ltd	**100,0**	100,0	**627,9**	627,9
Zeder Investments Ltd	**42,4**	42,4	**737,9**	737,9
			3 163,1	2 798,7

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.

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

3. Investment in associates

Company	Interest held directly 2014 %	Interest held directly 2013 %	Carrying value 2014 Rm	Carrying value 2013 Rm
Capitec Bank Holdings Ltd (JSE-listed)	**28,3**	28,5	**1 484,0**	1 484,0
Propell Group Holdings (Pty) Ltd (unlisted)	**30,0**	34,5	**13,8**	13,8
			1 497,8	1 497,8

Details of the nature of activities of significant associates are disclosed in the front section of this annual report.

4. Equity securities

Equity securities consist of 13 908 770 (2013: 13 873 895) ordinary shares in PSG Group Ltd, the company's JSE-listed holding company, and are classified as available-for-sale.

5. Loans and advances

	2014 Rm	2013 Rm
Secured loan [1]		24,0
Unsecured loans [2]	**100,3**	
Unsecured loans to wholly-owned subsidiaries [3]	**61,9**	289,6
Preference share investments		
Associate of a subsidiary [4]	**275,1**	248,8
Associate [5]	**7,5**	
Other [6]	**89,5**	
	534,3	562,4
Current position	**162,2**	289,6
Non-current position	**372,1**	272,8

1 *This loan carried interest at prime less 1% and was converted to preference shares during the year.*
2 *These loans carry interest at prime plus 2% and are repayable on demand.*
3 *These loans are interest-free with no fixed terms of repayment.*
4 *These preference shares are unsecured, carry prime-linked dividend rates ranging between 9,41% and 11% (2013: ranging between 8,88% and 10,45%) and are redeemable during December 2015.*
5 *These preference shares are unsecured, carry no dividend rate and are redeemable during November 2017.*
6 *Preference shares with a carrying value of R63,2 million 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.*

	2014 Rm	2013 Rm
6. Borrowings		
Unsecured promissory notes		246,9
Unsecured loan from holding company	**1 786,1**	2 036,7
Unsecured loans from wholly owned subsidiaries	**853,3**	567,4
	2 639,4	2 851,0

All borrowings are current. The promissory notes carried interest at fixed rates ranging from 12,2% to 12,7% and were redeemed during the year under review. All loans are interest-free with no fixed terms of repayment.

	2014 Rm	2013 Rm
7. Investment income		
Interest income – loans and advances	**24,9**	31,1
Dividend income		
Preference dividend income	**32,5**	24,0
Equity securities classified as available-for-sale	**16,8**	12,3
Dividends from subsidiaries	**111,9**	202,6
Dividends from associates	**198,2**	151,6
	384,3	421,6
8. Taxation		
Current taxation		
Current year		(26,4)
Prior year overprovision	**2,7**	0,5
Deferred taxation – current year	**(21,1)**	11,3
	(18,4)	(14,6)

Components of other comprehensive income carried a tax charge of R71,9 million (2013: R62,9 million). Current taxation in the prior year related mainly to a capital gain made on part-disposal of an investment in an associate.

9. Non-cash transactions

The company does not have any cash and cash equivalents, and transactions are mainly effected through intergroup loan accounts. Accordingly, no statement of cash flows has been presented.

10. Restatement

The prior year results have been updated to correctly reflect previously unaccounted for intergroup dividends received and paid. These amounts were subsequently correctly debited/credited to the respective subsidiary loan accounts and the effect thereof is summarised below:

Debit/(credit)	Now reported Rm	Previously reported Rm	Difference Rm
Statement of financial position			
Loans and advances	562,4	533,0	29,4
Borrowings	(2 851,0)	(2 630,2)	(220,8)
Income statement (investment income)	(421,6)	(392,2)	(29,4)
Statement of changes in equity (dividend – ordinary shares)	340,8	120,0	220,8
			–

11. Preference share analysis

Range of shareholding	Shareholders Number	Shareholders %	Shares held Number	Shares held %
1 – 2 000	**1 860**	**64,7**	**1 540 660**	**8,8**
2 001 – 5 000	**549**	**19,1**	**1 779 091**	**10,2**
5 001 – 10 000	**226**	**7,9**	**1 666 235**	**9,6**
10 001 – 100 000	**214**	**7,4**	**5 215 968**	**29,9**
100 001 – 500 000	**21**	**0,7**	**3 936 651**	**22,6**
Over 500 001	**5**	**0,2**	**3 277 165**	**18,9**
Public shareholding	**2 875**	**100,0**	**17 415 770**	**100,0**

No individual shareholder held 5% or more of the issued shares at 28 February 2014, 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, 19 June 2014, 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 and special 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 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 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 R300m (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, save that the aforementioned R300m 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 of the JSE 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 preferences 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 R300m, 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 only be valid until the next annual general meeting of the ordinary shareholder(s) of the company.

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

"Resolved that, to the extent required by the Listings Requirements of the JSE, if applicable, the directors of the company be and are hereby authorised by way of a general authority, to allot and issue any of its unissued cumulative, non-redeemable, non-participating 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 Listings Requirements of the JSE, to the extent applicable, including that:

- the approval shall be valid until the date of the next annual general meeting of the ordinary shareholder(s) of the company, provided it shall not extend beyond fifteen months from the date of this resolution;
- the general issues of shares for cash in the aggregate in any one financial year 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 ordinary 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 trading 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 should 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 of the JSE and not to related parties; and
- any such issue will only be 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 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 of the JSE."

For listed entities wishing to issue listed ordinary shares for cash, it is necessary for the board to obtain the prior authority of ordinary shareholders in accordance with the Listings Requirements of the JSE. 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 of the JSE. 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.

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

2. Special resolution number 1: Amendment to the memorandum of incorporation of the company in relation to the issue of shares

"Resolved as a special resolution that the memorandum of incorporation of the company be and is hereby amended by the deletion of existing clause number 6, in its entirety, and the substitution thereof with the following new clause 6:

'6.1 The Company is authorised to issue –

6.1.1 such number of such class of Shares as is set out in Schedule 1 hereto, subject to the preferences, rights, limitations and other terms associated with such class set out therein;

6.1.2 such number of each of such further classes of Shares, if any, as are set out in Schedule 1 hereto with the preferences, rights, limitations and other terms associated with each such class set out therein, subject to the JSE Listings Requirements.

6.2 The power of the Board to –

6.2.1 increase or decrease the number of authorised Shares of any class of the Company's Shares; or

6.2.2 create any class of Shares; or

6.2.3 reclassify any classified Shares that have been authorised but not issued; or

6.2.4 classify any unclassified Shares that have been authorised but not issued; or

6.2.5 determine the preferences, rights, limitations or other terms of any Shares,

shall be subject to the approval of the Shareholders by way of a special resolution.

6.3 The authorisation and classification of Shares, the numbers of authorised Shares of each class, and the preferences, rights, limitations and other terms associated with each class of Shares, as set out in this Memorandum of Incorporation, may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the Shareholders and in accordance with the JSE Listings Requirements.

6.4 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share, and accordingly if any amendment to this Memorandum of Incorporation relates to the variation of any preferences, rights, limitations and other terms associated with any class of Share already in issue, such amendments shall not be implemented without a special resolution adopted by the holders of Shares of that class at a separate meeting. The holders of Shares of that class will, subject to the further provisions of clause 23.2, also be entitled to vote at the meeting of ordinary Shareholders where the amendment is tabled for approval.

6.5 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7).

6.6 The Board may, subject to clauses 6.7, 6.9 and 6.11, the Act and the JSE Listings Requirements, resolve to issue Shares of the Company at any time, but only –

6.6.1 within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation; and

6.6.2 to the extent that such issue has been approved by the Shareholders in general meeting, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares, provided that, if such approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting, provided further that the approval by Shareholders in general meeting shall not be required –

6.6.2.1 to the extent that such Shares have first been offered to existing ordinary Shareholders in proportion to their shareholding, on such terms and in accordance with such procedures as the Board may determine; or

6.6.2.2 to the extent that such Shares are issued for the acquisition of assets by the Company, whether by means of an acquisition issue or a vendor consideration placement.

6.7 All issues of Shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition, be in accordance with the JSE Listings Requirements.

6.8 Save where permitted by the JSE, all Securities for which a listing is sought on the JSE and all Securities of the same class as Securities which are listed on the JSE must be freely transferable and must, notwithstanding the provisions of section 40(5), but unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Board for the issuance of such Securities.

6.9 Save –

6.9.1 where otherwise permitted under the Act, the JSE Listings Requirements or this Memorandum of Incorporation;

6.9.2 where approved by Shareholders in general meeting; or

6.9.3 where such Shares are issued for the acquisition of assets by the Company, whether by means of an acquisition issue or a vendor consideration placement

the Board may only issue unissued Shares if such Shares have first been offered to existing ordinary Shareholders in proportion to their shareholding on such terms and in accordance with such procedures as the Board may determine.

6.10 The Shareholders may at a general meeting authorise the Directors to issue Shares of the Company at any time and/or grant options to subscribe for Shares as the Directors in their discretion think fit, provided that, to the extent applicable, such transaction(s) has/have been approved by the JSE and comply with the JSE Listings Requirements.

6.11 Notwithstanding anything to the contrary herein, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of section 41(3), require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.

6.12 Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or as may otherwise be provided in this Memorandum of Incorporation, no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company.' "

The reason for special resolution number 1 is to obtain the required approval of preference shareholders to amend the memorandum of incorporation of the company in the manner that aligns the memorandum of incorporation with the provisions of the JSE Listings Requirements and the Companies Act, in relation to the issue of shares, as set out in the special resolution above.

The effect of special resolution number 1 is that the company will have the necessary authority to amend the memorandum of incorporation in the manner set out in the special resolution above, which amendments have also been approved by the JSE.

Voting

1. The date on which preference shareholders ("preference shareholders" or "shareholders") must have been 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, 9 May 2014.
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, 13 June 2014, with the last day to trade being Friday, 6 June 2014.
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 member of the company. A form of proxy, in which are set out the relevant instructions for its completion, is enclosed for the use of 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 Tuesday, 17 June 2014.
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

12 May 2014
Stellenbosch

PSL form of proxy

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, 19 June 2014, 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 and special 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			
2.	Special resolution number 1: Amendment to the memorandum of incorporation of the company in relation to the issue of shares			

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 ____________ 2014.

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 ("the 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 member, 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 Tuesday, 17 June 2014.
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

	2014
Financial year-end	28 February
Profit announcement	16 April
Annual general meetings	
– PSG Financial Services Ltd	19 June
– PSG Group Ltd	20 June
General meeting of PSG Financial Services Ltd preference shareholders	19 June
Interim report for the six months ending August 2014	13 October

GREYMATTER & FINCH # 7990