THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations on pages 4 to 6 of this Circular apply *mutatis mutandis* to this cover page.

Action required

1. If you are in any doubt as to what action to take in relation to this Circular, please consult your CSDP, Broker, banker, attorney, accountant or other professional adviser immediately.
2. If you have disposed of all your Shares in PSG, please forward this Circular to the purchaser of such Shares or to the CSDP, Broker, banker or other agent through whom the disposal was effected.
3. Shareholders are referred to page 2 of this Circular, which sets out the action required by them.

PSG does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any Shareholder to notify such Shareholder of the General Meeting, notice of which is contained in and forms part of this Circular.

PSG GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration Number 1970/008484/06)
Share code: PSG ISIN: ZAE000013017
("**PSG**" or "**the Company**")

CIRCULAR TO PSG SHAREHOLDERS

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regarding:

- a specific repurchase by PSG of 9 902 349 Shares from Thembeka, held through a wholly owned subsidiary, at a purchase consideration of R97.56 per Share;
- a specific repurchase by PSG of 1 785 850 Shares from SBET and Clusten (a wholly owned subsidiary of SBET), at a purchase consideration of R97.56 per Share; and
- the subsequent delisting of the repurchased Shares from the JSE and cancellation thereof as issued share capital in terms of section 35(5) of the Companies Act;

and incorporating

- a notice of General Meeting of Shareholders; and
- a Form of Proxy (*yellow*) (for use by Certificated Shareholders and Dematerialised Shareholders who have selected Own-Name Registration only).

Transaction Adviser and Sponsor

PSG CAPITAL

Auditors and Independent Reporting Accountants

pwc

Independent Sponsor

pwc

Independent Expert

questco
CORPORATE ADVISORY

Date of issue: Wednesday, 15 October 2014

Copies of this Circular are available in English from the registered offices of the Company, the Transaction Adviser and Sponsor and the Transfer Secretaries, details of which appear under the "Corporate Information" section of this Circular.

CORPORATE INFORMATION

Directors
JF Mouton (*Chairman*) *
PJ Mouton (*Chief Executive Officer*)
WL Greeff (*Financial Director*)
JA Holtzhausen
FJ Gouws *
JJ Mouton *
W Theron *
PE Burton *#
ZL Combi *#
J de V du Toit *#
MM du Toit *#
MJ Jooste *# (Alternate director: AB la Grange)
CA Otto *#

* Non-executive
# Independent

Date of Incorporation
26 June 1970

Place of incorporation
South Africa

Auditors and Independent Reporting Accountants
PricewaterhouseCoopers Incorporated
(Registration number 1998/012055/21)
Capital Place
15 - 21 Neutron Avenue
Technopark, Stellenbosch, 7600
(PO Box 57, Stellenbosch, 7599)
and at
No 1 Waterhouse Place, Century City, 7441
(PO Box 2799, Cape Town, 8000)

Independent Expert
QuestCo Proprietary Limited
(Registration number 2002/005616/07)
The Pivot
No 1 Monte Casino Blvd
Entrance D, 2nd Floor
Fourways, 2055
(PO Box 98956, Sloane Park, 2152)

Transaction Adviser and Sponsor
PSG Capital Proprietary Limited
(Registration Number 2006/015817/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch 7599)

and

1st Floor, Building 8
Inanda Greens Business Park
54 Wierda Road West
Wierda Valley
Sandton, 2196
(PO Box 650957, Benmore, 2010)

Company Secretary and Registered Address
PSG Corporate Services Proprietary Limited
(Registration Number 1996/004840/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Independent Sponsor
PricewaterhouseCoopers Corporate Finance Proprietary Limited
(Registration number 1970/003711/07)
2 Eglin Road
Sunninghill
2157
(Private Bag X36, Sunninghill, 2157)

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The definitions and interpretations on pages 4 to 6 apply *mutatis mutandis* to the table of contents.

ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations on pages 4 to 6 of this Circular apply *mutatis mutandis* to this section.

Please take careful note of the following provisions regarding the action required by Shareholders

1. If you are in any doubt as to what action to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional adviser immediately.

2. If you have disposed of all your Shares in PSG, please forward this Circular to the purchaser of such Shares or to the CSDP, Broker, banker or other agent through whom the disposal was effected.

3. If you hold Certificated Shares or Dematerialised Shares and have selected Own-Name Registration:

3.1. You are entitled to attend the General Meeting in person and speak, vote or abstain from voting at the General Meeting.

3.2. Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the Form of Proxy (*yellow*) attached in accordance with the instructions it contains and return it to the Transfer Secretaries to be received by no later than 10:00 on Tuesday, 11 November 2014.

4. If you hold Dematerialised Shares and have not selected Own-Name Registration:

4.1. If your CSDP or Broker has not contacted you, it would be advisable for you to contact your CSDP or Broker and furnish them with your voting instructions. This must be done in terms of the Custody Agreement concluded between you and your CSDP or Broker in the manner and time stipulated therein.

4.2. If your CSDP or Broker does not obtain voting instructions from you, they will be obliged to vote in accordance with the instructions contained in the Custody Agreement concluded between you and your CSDP or Broker.

4.3. In accordance with the Custody Agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to attend or be represented by proxy at the General Meeting. Your CSDP or Broker will issue the necessary letter of representation for you to do so.

4.4. **You must not complete the attached Form of Proxy.**

SALIENT DATES AND TIMES

The definitions and interpretations on pages 4 to 6 apply *mutatis mutandis* to these salient dates and times.

Record date in order to be eligible to receive this Circular, including the notice of General Meeting	Friday, 3 October 2014
Circular posted to Shareholders on	Wednesday, 15 October 2014
Announcement providing full details of the Specific Repurchases giving salient dates and advising of the posting of this Circular and giving the date and place of General Meeting released on SENS on	Wednesday, 15 October 2014
Announcement providing full details of the Specific Repurchases giving salient dates and advising of the posting of this Circular and giving the date and place of General Meeting published in the South African press on	Thursday, 16 October 2014
Last day to trade in Shares in order to be eligible to attend, participate in and vote at the General Meeting	Friday, 31 October 2014
General Meeting Record Date in order to be eligible to attend, participate in and vote at the General Meeting	Friday, 7 November 2014
Last day for receipt of Forms of Proxy in respect of the General Meeting by 10:00 on	Tuesday, 11 November 2014
Last date and time for Shareholders to give notice to PSG in terms of section 164 of the Companies Act objecting to the special resolutions necessary to authorise the Specific Repurchases to be considered at the General Meeting by 10:00 on	Thursday, 13 November 2014
Forms of Proxy not lodged with the Transfer Secretaries to be handed to the chairperson of the General Meeting before 10:00 on	Thursday, 13 November 2014
General Meeting of Shareholders to be held at 10:00 on	Thursday, 13 November 2014
Results of General Meeting released on SENS on	Thursday, 13 November 2014
Results of General Meeting published in the South African press on	Friday, 14 November 2014
If the Specific Repurchases are approved by Shareholders at the General Meeting:	
Last date for Shareholders who voted against the Specific Repurchases to require PSG to seek court approval for the Specific Repurchases in terms of section 115(3)(a) of the Companies Act (where applicable) on	Thursday, 20 November 2014
Last date for Shareholders who voted against the Specific Repurchases to apply to court for leave to apply for a review of the Specific Repurchases in terms of section 115(3)(b) of the Companies Act on	Thursday, 27 November 2014
Last date for PSG to send objecting Shareholders notices of the adoption of the special resolutions approving the Specific Repurchases, in accordance with section 164(4) of the Companies Act, on	Thursday, 27 November 2014
Action	
The following dates assume that neither court approvals nor the review of the Specific Repurchases are required and will be confirmed in the finalisation announcement if the Specific Repurchases become unconditional:	
Finalisation Date expected to be on	Friday, 28 November 2014
Finalisation Date announcement expected to be released on SENS on	Friday, 28 November 2014
Finalisation Date announcement expected to be published in the South African press on	Monday, 1 December 2014
Thembeka Specific Repurchase implemented on or about	Friday, 9 January 2015
SBET Specific Repurchase implemented on or about	Wednesday, 14 January 2015
Expected date for the delisting from the JSE of the Shares repurchased in terms of the Specific Repurchases from the commencement of trading on the JSE on	Friday, 16 January 2015

Notes

1. All of the above dates and times are subject to change. Any changes made will be notified to Shareholders by release on SENS.
2. Although the salient dates and times are subject to change, such statement may not be regarded as consent or dispensation for any change to any relevant applicable time period which may be required in terms of the Companies Act Regulations and the JSE Listings Requirements where applicable, and any such consent or dispensation must be specifically applied for and approved by the TRP or JSE.
3. Shareholders are referred to **Annexure 5** (which contains a summary of Dissenting Shareholders' Appraisal Rights in respect of the Specific Repurchases) regarding rights afforded to Shareholders, the exercise of which may affect the above indicated salient dates and times.
4. Shareholders should note that, as transactions in shares are settled in the electronic settlement system used by Strate, settlement of trades takes place five Business Days after such trade. Therefore, persons who acquire Shares after the last day to trade in order to be eligible to vote at the General Meeting, namely, Friday, 31 October 2014, will not be able to vote thereat.
5. A Shareholder may submit the Form of Proxy at any time before the commencement of the General Meeting (or any adjournment of the General Meeting) or hand it to the chairperson of the General Meeting before the appointed proxy exercises any of the relevant Shareholders' rights at the General Meeting (or any adjournment of the General Meeting), provided that, should a Shareholder lodge the Form of Proxy with the Transfer Secretaries less than 48 hours before the General Meeting, a Shareholder will also be required to furnish a copy of such Form of Proxy to the chairperson of the General Meeting before the appointed proxy exercises any of such Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).
6. If the General Meeting is adjourned or postponed, Forms of Proxy submitted for the initial General Meeting will remain valid in respect of any such adjournment or postponement.
7. All times given in this Circular are local times in South Africa.

DEFINITIONS AND INTERPRETATION

In this Circular, unless the context indicates otherwise, reference to the singular shall include the plural and vice versa, words denoting one gender include the others, words and expressions denoting natural persons include juristic persons and associations of persons and the words and expressions in the first column have the meanings stated opposite to them in the second column.

"Appraisal Rights"	in terms of section 164 of the Companies Act, the dissenting shareholder appraisal rights afforded to Shareholders as a consequence of the Company contemplating the Specific Repurchases, such rights being fully set out in **Annexure 5**;
"BEE Act"	the Broad-Based Black Economic Empowerment Act, No 53 of 2003, as amended;
"BEE"	means "broad-based black economic empowerment" as contemplated in the BEE Act;
"BEECo"	Ryla 21 Proprietary Limited, registration number 2014/154814/07, a private company incorporated under the laws of South Africa, which will change its name in due course to a name approved by its shareholders, the issued share capital of which will ultimately be held as to 51% by SBET and 49% by the PSG Group;
"Board" or "Directors"	the board of directors of PSG;
"Broker"	a "stockbroker" as defined in the Financial Markets Act, or its nominee;
"Business Day"	any day, other than a Saturday, Sunday or public holiday in South Africa;
"Certificated Shareholders"	holders of Certificated Shares;
"Certificated Shares"	Shares being "certificated securities" as defined in the Financial Markets Act and having accordingly not yet been Dematerialised, title to which is evidenced by Documents of Title;
"Circular"	this circular to Shareholders dated 15 October 2014, including all annexures and enclosures hereto;
"Clusten"	Clusten 52 Proprietary Limited, registration number 2013/214191/07, a private company incorporated under the laws of South Africa which is a wholly owned subsidiary of SBET;
"Commission"	the Companies and Intellectual Property Commission established by section 185 of the Companies Act;
"Companies Act"	Companies Act, No 71 of 2008, as amended;
"Companies Act Regulations"	the Companies Act Regulations, 2011, promulgated under the Companies Act, as amended from time to time;
"Company Secretary"	PSG Corporate Services Proprietary Limited, registration number 1996/004840/07, a private company incorporated under the laws of South Africa, which is a wholly owned subsidiary of PSG Financial Services;
"Conditions Precedent"	the conditions precedent to the Specific Repurchases as set out in paragraph 4;
"CSDP"	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, with whom a Shareholder holds a Dematerialised share account;
"Custody Agreement"	a custody mandate agreement between a person and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares held on PSG' uncertificated securities register administered by a CSDP or Broker on behalf of that person;
"Curro"	Curro Holdings Limited, registration number 1998/25801/06, a public company incorporated under the laws of South Africa, which is a subsidiary of PSG Financial Services in which PSG Financial Services holds 57,1% of the total issued share capital;
"Dematerialise" or "Dematerialisation"	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in PSG's uncertificated securities register administered by a CSDP;
"Dematerialised Shareholders"	Shareholders who hold Dematerialised Shares;
"Dematerialised Shares"	Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
"Dissenting Shareholders"	all or any Shareholders validly exercising Appraisal Rights in the manner set out in **Annexure 5** to this Circular by demanding, in accordance with sections 164(5) and 164(8) of the Companies Act, that the Company pay them the fair value for all of their Shares;
"Documents of Title"	share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the Shares in question, acceptable to the Board;
"Financial Markets Act"	the Financial Markets Act, No 19 of 2012, as amended;

"Form of Proxy"	for purposes of the General Meeting, the form of proxy (*yellow*) for use only by Certificated Shareholders and Own-Name Dematerialised Shareholders;
"General Meeting"	the general meeting of Shareholders to be held at 10:00 on Thursday, 13 November 2014 at the Grand Ballroom, Asara Wine Estate & Hotel, Polkadraai Road, Stellenbosch convened in terms of the notice of general meeting enclosed and forming part of this Circular;
"General Meeting Record Date"	in terms of section 59(1)(b) of the Companies Act, the date determined by the Directors as being that date by which a Shareholder is required to be recorded as such in the Register in order to be eligible to attend, participate in and to vote at the General Meeting, being Friday, 7 November 2014;
"Group" or "PSG Group"	PSG and its subsidiaries from time to time;
"Income Tax Act"	the Income Tax Act, No 58 of 1962, as amended;
"Independent Board"	collectively, J de V du Toit, MM du Toit and CA Otto, being the Directors that the Company has indicated are Independent Directors for purposes of the Companies Act Regulations;
"Independent Expert"	QuestCo Proprietary Limited, registration number 2002/005616/07, a private company incorporated under the laws of South Africa;
"Independent Reporting Accountants"	PricewaterhouseCoopers Inc., Chartered Accountants (SA) and Registered Auditors, registration number 1998/012055/21, incorporated under the laws of South Africa;
"JSE"	the exchange, licensed under the Financial Markets Act, operated by the JSE Limited, registration number 2005/022939/06, a public company incorporated under the laws of South Africa;
"JSE Listings Requirements"	the Listings Requirements of the JSE in force as at the Last Practicable Date;
"Kaap Agri"	Kaap Agri Limited, registration number 2011/113185/06, a private company incorporated under the laws of South Africa in which Zeder Financial Services holds 39,8% of the total issued share capital and Thembeka holds 21,1% of the total issued share capital;
"Last Practicable Date"	the last practicable date before finalisation of this Circular, which date was Monday, 6 October 2014;
"Lock-in Investments Transfer"	the transfer of the Thembeka BEE Lock-in Shares by Thembeka to BEECo, as part of the Thembeka Unwinding;
"Major Subsidiaries"	PSG Financial Services, Curro and PSG Konsult;
"MOI"	the memorandum of incorporation of the Company;
"Own-Name Registration" or "Own-Name Dematerialised Shareholders"	Shareholders who hold Shares that have been Dematerialised and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Shareholder;
"Pioneer Foods"	Pioneer Food Group Limited, registration number 1996/017676/06, a public company incorporated under the laws of South Africa and listed on the main board of the JSE;
"PSG Capital"	PSG Capital Proprietary Limited, registration number 2006/015817/07, a private company incorporated under the laws of South Africa, which is a wholly owned subsidiary of PSG Financial Services;
"PSG" or "the Company"	PSG Group Limited, registration number 1970/008484/06, a public company incorporated under the laws of South Africa and listed on the JSE main board;
"PSG Financial Services"	PSG Financial Services Limited, registration number 1919/000478/06, a public company incorporated under the laws of South Africa, which is a wholly owned subsidiary of PSG;
"PSG Konsult"	PSG Konsult Limited, registration number 1993/003941/06, a public company incorporated under the laws of South Africa and listed on the JSE main board, which is a subsidiary of PSG Financial Services in which PSG Financial Services holds 62,7% of the total issued share capital;
"PSG Private Equity"	PSG Private Equity Proprietary Limited, registration number 2009/022552/07, a private company incorporated under the laws of South Africa, which is a wholly owned subsidiary of PSG Financial Services;
"Rand" or "R"	South African Rand;
"Register"	the register of Shareholders;
"SBET"	the Stellenbosch BEE Education Trust, master's reference number IT3320/2011, registered in terms of the laws of South Africa, being a broad based black economic empowerment trust of which 100% of the beneficiaries are black students;
"SBET Specific Repurchase"	the proposed specific repurchase by PSG, of 107 100 Shares from SBET and 1 678 750 Shares from Clusten (which is a wholly owned subsidiary of SBET), being a total of 1 785 850 Shares for the SBET Specific Repurchase Consideration;

"SBET Specific Repurchase Consideration"	a repurchase consideration of R97.56 per Share, which will amount to a total repurchase consideration of R174 227 526 which will be settled by way of the creation of a loan account;
"Scheme"	the proposed scheme of arrangement in terms of section 114 of the Companies Act, proposed by the Thembeka board of directors between Thembeka and its shareholders other than the PSG Group, in terms of which PSG will acquire the Scheme Shares and Thembeka shareholders will receive the Scheme Consideration;
"Scheme Shares"	all the ordinary shares in Thembeka not already held by the PSG Group;
"the Scheme Consideration"	the scheme consideration of 1.7 (one point seven) PSG shares for every 1 (one) Scheme Share disposed of in terms of the Scheme, rounded to the nearest whole number and credited as fully paid;
"SENS"	the Stock Exchange News Service of the JSE;
"Shareholders" or "PSG Shareholders"	registered holders of Shares;
"Shares" or "PSG Shares"	ordinary no par value shares in the share capital of PSG and which shares are listed on the JSE;
"South Africa"	the Republic of South Africa;
"Specific Repurchase Agreements"	the agreements entered into or to be entered into between PSG, Thembeka and Thembeka Fin Holdings and PSG, SBET and Clusten in order to effect the Specific Repurchases;
"Specific Repurchases"	collectively the Thembeka Specific Repurchase and the SBET Specific Repurchase;
"Strate"	Strate Limited, registration number 1998/022242/06, a public company incorporated under the laws of South Africa, a central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE;
"Thembeka Fin Holdings"	Thembeka Fin Holdings Proprietary Limited, registration number 2005/024363/07, a private company incorporated under the laws of South Africa, which is a wholly owned subsidiary of Thembeka;
"Thembeka"	Thembeka Capital (RF) Limited, registration number 2005/016065/06, a public company incorporated under the laws of South Africa, in which PSG Private Equity holds 49%, the PSG Group BEE Employee Trust holds 11%, the Tokara BEE Trust holds 8.4% and SBET and Clusten collectively hold 7.8% of the total issued share capital;
"Thembeka BEE Lock-in Shares"	the interests in Thembeka's direct and indirect investments that are subject to BEE lock-in periods, being collectively its investment in Pioneer Foods, its investment in Kaap Agri, the majority of its investment in Curro and its preference share investment in Tunica;
"Thembeka Specific Repurchase"	the proposed specific repurchase by PSG, of 9 902 349 Shares from Thembeka Fin Holdings, a wholly owned subsidiary of Thembeka, for the Thembeka Specific Repurchase Consideration;
"Thembeka Specific Repurchase Consideration"	a repurchase consideration of R97.56 per Share, which will amount to a total repurchase consideration of R966 073 168.44 which will be settled by way of the creation of a loan account;
"Thembeka Unwinding"	the larger transaction in terms of which Thembeka wishes to unwind its investment portfolio in a manner that realises value for its shareholders, which will be implemented in consecutive transaction steps, as set out in more detail in paragraph 2 below;
"Transfer Secretaries" or "Computershare"	Computershare Investor Services Proprietary Limited, registration number 2004/003647/07, a private company incorporated under the laws of South Africa;
"TRP"	the Takeover Regulation Panel as empowered under and in terms of the Companies Act;
"Tunica"	Tunica Trading 159 Proprietary limited, registration number 2011/000892/07, a private company incorporated under the laws of South Africa;
"Zeder"	Zeder Investments Limited, registration number 2006/019240/06, a public company incorporated under the laws of South Africa and listed on the JSE main board, in which PSG Financial Services holds 42.8% of the total issued share capital; and
"Zeder Financial Services"	Zeder Financial Services Limited, registration number 2010/006171/06, a public company incorporated under the laws of South Africa, which is a wholly owned subsidiary of Zeder.

PSG GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration Number 1970/008484/06)
Share code: PSG, ISIN: ZAE000013017
("**PSG**" or "**the Company**")

Directors

JF Mouton (Chairman) *	PE Burton *#
PJ Mouton (Chief Executive Officer)	ZL Combi *#
WL Greeff (Financial Director)	J de V du Toit *#
JA Holtzhausen	MM du Toit *#
FJ Gouws *	MJ Jooste *# (Alternate director: AB la Grange)
JJ Mouton *	CA Otto *#
W Theron *	

* Non-executive
# Independent

CIRCULAR TO PSG SHAREHOLDERS

1. **INTRODUCTION AND PURPOSE OF THIS CIRCULAR**

1.1. On 10 September 2014 PSG and Thembeka released a joint announcement on SENS in terms of which, *inter alia*, the Thembeka Unwinding was announced.

1.2. In terms of the Thembeka Unwinding, Thembeka will, *inter alia*, transfer the Thembeka BEE Lock-in Shares at a determined value to BEECo, the shareholding of which will ultimately be held by SBET, as to 51%, and PSG, as to the remaining 49%.

1.3. PSG will make an offer to acquire all the ordinary shares in Thembeka, not already held by the PSG Group, by way of a scheme of arrangement in terms of section 114 of the Companies Act. For the avoidance of doubt, the Scheme will only be implemented post the implementation of the Lock-in Investments Transfer and only after 31 December 2014.

1.4. The Thembeka Unwinding will also include the Thembeka Specific Repurchase and the SBET Specific Repurchase. The Thembeka Specific Repurchase will be implemented after the Lock-in Investment Transfer but before the implementation of the Scheme and the SBET Specific Repurchase will be implemented after the implementation of the Scheme.

1.5. Given that the Specific Repurchases will entail the acquisition of more than 5% of the issued share capital of PSG, the Specific Repurchases are subject to the requirements of sections 48(8), 114 and 115 of the Companies Act. In terms of section 115 of the Companies Act and section 5.69 of the JSE Listings Requirements, the Specific Repurchases will require shareholder approval by way of a special resolution. Accordingly, for this purpose, the General Meeting has been convened, notice of which is contained in and forms part of this Circular.

1.6. In accordance with the Companies Act Regulations, the Independent Board has been appointed by the Board to evaluate the Specific Repurchases. The Independent Board has appointed the Independent Expert, to provide the Independent Board with external advice in regard to the Specific Repurchases and to make appropriate recommendations to the Independent Board for the benefit of Shareholders.

1.7. The purpose of this Circular is to:

1.7.1 provide Shareholders with all the relevant information regarding the Specific Repurchases and the manner in which they will be implemented; and

1.7.2 convene the General Meeting of Shareholders in order to pass such resolutions as are necessary to authorise and implement the Specific Repurchases.

2. **THEMBEKA UNWINDING**

2.1. The purpose of the Thembeka Unwinding is to unwind the investment portfolio of Thembeka in a manner that realises value for its shareholders. The Thembeka Unwinding will be implemented in, *inter alia*, the following consecutive transaction steps which will not be inter conditional:

2.1.1 Step 1:

Thembeka transfers the Thembeka BEE Lock-in Shares to BEECo pursuant to which a loan claim will be created ("Step 1 Loan Account"). Step 1 will be implemented on or about 30 November 2014.

2.1.2 Step 2:

PSG purchases the Step 1 Loan Account from Thembeka in exchange for the creation of a loan account. Thereafter SBET purchases 100% of the shares in BEECo from Thembeka and SBET sells 49% of the shares in BEECo to PSG. Step 2 will be implemented on or about 30 November 2014. Step 2 has no JSE Listings Requirements implications for PSG Shareholders.

2.1.3 Step 3:

PSG repurchases its own shares from Thembeka Fin Holdings, a wholly owned subsidiary of Thembeka, in terms of the Thembeka Specific Repurchase set out in this Circular. Step 3 will be implemented on or about 9 January 2015.

2.1.4 Step 4:

The BEE shareholders of Thembeka transfer their shares in Thembeka to PSG in exchange for the issue of shares by PSG, by way of the Scheme. Step 4 will be implemented on or about 12 January 2015. Step 4 is a category 2 acquisition by PSG in terms of the JSE Listings Requirements.

2.1.5 Step 5:

PSG transfers all of its shares in Thembeka (constituting 100% of the issued shares acquired in terms of the Scheme) to PSG Financial Services. Step 5 will be implemented on or about 13 January 2015.

2.1.6 Step 6:

PSG repurchases its own shares from SBET and Clusten in terms of the SBET Specific Repurchase set out in this Circular. Step 6 will be implemented on or about 14 January 2015.

3. **THE SPECIFIC REPURCHASES**

3.1. PSG wishes to repurchase all the Shares held by Thembeka Fin Holdings in PSG, being 9 902 349 Shares and which represent 4.5% of the total issued share capital of PSG at the Last Practicable Date in exchange for the Thembeka Specific Repurchase Consideration.

3.2. In addition, PSG wishes to repurchase all the Shares held by SBET and Clusten (a wholly owned subsidiary of SBET) in PSG, being 1 785 850 Shares and which represent 0.8% of the total issued share capital of PSG before the SBET Specific Repurchase in exchange for the SBET Specific Repurchase Consideration.

3.3. The shareholding of Thembeka, through its wholly owned subsidiary Thembeka Fin Holdings, and SBET and Clusten (a wholly owned subsidiary of SBET) in PSG, before and after the Specific Repurchases, will be as follows:

Name of Shareholder	**Thembeka**	**%**	**SBET and Clusten**	**%**
Shares held before Specific Repurchases	9 902 349	4.5%	–	–
Shares to be repurchased in terms of the Thembeka Specific Repurchase	9 902 349	(4.5%)	–	–
Shares held after the Thembeka Specific Repurchase	–	–	–	–
Shares to be received in terms of the Scheme of Arrangement	–	–	1 785 850	0.8%
Shares held after the implementation of the Scheme of Arrangement	–	–	1 785 850	0.8%
Shares to be repurchased in terms of the SBET Specific Repurchase	–	–	(1 785 850)	(0.8%)
Shares held after the SBET Specific Repurchase	–	–	–	–

3.4. The 11 688 199 Shares, which will be acquired by PSG in terms of the Specific Repurchases, will be cancelled and delisted upon acquisition.

3.5. PSG warrants that it will not effect the Specific Repurchases during a prohibited period as defined in paragraphs 3.69 and 3.70 of the JSE Listings Requirements.

3.6. In terms of the JSE Listings Requirements, once the Specific Repurchases have been approved by the shareholders, as set out in paragraph 4.1, PSG must pursue the Specific Repurchases unless the JSE agrees otherwise.

3.7. Thembeka Fin Holdings, SBET and Clusten are not related parties to PSG.

3.8. The Specific Repurchases will not result in a reduction of the Contributed Tax Capital as the term is defined in section 1 of the Income Tax Act. The SBET Specific Repurchase Consideration and the Thembeka Specific Repurchase Consideration will therefore constitute a dividend as defined in section 1 of the Income Tax Act.

4. **CONDITIONS PRECEDENT**

4.1. The implementation of the Specific Repurchases is subject to the fulfilment of the following Conditions Precedent:

4.1.1 the approval of the Specific Repurchases by the requisite majority of Shareholders, as contemplated in section 48(8) and 115(2)(a) of the Companies Act, and, to the extent required, by a High Court in terms of section 115(2)(c) of the Companies Act, and, if applicable, that PSG does not treat the aforesaid shareholder resolutions as a nullity, as contemplated in section 115(5)(b) of the Companies Act; and

4.1.2 that, in relation to any objections to the Specific Repurchases by Shareholders:

4.1.2.1. no Shareholders give notice objecting to the Specific Repurchases, as contemplated in section 164(3) of the Companies Act and vote against the resolutions proposed at the General Meeting to approve the Specific Repurchases; or

4.1.2.2. if Shareholders give notice objecting to the Specific Repurchases, as contemplated in section 164(3) of the Companies Act, and vote against the resolutions proposed at the General Meeting, Shareholders holding no more than 5% of all Shares eligible to be voted at the General Meeting give such notice and vote against the resolutions proposed at the General Meeting; or

4.1.2.3. if Shareholders holding more than 5% of all Shares eligible to vote at the General Meeting give notice objecting to the Specific Repurchases, as contemplated in section 164(3) of the Companies Act, and vote against the resolutions proposed at the General Meeting, the relevant Shareholders do not exercise their Appraisal Rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act within thirty Business Days following the General Meeting, in respect of more than 5% of the Shares eligible to be voted at the General Meeting; and

4.1.3 that, in respect of the implementation of the Specific Repurchases and only to the extent that same may be applicable, the approval of the TRP, the South African competition authorities and any other relevant regulatory authorities (either unconditionally or subject to conditions acceptable to PSG) be obtained.

4.2. In addition to the above, the SBET Specific Repurchase is subject to the condition that the Scheme is implemented in accordance with its terms.

4.3. Relevant extracts of sections 115 and 164 of the Companies Act are included as **Annexure 5** to this Circular.

4.4. Should all of the Conditions Precedent referred to in paragraphs 4.1 and 4.2 above not have been fulfilled or waived, if possible, as the case may be, by 31 January 2015 or by such other later date as may be determined by PSG, the Specific Repurchases will not be implemented.

4.5. An announcement will be released on SENS and published in the South African press as soon as practicably possible advising on the fulfilment or otherwise of the above Conditions Precedent and the ramifications and effects thereof.

5. ***PRO FORMA* FINANCIAL INFORMATION**

5.1. **Annexure 1** of this Circular contains the *pro forma* financial information of PSG after the implementation of the Thembeka Unwinding, which includes the Specific Repurchases, and the Independent Reporting Accountants' report on the *pro forma* financial information of PSG is contained in **Annexure 2** to this Circular.

5.2. The *pro forma* financial effects of the Thembeka Unwinding, which includes the Specific Repurchases, as set out below, have been prepared in terms of the JSE Listings Requirements and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants. These *pro forma* financial effects are the responsibility of the Directors.

5.3. The *pro forma* financial effects are presented in a manner consistent with the basis on which the historical financial information of PSG has been prepared and in terms of PSG's accounting policies. The *pro forma* financial effects have been presented for illustrative purposes only and, because of their nature, may not give a fair reflection of PSG's financial position, changes in equity or results of operations post the implementation of the Thembeka Unwinding, which includes the Specific Repurchases.

5.4. The material assumptions are set out in the notes following the table. The table below sets out the *pro forma* financial effects of the Thembeka Unwinding, which includes the Specific Repurchases on PSG, based on the audited financial results of PSG for the financial year ended 28 February 2014.

	Audited results for the year ended February 2014 [1]	***Pro forma* after** [2]	**Change**
Net asset value per share (R)	37.48	37.45	(0.1%)
Tangible net asset value per share (R)	26.03	27.27	4.8%
Recurring headline earnings per share (cents)	446.9	454.9	1.8%
Headline earnings per share – basic (cents)	551.3	550.3	(0.2%)
Attributable earnings per share – basic (cents)	574.9	596.9	3.8%
Sum-of-the-Parts value per share at 30 June 2014 (R)	116.13	116.71	0.5%

1 Extracted, without adjustment, from the audited results of PSG for the year ended 28 February 2014, except for the sum-of-the-parts value per PSG Share at 30 June 2014, which was calculated using quoted market prices for all JSE-listed investments, whilst unquoted investments were valued using market-related multiples.

2 The "*Pro forma* after" column sets out the results of the Thembeka Unwinding, which includes the Specific Repurchases and incorporates the following financial effects:

a. The Lock-in Investments Transfer being implemented at a transaction value of R825 million and that PSG's 49% interest in BEECo, following the implementation of the Thembeka Unwinding, is treated as an associate of PSG and therefore equity accounted in terms of IAS 28.

b. The Thembeka Specific Repurchase being implemented.

c. The acquisition of 6 880 047 Thembeka shares, being those not already held by PSG and its subsidiaries, settled by way of issuing 11 696 079 PSG shares.

d. The elimination of Thembeka's equity and reserves from the consolidated PSG equity and reserves upon Thembeka becoming a wholly owned subsidiary of PSG (in terms of the Thembeka Unwinding) in accordance with standard consolidation procedures in terms of IFRS 10.

e. The SBET Specific Repurchase being implemented.

f. Transaction costs, estimated to be R8 million, are capitalised in accordance with IAS 28.

g. All adjustments are expected to have a continuing effect on the income statement (with the exception of the adjustment set out in (f) above).

6. SOLVENCY AND LIQUIDITY

In proposing the Specific Repurchases, the Directors have taken cognisance of their duties and responsibilities in terms of section 46, read with section 4 of the Companies Act, pertaining to the solvency and liquidity of the PSG Group. In this regard, the Directors reasonably confirm that, following the undertaking of a solvency and liquidity test, the PSG Group will satisfy the solvency and liquidity test immediately post payment of the Thembeka Specific Repurchase Consideration and the SBET Specific Repurchase Consideration payable in terms of the Specific Repurchases, being approximately R1 140 million in that:

6.1. the assets of the PSG Group, as fairly valued, equal or exceed its liabilities, as fairly valued and it appears that the PSG Group will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months following payment of the Thembeka Specific Repurchase Consideration and the SBET Specific Repurchase Consideration; and

6.2. for the purposes contemplated above, the financial information duly considered by the PSG Group has been based on accounting records that satisfy the requirements of section 28 of the Companies Act and financial statements that satisfy the requirements of section 29 of the Companies Act; and

6.3. in contemplating and assessing the matters above, the Directors have taken into account a fair valuation of the PSG Group's assets and liabilities, including any reasonably foreseeable contingent assets and liabilities, irrespective of whether or not arising as a result of the proposed Specific Repurchases or otherwise.

7. **INFORMATION RELATING TO PSG**

7.1. The Company's business is that of an investment holding company, and is listed in the "Investment Services" sector of the JSE.

7.2. **Share capital**

The authorised and issued share capital of PSG, before and after the proposed Specific Repurchases and the Scheme, is set out below:

Before	**Number of Shares**	**Stated Capital R'000**
Authorised		
Ordinary shares of no par value	400 000 000	
Issued		
Ordinary shares of no par value	218 873 457	3 774 429
Treasury shares held by subsidiary [1]	13 908 770	(16 009)

After	**Number of Shares**	**Stated Capital R'000**
Authorised		
Ordinary shares of no par value	400 000 000	
Issued		
Ordinary shares of no par value	218 881 338	3 775 198
Treasury shares held by subsidiary [1]	13 908 770	(16 009)

Notes:

[1] Shares held by the PSG Group Limited Supplementary Share Incentive Trust, in order to fulfil its obligations in terms of share options granted, are excluded from the above.

7.3. **Major shareholders and interests**

7.3.1 As at the Last Practicable Date, the following shareholders, other than Directors, are directly or indirectly beneficially interested in 5% or more of the share capital of PSG:

Name	**Beneficial Direct**	**Beneficial Indirect**	**Total**	**Percentage held**
Steinhoff International Holdings Limited and its subsidiaries	–	37 265 781	37 265 781	17.0%
Public Investment Corporation (including Government Employees Pension Fund)	–	18 147 502	18 147 502	8.3%
PSG Financial Services [1]	13 908 770	–	13 908 770	6.4%
Total	**13 908 770**	**55 413 283**	**69 322 053**	**31.7%**

Notes:

[1] Shares held by PSG Financial Services, being a wholly owned subsidiary of PSG, are accounted for as treasury shares.

7.3.2 Following the implementation of the Specific Repurchases and the Scheme, the following Shareholders, other than Directors, will be directly or indirectly beneficially interested in 5% or more of the share capital of PSG:

Name	**Beneficial Direct**	**Beneficial Indirect**	**Total**	**Percentage held**
Steinhoff International Holdings Limited and its subsidiaries	–	37 265 781	37 265 781	17.0%
Public Investment Corporation (including Government Employees Pension Fund)	–	18 147 502	18 147 502	8.3%
PSG Financial Services [1]	13 908 770	–	13 908 770	6.4%
Total	**13 908 770**	**55 413 283**	**69 322 053**	**31.7%**

Notes:

[1] Shares held by PSG Financial Services, being a wholly owned subsidiary of PSG, are accounted for as treasury shares.

7.4. **Litigation**

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which PSG is aware, which may have or have had a material effect on the financial position of the PSG Group in the last twelve months.

7.5. **Material changes**

There have been no material changes in the financial or trading position of PSG since the publication of its annual financial statements on 12 May 2014, until the Last Practicable Date.

7.6. **Adequacy of working capital**

On the basis that the proposed Specific Repurchases as set out in paragraph 3 of this Circular are effected as planned, the Directors are of the opinion that, for a period of twelve months from the date of issue of this Circular:

7.6.1 the Company and the Group will be able, in the ordinary course of business to repay their debts;

7.6.2 the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements;

7.6.3 the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes; and

7.6.4 the working capital of the Company and the Group will be adequate for ordinary business purposes.

8. **INFORMATION RELATING TO DIRECTORS**

8.1. **Details of Directors**

The full names, business address and function in the Group of the directors of PSG and the directors of its Major Subsidiaries are outlined below:

PSG Board

Full name	Age	Function in the Group	Business Address
Johannes Fredericus Mouton	68	Non-executive chairman of PSG and PSG Financial Services Non-executive director of PSG Konsult	1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
Petrus Johannes Mouton	38	Chief executive officer of PSG and PSG Financial Services Non-executive director of Curro Non-executive director of PSG Konsult	1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
Wynand Louw Greeff	44	Financial director of PSG and PSG Financial Services	1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
Johannes Andries Holtzhausen	44	Non-executive director of PSG and PSG Financial Services Chief executive officer of PSG Capital	1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600
Francois Johannes Gouws	49	Non-executive director of PSG and PSG Financial Services Chief executive officer of PSG Konsult	Building A, Pro Sano Park South Gate, Carl Cronje Drive, Tyger Waterfront, Tyger Valley, Bellville, 7530
Johannes Jacobus Mouton	39	Non-executive director of PSG and PSG Financial Services	PSG House, Constantia Road, Alphen Park, Constantia, Cape Town, 7800
Willem Theron	62	Non-executive director of PSG and PSG Financial Services Non-executive director and chairman of PSG Konsult	Building A, Pro Sano Park South Gate, Carl Cronje Drive, Tyger Waterfront, Tyger Valley, Bellville, 7530
Patrick Ernest Burton	61	Independent non-executive director of PSG and PSG Financial Services Independent non-executive director of PSG Konsult	Cnr Landsdowne and Becker Roads, Philippi, Cape Town, 8000

Full name	Age	Function in the Group	Business Address
Zitulele Luke Combi	62	Independent non-executive director of PSG and PSG Financial Services Independent, non-executive of Curro Independent non-executive director of PSG Konsult	6 Dorp Street, Stellenbosch, 7600
Jacob de Vos du Toit	60	Independent non-executive director of PSG and PSG Financial Services Lead independent non-executive director of PSG Konsult	PSG House, Constantia Road, Alphen Park, Constantia, Cape Town, 7800
Matthys Michielse du Toit	55	Independent non-executive director of PSG and PSG Financial Services	1st Floor, Randpark, 20 Dover Street, Ferndale, 2194,
Markus Johannes Jooste	53	Independent non-executive director of PSG and PSG Financial Services	28 Sixth Street, Wynberg, Sandton, 2090
Andries Benjamin la Grange	40	Alternate director for MJ Jooste	28 Sixth Street, Wynberg, Sandton, 2090
Chris Adriaan Otto	64	Independent non-executive director of PSG and PSG Financial services	1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600

Notes:

* The board of directors of PSG and PSG Financial Services are identical.
* Petrus Johannes Mouton is a non-executive director of Thembeka, Patrick Ernest Burton is also an independent non-executive director of Thembeka and Zitulele Luke Combi is the executive chairman of Thembeka.

Directors of the Major Subsidiaries (which are not also on the PSG Board):

Full name	Age	Function in the Group	Business Address
Susan Louise Botha	50	Independent non-executive chairperson of Curro	3 Stonewall Estate, Cross Road, Bryanston
Christiaan Rudolph van der Merwe	52	Chief executive officer of Curro	38 Oxford Street, Durbanville, 7550
Bernardt van der Linde	36	Chief financial officer of Curro	38 Oxford Street, Durbanville, 7550
Andries Jacobus Ferdinandus Greyling	44	Executive director of Curro	38 Oxford Street, Durbanville, 7550
Hendrik Gideon Louw	46	Executive director of Curro	38 Oxford Street, Durbanville, 7550
Barend Petersen	54	Independent, non-executive director of Curro	Wale Street Chambers, 38 Wale Street, Cape Town
Sibongile Winnie Frieda Muthwa	52	Independent, non-executive director of Curro	Nelson Mandela Metropolitan University Summerstrand South Campus, Port Elizabeth
Michael Ian Frain Smith	46	Chief financial officer of PSG Konsult	Building A, Pro Sano Park South Gate, Carl Cronje Drive, Tyger Waterfront, Tyger Valley, Bellville, 7530

8.2. **Directors interests**

The Directors of PSG and the directors of its Major Subsidiaries (including any directors which resigned in the last 18 months), in aggregate, held 6.5% of PSG's issued Shares in a beneficial capacity as at the Last Practicable Date, as follows:

PSG Board

Director	Beneficial Direct	Beneficial Indirect (through associates)	Total	Percentage held
JF Mouton	–	–	–	–
PJ Mouton	54 148	5 131 551	5 185 699	2.4%
WL Greeff	–	1 064 304	1 064 304	0.5%
JA Holtzhausen	624 382	500 000	1 124 382	0.5%
FJ Gouws	–	–	–	–
JJ Mouton	115 000	1 403 350	1 518 350	0.7%
W Theron	10 000	–	10 000	0.0%
PE Burton	–	–	–	–
ZL Combi	–	–	–	–
J de V du Toit	–	–	–	–
MM du Toit	–	5 210 716	5 210 716	2.4%
MJ Jooste	–	–	–	–
AB la Grange	–	–	–	–
CA Otto	108	–	108	0.0%

* The board of directors of PSG and PSG Financial Services are identical.

* The non-beneficial shareholding of directors is set out in **Annexure 3**.

Directors of the Major Subsidiaries (which are not also on the PSG Board):

Director	Beneficial Direct	Beneficial Indirect (through associates)	Total	Percentage held
SL Botha	–	–	–	–
CR van der Merwe	–	–	–	–
B van der Linde	–	–	–	–
AJF Greyling	–	890	890	0.0%
HG Louw	–	–	–	–
B Petersen	–	89 599	89 599	0.0%
SWF Muthwa	–	–	–	–
MIF Smith	–	50 000	50 000	0.0%
L de Wit *	–	–	–	–
TW Biesenbach *	–	–	–	
H Lindes *	1 000	–	1 000	0.0%
Total	**804 638**	**13 450 410**	**14 255 048**	**6.5%**

Notes:

* L de Wit resigned from the board of directors of PSG Konsult on 12 April 2013, TW Biesenbach resigned from the board of directors of PSG Konsult on 12 April 2013 and H Lindes resigned from the board of directors of PSG Konsult on 18 July 2013.

The dealings in respect of beneficial holdings by directors of PSG and its Major Subsidiaries in PSG Shares since 28 February 2014 until the Last Practicable Date are as follows:

Name	Date	Nature of transaction	Number of Shares	Price (cps)
PJ Mouton	6 May 2014	Buy [1]	35 233	1 552
PJ Mouton	6 May 2014	Buy [1]	37 772	2 209
PJ Mouton	6 May 2014	Buy [1]	75 465	3 961
PJ Mouton	6 May 2014	Buy [1]	28 211	4 739
PJ Mouton	22 May 2014	Buy	750	10 250
PJ Mouton	28 August 2014	Buy [1]	40 828	1 877
JJ Mouton	22 May 2014	Buy	750	10 250
WL Greeff	6 May 2014	Buy [1]	43 050	1 552
WL Greeff	6 May 2014	Buy [1]	6 672	2 209
WL Greeff	6 May 2014	Buy [1]	61 296	3 961
WL Greeff	6 May 2014	Buy [1]	22 680	4 739
WL Greeff	6 May 2014	Sell	100 000	10 798
WL Greeff	28 August 2014	Buy [1]	49 204	1 877
JA Holtzhausen	6 May 2014	Buy [1]	32 862	1 552
JA Holtzhausen	6 May 2014	Buy [1]	38 746	2 209
JA Holtzhausen	6 May 2014	Buy [1]	49 443	3 961
JA Holtzhausen	6 May 2014	Buy [1]	24 948	4 739
JA Holtzhausen	6 May 2014	Sell	100 000	10 798
JA Holtzhausen	28 August 2014	Buy [1]	42 789	1 877
B van der Linde	6 May 2014	Buy [1]	14 413	1 552
B van der Linde	6 May 2014	Buy [1]	3 163	2 209
B van der Linde	28 Aug 2014	Buy [1]	11 930	1 877

Notes:

[1] Acquired pursuant to share options exercised.

8.3. **Directors' remuneration and terms of appointment**

8.3.1 The remuneration of the Directors of PSG will not be varied as a result of the Specific Repurchases as contained in this Circular.

8.3.2 Each of the executive directors of PSG and its Major Subsidiaries have concluded service contracts with terms and conditions that are standard for such appointments, which are available for inspection in terms of paragraph 14 below. The duration of each director's appointment is determined by such agreement.

8.3.3 No service contracts have been entered into or have been amended by the Company in the six months before the Last Practicable Date.

8.4. **Directors' interests in the Specific Repurchases and Agreements in relation thereto**

8.4.1 There have been no other corporate actions during the current financial year nor in the immediately preceding financial year nor during any earlier financial year which remain in any respect outstanding or unperformed.

8.4.2 Save for the Share Repurchase Agreements, there are no other agreements in relation to the Specific Repurchases. No special arrangements or dealings have been entered into with any party.

8.5. **Directors' and Independent Board's responsibility statement**

The Directors of PSG, whose names are set out in paragraph 8.1 of this Circular and the Independent Board:

8.5.1 have considered all statements of fact and opinion in this Circular;

8.5.2 accept, collectively and individually, full responsibility for the accuracy of such statements; and

8.5.3 certify that, to the best of their knowledge and belief, there are no omissions of facts or considerations which would render any statements of fact or opinion contained in this Circular false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law, the Companies Act, the Companies Act Regulations and the JSE Listings Requirements.

9. **REPORT OF THE INDEPENDENT EXPERT**

9.1. The report of the Independent Expert prepared in accordance with section 114(3) of the Companies Act and regulation 90 of the Companies Act Regulations is provided in **Annexure 4** to this Circular.

9.2. Having considered the terms and conditions of the Specific Repurchases and based on the conditions set out in its report, the Independent Expert has concluded that the terms and conditions of the Specific Repurchases are both fair and reasonable to Shareholders, as each of these terms is defined in the Companies Act Regulations.

10. **INDEPENDENT BOARD'S OPINION AND RECOMMENDATION**

10.1.1 Having taken cognisance of the report of the Independent Expert, the Independent Board has considered the terms and conditions of the Specific Repurchases and is unanimously of the opinion that the terms and conditions of the Specific Repurchases are fair and reasonable insofar as the Shareholders are concerned.

10.1.2 Accordingly, the Independent Board recommends that Shareholders vote in favour of the resolutions required to give effect to the Specific Repurchases to be proposed at the General Meeting.

10.1.3 The direct and indirect beneficial holdings in Shares of all the members of the Independent Board and the Board are disclosed in paragraph 8.2 above.

11. **GENERAL MEETING AND VOTING**

11.1. A general meeting of Shareholders will be held at 10:00 on Thursday, 13 November 2014 at the Grand Ballroom, Asara Wine Estate & Hotel, Polkadraai Road, Stellenbosch, in order to consider and, if deemed fit, pass with or without modification, the requisite resolutions required to give effect to the Specific Repurchases.

11.2. A notice convening the General Meeting is attached hereto and forms part of this Circular and contains the resolutions to be considered at the General Meeting. Full details of the action required by Shareholders are set out on page 2.

11.3. The special resolutions relating to the Specific Repurchases set out in the notice of General Meeting is subject to at least 75% of the votes cast by the Shareholders, present in person or represented by proxy at the General Meeting, being cast in favour thereof, excluding the votes of Thembeka Fin Holdings, SBET and Clusten because they are participants in the Specific Repurchases and any of their associates. Thembeka Fin Holdings, SBET and Clusten and their associates will be taken into account in determining a quorum for the General Meeting.

12. **EXPENSES**

The estimated expenses of PSG in relation to the Thembeka Unwinding, which includes the Specific Repurchases, including the fees payable to professional advisers and exclusive of Value Added Tax, are as follows:

		R'000
Transaction Adviser and Sponsor	PSG Capital	2 125
Printing, publication, distribution and advertising expenses	Greymatter & Finch	250
JSE documentation fees	JSE	19
JSE listing fees	JSE	285
Transfer secretarial fees	Computershare	40
Independent Sponsor	PwC	60
Independent Reporting Accountants	PwC	75
Independent Expert	QuestCo	350
Attorney [1]	Cliffe Dekker Hofmeyr	200
Competition filing fee	Competition Commission	350
VAT [2]	SARS	517
Other		10
TOTAL [3]		**4 281**

Notes:

1 Relates to legal advice provided by Cliffe Dekker Hofmeyr in respect of the prospectus and the circular prepared in relation to the Scheme.

2 Value added tax inputs are not claimed seeing that the goods and services are not acquired for the purposes of making taxable supplies.

3 Once the Thembeka Unwinding is implemented, Thembeka will become a wholly owned subsidiary of PSG, with the result that Thembeka's expected costs in respect of the Thembeka Unwinding will effectively be borne by PSG. A total transaction costs of R7 909 000, which includes the Thembeka costs, have therefore been utilised for purposes of PSG's *pro forma* financial information, as detailed in **Annexure 1**.

13. **ADVISERS' CONSENTS**

Each of the advisers, whose names appear on the Corporate Information page of this Circular, have consented in writing to act in the capacities stated and to the inclusion of their names and, where applicable, to the inclusion of their reports in this Circular in the form and context in which they appear and have not withdrawn their consents prior to the publication of this Circular.

14. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection at the registered office of PSG and the Transaction Adviser and Sponsor, during normal office hours, from the date of issue of this Circular up to and including Thursday, 13 November 2014:

14.1. the MOI of PSG and its subsidiaries;

14.2. the financial statements of PSG for the three financial years ended 28 February 2012, 28 February 2013 and 28 February 2014, as reproduced in **Annexure 3**;

14.3. the report of the Reporting Accountants on the *pro forma* financial information of PSG, as reproduced in **Annexure 2**;

14.4. the Independent Expert's report, as reproduced in **Annexure 4**;

14.5. the Specific Repurchase Agreements;

14.6. the written consents from each of the advisers referred to in paragraph 13;

14.7. the Directors' service agreements entered into in the three years preceding the Last Practicable Date; and

14.8. the approval letter of the TRP.

SIGNED AT STELLENBOSCH ON 15 OCTOBER 2014 BY WL GREEFF ON BEHALF OF ALL THE DIRECTORS OF THE COMPANY, AS LISTED BELOW, IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS

WL GREEFF
Director

JF Mouton
PJ Mouton
JA Holtzhausen
FJ Gouws
JJ Mouton
W Theron
PE Burton
ZL Combi
J de V du Toit
MM du Toit
MJ Jooste
AB la Grange
CA Otto

PRO FORMA FINANCIAL INFORMATION

The *pro forma* financial information of PSG, after the implementation of the Thembeka Unwinding, which includes the Specific Repurchases, is set out in this **Annexure 1**. It should be noted that despite the fact that the *pro forma* financial information sets out the financial position following the implementation of the entire Thembeka Unwinding, the Circular to which this **Annexure 1** is attached, only relates to, and requires PSG Shareholders to vote in respect of the Specific Repurchases which form part of the Thembeka Unwinding.

The *pro forma* financial information of PSG at 28 February 2014 is set out below. The *pro forma* information has been prepared for illustrative purposes only to provide information on how the Thembeka Unwinding, which includes the Specific Repurchases, might have impacted on the financial position, changes in equity and results of operations of PSG. Due to its nature, the *pro forma* financial information may not fairly present PSG's financial position, changes in equity, results of operations or cash flows after the implementation of the Thembeka Unwinding, which includes the Specific Repurchases. The *pro forma* financial information is presented in a manner that is consistent with the accounting policies of PSG.

The *pro forma* financial information as set out below should be read in conjunction with the report of the Independent Reporting Accountants to PSG, which is included as **Annexure 2** to this Circular.

The directors of PSG are responsible for the preparation of the *pro forma* financial information. The *pro forma* statement of financial position of PSG has been prepared on the assumption that the Thembeka Unwinding, which includes the Specific Repurchases, was effected on 28 February 2014, while the *pro forma* income statement and the *pro forma* statement of comprehensive income have been prepared on the assumption that the Thembeka Unwinding, which includes the Specific Repurchases, was effected on 1 March 2013.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 28 FEBRUARY 2014

	PSG [1] R'000	Thembeka [2] R'000	Lock-in Investment Transfer [3] R'000	Thembeka Specific Repurchase [4] R'000	Scheme [5] R'000	SBET Specific Repurchase [6] R'000	*Pro forma* after [7] R'000
ASSETS							
Property, plant and equipment	3 326 780	194			4 236		**3 331 210**
Intangible assets	2 094 528				(183 901)		**1 910 627**
Investment in ordinary shares of associates	6 299 972	187 738	(180 904)		(85 980)		**6 220 826**
Investment in preference shares of/loans granted to associates	316 531		(275 080)		825 375	(71 606)	**795 220**
Investment in ordinary shares of joint ventures	12 124						**12 124**
Investment in preference shares of/ loans granted to joint ventures	4 838						**4 838**
Employee benefits	33 090						**33 090**
Unit-linked investments	10 308 873				59 768		**10 368 641**
Equity securities	911 694	2 567 411	(970 796)	(881 507)	(617 627)	(102 621)	**906 554**
Debt securities	1 963 161						**1 963 161**
Deferred income tax assets	125 852						**125 852**
Biological assets	201 426						**201 426**
Investment in investment contracts	507 818				21 008		**528 826**
Loans and advances	355 481	17 661	807 714		(824 388)		**356 468**
Trade and other receivables	3 718 788	2 242			28 509		**3 749 539**
Derivative financial assets	30 130	12 579	(12 579)				**30 130**
Inventories	913 701						**913 701**
Current income tax assets	42 883	17			905		**43 805**
Reinsurance assets	67 273				8 217		**75 490**
Cash and cash equivalents (including money market funds)	2 149 872	152 468	46 776	(2 415)	33 176		**2 379 877**
Non-current assets held for sale	181 997						**181 997**
Total assets	33 566 812	2 940 310	(584 869)	(883 922)	(730 702)	(174 227)	**34 133 402**

	PSG [1] R'000	Thembeka [2] R'000	Lock-in Investment Transfer [3] R'000	Thembeka Specific Repurchase [4] R'000	Scheme [5] R'000	SBET Specific Repurchase [6] R'000	*Pro forma* after [7] R'000
EQUITY							
Equity attributable to owners of the parent							
Stated/share capital	2 703 666	1		(1 039 941)	1 270 438	(174 227)	**2 759 937**
Share premium		159 398			(159 398)		**–**
Treasury shares	(467 360)			71 453			**(395 907)**
Other reserves	109 086						**109 086**
Retained earnings	4 509 861	1 815 904	(161 016)	228 518	(1 834 140)		**4 559 127**
	6 855 253	1 975 303	(161 016)	(739 970)	(723 100)	(174 227)	**7 032 243**
Non-controlling interests	5 591 595				5 817		**5 597 412**
Total equity	12 446 848	1 975 303	(161 016)	(739 970)	(717 283)	(174 227)	**12 629 655**
LIABILITIES							
Insurance contracts	493 163				28 676		**521 839**
Third-party liabilities arising on consolidation of mutual funds	372 169						**372 169**
Investment contracts	12 692 768				23 917		**12 716 685**
Deferred income tax liabilities	331 567	393 049	(148 773)	(143 952)	(92 143)		**339 748**
Borrowings	3 266 387	516 329	(275 080)				**3 507 636**
Derivative financial liabilities	99 528	813					**100 341**
Employee benefits	295 503						**295 503**
Accruals for other liabilities and charges	16 825	49 752					**66 577**
Trade and other payables	3 510 878	5 064			22 941		**3 538 883**
Reinsurance liabilities	2 842						**2 842**
Current income tax liabilities	38 334				3 190		**41 524**
Total liabilities	21 119 964	965 007	(423 853)	(143 952)	(13 419)	–	**21 503 747**
Total equity and liabilities	33 566 812	2 940 310	(584 869)	(883 922)	(730 702)	(174 227)	**34 133 402**
Number of shares in issue ('000)	182 923			(5 050)	11 696	(1 786)	**187 783**
Net asset value per share (R)	37.48						**37.45**
Tangible net asset value per share (R)	26.03						**27.27**

Notes and assumptions:

1 Extracted, without adjustment, from the audited results of PSG for the year ended 28 February 2014.

2 Extracted, without adjustment, from the audited results of Thembeka for the year ended 28 February 2014, being incorporated since Thembeka will become a wholly owned subsidiary of PSG after the implementation of the Thembeka Unwinding.

3 The implementation of the Lock-in Investment Transfer results in the following:

- Investment in ordinary shares of associates decrease by R143 447 000 in respect of Thembeka's interest in Kaap Agri being disposed of to BEECo and a further decrease of R37 457 000 relating to a share buy-back implemented by an existing associate of Thembeka.
- Investment in preference shares of/loans granted to associates decrease in respect of PSG's investment in Thembeka preference shares, being part-settlement of the Step 1 Loan Account purchased pursuant to Step 2 of the Thembeka Unwinding (refer paragraph 2.1.2).
- Equity securities decrease in respect of Thembeka's interest in Curro and Pioneer Foods being disposed of to BEECo.
- Loans and advances increase pursuant to Step 1 of the Thembeka Unwinding (refer paragraph 2.1.1).
- Derivative financial assets decrease pursuant to Step 1 of the Thembeka Unwinding (refer paragraph 2.1.1).
- Cash and cash equivalents (including money market funds) increase in respect of a share buy-back implemented by an existing associate of Thembeka.
- Deferred income tax liabilities decrease in respect of Thembeka's interest in Curro and Pioneer Foods being disposed of to BEECo.
- Borrowings decrease in respect of Thembeka preference shares held by PSG being part-settlement of the Step 1 Loan Claim purchased pursuant to Step 2 of the Thembeka Unwinding (refer paragraph 2.1.2).

4 The implementation of the Thembeka Specific Repurchase results in the following:

- Equity securities decrease in respect of Thembeka's indirect shareholding in PSG being repurchased and cancelled by PSG.
- Cash and cash equivalents (including money market funds) decrease in respect of securities transfer tax being payable on the transaction.
- Deferred income tax liabilities decrease in respect of Thembeka's indirect shareholding in PSG being repurchased and cancelled by PSG.

[5] Column 5 makes certain adjustments to the consolidated position of PSG and Thembeka (which will be a wholly owned subsidiary of PSG following the implementation of the Thembeka Unwinding), *inter alia* to align the accounting basis of PSG and Thembeka. PSG and Thembeka accounted for its investments in the same entities, each on a different basis since PSG either equity accounted or consolidated its investments (having significant influence or control over same), while Thembeka marked-to-market their equity security investments in those same entities. The implementation of the Thembeka Unwinding results in the following:

– Property, plant and equipment, unit-linked investments, investments in investment contracts, trade and other receivables, current income tax assets, reinsurance assets, insurance contracts, investment contracts, trade and other payables and current income tax liabilities all increase following PSG gaining control over a previously held associate in which both PSG and Thembeka were already invested.

– Intangible assets decrease by R231 063 000 goodwill previously recognised following a merger between PSG and Arch Equity Limited, from which Thembeka originated. Furthermore, intangible assets increase by R47 162 000 goodwill following PSG gaining control over a previously held associate in which both PSG and Thembeka were already invested.

– Investment in ordinary shares of associates decrease by R690 563 000 in respect of PSG's associate interest in Thembeka being disposed of. A decrease of R43 719 000 relates to PSG gaining control over a previously held associate. An increase of R7 909 000 relates to capitalised transaction costs (same being capitalised in accordance with IAS 28, seeing that PSG is essentially increasing its interest in an associate, Capitec Bank Holdings Limited). An increase of R640 393 000 relates to PSG's acquisition of 2 891 164 Capitec Bank Holdings Limited shares, recognised at its 30-day volume weighted average traded price of R221.50 per share as at 30 June 2014.

– Investment in preference shares of/loans granted to associates increase pursuant to Steps 1 and 2 of the Thembeka Unwinding (refer paragraphs 2.1.1 and 2.1.2) in which PSG acquires 49% of BEECo.

– Loans and advances decrease by R825 375 000 pursuant to Steps 1 and 2 of the Thembeka Unwinding (refer paragraphs 2.1.1 and 2.1.2) in which PSG acquires 49% of BEECo. Furthermore, loans and advances increase by R987 000 relates to PSG gaining control over a previously held associate in which both PSG and Thembeka were already invested.

– Equity securities decrease by R585 627 000 in respect of the aforementioned Capitec Bank Holdings Limited shares, previously held by Thembeka as equity securities, being reclassified to investment in ordinary shares of associates. Furthermore, a decrease of R32 000 000 relates to PSG gaining control over a previously held associate in which both PSG and Thembeka were already invested. Thembeka's interest was classified as equity securities and same is thus eliminated.

– Cash and cash equivalents (including money market funds) increase by R41 085 000, partially offset by a decrease of R7 909 000 in respect of transaction costs, based on the assumption that PSG had obtained control over Thembeka as at 28 February 2014 resulting in PSG gaining control over AIC Holding Company Proprietary Limited ("AIC") (a previously held associate) in which both PSG and Thembeka were already invested. However, it should be noted that PSG will not acquire control over AIC due to the fact that an agreement has been concluded with a third party to acquire both Thembeka and PSG's interest in AIC, which transaction has been approved by the competition authorities but is awaiting approval of another regulator. To the extent that this transaction does not proceed, Thembeka's interest in AIC will be sold to BEECo.

– Deferred income tax liabilities decrease by R94 494 000 in respect of the aforementioned Capitec Bank Holdings Limited shares, previously held by Thembeka as equity securities, being reclassified to investment in ordinary shares of associates. Furthermore, an increase of R2 351 000 relates to PSG gaining control over a previously held associate in which both PSG and Thembeka were already invested.

– The elimination of Thembeka's equity and reserves at acquisition in terms of standard consolidation procedures.

– The *pro forma* information assumes that neither SBET nor BEECo is controlled by PSG, but that PSG exercises significant influence over BEECo with its 49% shareholding in same. This is based on draft contractual agreements and related documentation being finalised.

[6] The implementation of the SBET Specific Repurchase results in the following:

– Investment in preference shares of/loans granted to associates decrease by R71 606 000 in respect of a portion of PSG's loan claim against BEECo being disposed of to SBET and Clusten as part-settlement for the repurchase of the PSG shares pursuant to Step 6 of the Thembeka Unwinding (refer paragraph 2.1.6).

– Equity securities decrease by R102 621 000 in respect of PSG's previously existing loan claim against SBET and Clusten being recovered as part-settlement for the repurchase of the PSG Shares pursuant to Step 6 of the Thembeka Unwinding (refer paragraph 2.1.6).

– Stated capital decreases by R174 227 000 in respect of the repurchase of the PSG Shares pursuant to Step 6 of the Thembeka Unwinding (refer paragraph 2.1.6). Same amounts to 1 785 850 PSG Shares being repurchased at R97.56 per share, being the 30-day volume weighted average traded price as at 30 June 2014.

[7] Represents the *pro forma* financial results after incorporating the adjustments set out above.

PRO FORMA CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2014

	PSG [1] R'000	Thembeka [2] R'000	Lock-in Investment Transfer [3] R'000	Thembeka Specific Repurchase [4] R'000	Scheme [5] R'000	SBET Specific Repurchase [6] R'000	*Pro forma* after [8] R'000
Revenue from sale of goods	7 568 643						**7 568 643**
Cost of goods sold	(6 684 579)						**(6 684 579)**
GROSS PROFIT ON SALE OF GOODS	884 064	–	–	–	–	–	**884 064**
INCOME							
Changes in fair value of biological assets	90 510						**90 510**
Investment income	507 036	651 701	(232 615)	(335 175)	(3 408)	(311)	**587 228**
Fair value gains and losses	1 453 597				408 603		**1 862 200**
Fair value adjustment to investment contract liabilities	(1 342 712)						**(1 342 712)**
Commission and other fee income	3 540 091						**3 540 091**
Other operating income and expenses	99 274	1 992	17 818		24 324		**143 408**
Total income	4 347 796	653 693	(214 797)	(335 175)	429 519	(311)	**4 880 725**

	PSG [1] R'000	Thembeka [2] R'000	Lock-in Investment Transfer [3] R'000	Thembeka Specific Repurchase [4] R'000	Scheme [5] R'000	SBET Specific Repurchase [6] R'000	*Pro forma* after [8] R'000
EXPENSES							
Insurance claims and loss adjustments, net of recoveries	(353 358)				(148 142)		**(501 500)**
Marketing, administration and other expenses	(3 737 609)	(46 769)			(237 193)		**(4 021 571)**
Total expenses	(4 090 967)	(46 769)	–	–	(385 335)	–	**(4 523 071)**
INCOME FROM ASSOCIATES AND JOINT VENTURES							
Share of profits of associates and joint ventures	943 066	75 127	(34 497)		(13 169)		**970 527**
Loss on impairment of associates	(24 458)						**(24 458)**
Total income from associates and joint ventures	918 608	75 127	(34 497)	–	(13 169)	–	**946 069**
Profit before finance costs and taxation	2 059 501	682 051	(249 294)	(335 175)	31 015	(311)	**2 187 787**
Finance costs	(263 337)	(54 896)			26 240		**(291 993)**
Profit before taxation	1 796 164	627 155	(249 294)	(335 175)	57 255	(311)	**1 895 794**
Taxation	(287 892)	(116 609)	49 475	64 847	(19 705)	87	**(309 797)**
Profit for the year	1 508 272	510 546	(199 819)	(270 328)	37 550	(224)	**1 585 997**
Profit attributable to:							
Owners of the parent	1 052 034	498 177	(199 819)	(270 328)	41 368	(224)	**1 121 208**
Non-controlling interests	456 238	12 369			(3 818)		**464 789**
	1 508 272	510 546	(199 819)	(270 328)	37 550	(224)	**1 585 997**
Reconciliation to headline earnings:							
Profit attributable to owners of the parent	1 052 034	498 177	(199 819)	(270 328)	41 368	(224)	**1 121 208**
Non-headline items	(43 198)	(10 680)	(9 319)		(24 258)		**(87 455)**
Headline earnings	1 008 836	487 497	(209 138)	(270 328)	17 110	(224)	**1 033 753**
Non-recurring items[9]	(191 003)	(396 623)	177 197	191 845	39 348		**(179 236)**
Recurring headline earnings	817 833	90 874	(31 941)	(78 483)	56 458	(224)	**854 517**
Weighted average number of shares in issue ('000)							
Basic	182 994			(5 050)	11 696	(1 786)	**187 854**
Diluted	184 507			(5 050)	11 696	(1 786)	**189 367**
Earnings per share (cents)							
Attributable – basic	574.9						**596.9**
Attributable – diluted	570.2						**592.1**
Headline – basic	551.3						**550.3**
Headline – diluted	546.8						**545.9**
Recurring headline	446.9						**454.9**

PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2014

	PSG R'000	Thembeka R'000	Lock-in Investment Transfer R'000	Thembeka Specific Repurchase R'000	Scheme R'000	SBET Specific Repurchase R'000	*Pro forma* after R'000
Profit for the year	1 508 272	510 546	(199 819)	(270 328)	37 550	(224)	**1 585 997**
Other comprehensive income for the year, net of taxation	152 784	–	–	–	2 427	–	**155 211**
May be subsequently reclassified to profit or loss							
Currency translation adjustments	161 574						**161 574**
Cash flow hedges	(15 917)						**(15 917)**
Fair value gains/(losses) on available-for-sale investments	391						**391**
Recycling fair value gains on available-for-sale investments	(678)						**(678)**
Share of other comprehensive income of associates	62 152				2 427		**64 579**
Recycling share of associates' other comprehensive income on disposal	(55 887)						**(55 887)**
May not be subsequently reclassified to profit or loss							
Actuarial gains on employee defined benefit plans	1 149						**1 149**
Total comprehensive income for the year	1 661 056	510 546	(199 819)	(270 328)	39 977	(224)	**1 741 208**
Attributable to:							
Owners of the parent	1 115 058	498 177	(199 819)	(270 328)	43 795	(224)	**1 186 659**
Non-controlling interests	545 998	12 369			(3 818)		**554 549**
	1 661 056	510 546	(199 819)	(270 328)	39 977	(224)	**1 741 208**

Notes and assumptions:

1 Extracted, without adjustment, from the audited results of PSG for the year ended 28 February 2014.

2 Extracted, without adjustment, from the audited results of Thembeka for the year ended 28 February 2014.

3 The implementation of the Lock-in Investment Transfer results in the following:

- Investment income decrease relates to marked-to-market fair value gains and dividend income given up in respect of investments being disposed of by Thembeka to BEECo pursuant to Step 1 of the Thembeka Unwinding (refer paragraph 2.1.1).
- Other operating income and expenses increase relates to a gain made on disposal of an associate investment of Thembeka in terms of a share buy-back implemented by the associate.
- Share of profits of associates and joint ventures decrease by R27 112 000 in respect of Thembeka's interest in Kaap Agri being disposed of to BEECo pursuant to Step 1 of the Thembeka Unwinding (refer paragraph 2.1.1). Furthermore, a decrease of R7 385 000 relates to the disposal of an associate investment of Thembeka in terms of a share buy-back implemented by the associate.
- Taxation decrease by R58 629 000 in respect of deferred tax on unrealised marked-to-market fair value gains pertaining to the investments being disposed of by Thembeka to BEECo pursuant to Step 1 of the Thembeka Unwinding (refer paragraph 2.1.1). Furthermore, an increase of R9 154 000 relates to capital gains tax on the disposal of an associate investment of Thembeka in terms of a share buy-back implemented by the associate.
- Non-headline items relate to a gain made on disposal of an associate investment of Thembeka in terms of a share buy-back implemented by the associate.

4 The implementation of the Thembeka Specific Repurchase results in the following:

- Investment income decrease relates to marked-to-market fair value gains and dividend income given up in respect of Thembeka's indirect shareholding in PSG being repurchased and cancelled by PSG.
- Taxation decrease in respect of deferred tax on unrealised marked-to-market fair value gains pertaining to Thembeka's indirect shareholding in PSG being repurchased and cancelled by PSG, pursuant to Step 3 of the Thembeka Unwinding (refer paragraph 2.1.3).

5 The implementation of the Scheme results in the following:

- Investment income, fair value gains and losses, insurance claims and loss adjustments, net of recoveries, marketing, administration and other expenses all increase following PSG gaining control over a previously held associate in which both PSG and Thembeka were already invested.
- Other operating income and expenses increase relates to a gain made on step-up of an associate investment to that of a subsidiary, following PSG gaining control over a previously held associate in which both PSG and Thembeka were already invested.
- Share of profits of associates and joint ventures decrease by R128 688 000 in respect of PSG's associate interest in Thembeka being disposed of. An increase of R59 062 000 relates to PSG's equity accounting of the additional 2 891 164 Capitec Bank Holdings Limited shares received by way of the Thembeka Unwinding. A decrease of R18 505 000 relates to the elimination of equity accounted earnings previously recognised by both a 51% owned subsidiary of Thembeka on its underlying associate investment, as well as a subsidiary of PSG being invested in the remaining 49% in the aforementioned subsidiary of Thembeka. A decrease of R11 864 000 relates to PSG gaining control over a previously held associate in which both PSG and Thembeka were already invested. An increase of R86 826 000 relates to PSG equity accounting its 49% interest in BEECo, pursuant to Step 2 of the Thembeka Unwinding (refer paragraph 2.1.2).
- Finance cost decrease relates to the borrowings decrease in respect of Thembeka preference shares held by PSG being part-settlement of the Step 1 Loan Account purchased pursuant to Step 2 of the Thembeka Unwinding (refer paragraph 2.1.2).
- Taxation increase relates mainly to PSG gaining control over a previously held associate in which both PSG and Thembeka were already invested.
- Non-headline items relate to a gain made on step-up of an associate investment to that of a subsidiary, following PSG gaining control over a previously held associate in which both PSG and Thembeka were already invested.

6 The implementation of the SBET Specific Repurchase results in the elimination of R311 000 interest income previously recognised in respect of amounts due by SBET and Clusten to PSG and the related taxation charge of R87 000 also being eliminated.

7 With the exception of the transaction cost adjustment, all adjustments are expected to have a continuing effect on the income statement.

8 Represents the *pro forma* financial results after incorporating the adjustments set out above.

9 Recurring headline earnings is calculated on a see-through basis. PSG's recurring headline earnings is the sum of its effective interest in that of each of its underlying investments. The result is that investments which PSG do not equity account or consolidate in terms of accounting standards, are included in the calculation of recurring headline earnings. Non-recurring headline earnings include equity securities' see-through recurring headline earnings and the related net fair value gains/losses and investment income (as recognised in the income statement). Associates' and subsidiaries' one-off gains/losses are excluded from recurring headline earnings.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

The Directors
PSG Group Limited
1st Floor
Ou Kollege Building
35 Kerk Street
Stellenbosch
7600

Dear Sirs

Independent reporting accountant's assurance report on the compilation of *pro forma* financial information of PSG Group Limited

INTRODUCTION

PSG Group Limited ("PSG" or "the Company") is issuing a circular ("the Circular") to its shareholders regarding the Thembeka Specific Repurchase and the SBET Specific Repurchase, forming part of the Thembeka Unwinding ("the Proposed Transaction").

At your request and for the purposes of the Circular to be dated on or about 14 October 2014, we present our assurance report on the compilation of the *pro forma* financial information of PSG by the directors. The *pro forma* financial information, presented in paragraph 5 and **Annexure 1** to the Circular, consists of the *pro forma* consolidated statement of financial position as at 28 February 2014, the *pro forma* consolidated income statement, the *pro forma* consolidated statement of comprehensive income for the 12 months ended 28 February 2014 and the *pro forma* financial effects ("the *Pro Forma* Financial Information"). The *Pro Forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements and the requirements of the Companies Act 71 of 2008 ("the Companies Act").

The *Pro Forma* Financial Information has been compiled by the directors to illustrate the impact of the Proposed Transaction on the Company's reported financial position as at 28 February 2014, and the Company's financial performance for the period then ended, as if the Proposed Transaction had taken place at 28 February 2014 and 1 March 2013, respectively. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the year ended 28 February 2014, on which an audit report has been published.

DIRECTORS' RESPONSIBILITY

The directors of PSG are responsible for the compilation, contents and presentation of the *Pro Forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements as described in paragraph 5 and **Annexure 1** of the Circular and the requirements of the Companies Act. The directors of PSG are also responsible for the financial information from which it has been prepared.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements and the requirements of the Companies Act, based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Circular. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements and the requirements of the Companies Act. For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro Forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro Forma* Financial Information.

As the purpose of *Pro Forma* Financial Information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

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

OPINION

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements as described in paragraph 5 and **Annexure 1** of the Circular and the requirements of the Companies Act.

PricewaterhouseCoopers Inc.
NH Döman
Director

Registered Auditor

Stellenbosch
6 October 2014

HISTORICAL FINANCIAL INFORMATION OF PSG

PSG GROUP LIMITED

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.

OPERATING RESULTS

The operating results and state of affairs of the group and company are set out in the attached income statements and statements of financial position, comprehensive income, changes in equity and cash flows. For the years under review, the group's recurring headline earnings amounted to R817.8 million (2013: R714.9 million) (2012: R536.6 million), headline earnings amounted to R1 008.8 million (2013: R875 million) (2012: R567.2 million) and earnings attributable to owners of the parent amounted to R1 052 million (2013: R1 139.8 million) (2012: R703.1 million).

STATED/SHARE CAPITAL

Details regarding authorised and issued share capital are set out in note 18 to these annual financial statements. Movements in the number of ordinary shares in issue during the year under review were as follows:

	Number of shares		
	2014	2013	2012
At beginning of the year	**208 081 893**	202 724 410	190 261 563
Less: Treasury shares			
Held by a subsidiary (PSG Financial Services Ltd)	**(13 908 770)**	(13 873 895)	(13 873 895)
Held by an associate (Thembeka Capital Ltd (RF))	**(4 852 151)**	(4 852 151)	(5 024 768)
Held by executives through loan funding advanced	**(2 000 000)**		
Held by the PSG Group Ltd Share Incentive Trust	**(375 000)**	(711 000)	(1 140 000)
Held by the PSG Group Ltd Supplementary Share Incentive Trust	**(3 339 061)**	(3 674 202)	(3 961 527)
Shares in issue at beginning of the year, net of treasury shares	**183 606 911**	179 613 162	166 261 373
General issue for cash at R68.13		1 784 921	
General issue for cash at R67.00		3 572 562	
General issue for cash at R50.00			1 900 000
General issue for cash at R46.00			3 979 306
General issue for cash at R43.00			2 300 000
General repurchase for cash at R67.19	**(492 471)**		
Issued in terms of a scheme of arrangement to acquire all of the issued ordinary shares in Paladin Capital Ltd not already held by PSG Group (through PSG Financial Services Ltd) at a ratio of 4 ordinary shares for each 100 Paladin Capital Ltd shares			4 283 541
Movement in treasury shares			
Shares sold by associated company (Thembeka Capital Ltd (RF))			172 617
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)	(230 000)
Shares released to participants by the PSG Group Ltd Share Incentive Trust	**225 000**	336 000	429 000
Shares released to participants by the PSG Group Ltd Supplementary Share Incentive Trust	**483 689**	835 141	517 325
Shares in issue at end of the year, net of treasury shares	**182 923 129**	183 641 786	179 613 162

DIVIDENDS

Details of dividends appear in note 39 to these annual financial statements.

DIRECTORS

Details of the company's directors at the date of authorisation of annual financial statements, being unchanged from the 2013 year, are set out below. Since the date of the 2012 report, the only changes were the appointment of Mr FJ Gouws as a non-executive director and Mr AB la Grange as an alternate director to Mr MJ Jooste.

Executive

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

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

JA Holtzhausen
BIuris, LLB, HDip Tax
Chief executive officer – PSG Capital
Appointed 13 May 2010

DIRECTORS *(continued)*

Non-executive

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

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

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

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

Independent non-executive

PE Burton
BCom (Hons), PG Dip Tax
Financial director – Snoek Wholesalers (Pty) Ltd
Appointed 19 March 2001

J de V du Toit *
BAcc, CA(SA), CFA
Director of companies
Appointed 30 January 1996

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

CA Otto
BCom, LLB
Director of companies
Appointed 25 November 1995

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

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

AB la Grange (alternate to MJ Jooste)
BCom (Law), BCom (Hons), CTA, CA(SA)
Chief financial officer – Steinhoff International Holdings Ltd
Appointed 30 July 2012

** Lead independent director*

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 contributions R'000	Performance-related R'000	**Total 2014 R'000**	Total 2013 R'000	Total 2012 R'000
Executive							
WL Greeff		2 560	40	2 600	**5 200**	4 640	4 000
JA Holtzhausen		2 489	111	3 750	**6 350**	6 070	5 500
PJ Mouton		2 587	13	2 600	**5 200**	4 640	4 000
Non-executive							
L van A Bellinghan 1)					**–**	–	59
PE Burton	193				**193**	180	167
ZL Combi 2)	251				**251**	153	100
J de V du Toit 3)	541				**541**	563	525
MM du Toit	123				**123**	115	134
FJ Gouws 4) 9) 12)		4 000		8 000	**12 000**	4 167	–
MJ Jooste 5)	124				**124**	116	107
JF Mouton 6)	231	2 606	52	2 389	**5 278**	4 700	4 000
JJ Mouton 4) 7) 11) 12)		1 400	21	4 700	**6 121**	3 260	1 431
CA Otto 8)	1 445				**1 445**	1 350	1 250
W Theron 4) 9) 12)	116	2 262	13		**2 391**	3 295	4 655
CH Wiese 10)					**–**	–	107
	3 024	17 904	250	24 039	**45 217**	33 249	26 035

DIRECTORS' EMOLUMENTS *(continued)*

Cash-based remuneration *(continued)*

1) Retired with effect from 15 June 2011.

2) Paid to AE Empowerment Services (Pty) Ltd, a subsidiary of Thembeka Capital Ltd (RF), an associate. R115 560 (2013: R108 000) (2012: R100 000) was paid in respect of directors' fees; the balance represents fees received at a subsidiary level.

3) R190 710 (2013: R178 200) (2012: R165 000) was paid in respect of directors' fees; the balance represents fees received at a subsidiary level.

4) Executive of a subsidiary company.

5) Paid to Steinhoff International Holdings Ltd.

6) 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.

7) R115 560 (2013: R108 000) (2012: R100 000) was paid in respect of directors' fees to PSG Asset Management (Pty) Ltd, a subsidiary.

8) R186 790 (2013: R174 528) (2012: R106 600) was paid in respect of directors' fees; the balance represents fees received at a subsidiary level.

9) Paid to PSG Konsult Management Services (Pty) Ltd, a subsidiary.

10) Retired with effect from 23 February 2012.

11) During 2012, the business of PSG Tanzanite (Pty) Ltd, in which Mr JJ Mouton owned a 40% interest, was sold resulting in Mr JJ Mouton receiving 24.7 million PSG Konsult Ltd shares as consideration.

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

	Share options granted during the year ended 28 Feb 2014		**Unexercised share options as at 28 Feb 2014**	
Audited	**Number**	**Exercise price (R)**	**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**

	Share options granted during the year ended 28 Feb 2013		Unexercised share options as at 28 Feb 2013	
Audited	Number	Exercise price (R)	Number	Weighted average exercise price (R)
FJ Gouws	10 000 000	1.83	10 000 000	1.83
W Theron			5 801 231	1.54

	Share options granted during the year ended 29 Feb 2012		Unexercised share options as at 29 Feb 2012	
Audited	Number	Exercise price (R)	Number	Weighted average exercise price (R)
W Theron	5 801 231	1.54	5 801 231	1.54

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	Number of scheme shares during year 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 [1]	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**

DIRECTORS' EMOLUMENTS *(continued)*

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

Audited	Number of shares as at 29 Feb 2012	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 2013
Non-executive							
JF Mouton [1)]	12 000		(12 000)	64.60	20.16	26/10/2006	–
	450 000		(200 000)	56.75	17.81	21/04/2008	250 000
	462 000	–	(212 000)				250 000
J de V du Toit	12 000		(12 000)	64.60	20.16	26/10/2006	–
CA Otto	12 000		(12 000)	64.60	20.16	26/10/2006	–
	225 000		(100 000)	57.20	17.59	23/04/2008	125 000
	237 000	–	(112 000)				125 000
Total	711 000	–	(336 000)				375 000

Audited	Number of shares as at 28 Feb 2011	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 29 Feb 2012
Executive							
JF Mouton [1)]	30 000		(18 000)	47.71	20.16	26/10/2006	12 000
	700 000		(250 000)	42.78	17.81	21/04/2008	450 000
	730 000	–	(268 000)				462 000
Non-executive							
J de V du Toit	30 000		(18 000)	47.71	20.16	26/10/2006	12 000
CA Otto	30 000		(18 000)	47.71	20.16	26/10/2006	12 000
	350 000		(125 000)	42.78	17.59	23/04/2008	225 000
	380 000	–	(143 000)				237 000
Total	1 140 000	–	(429 000)				711 000

1) Mr JF Mouton was an executive director on the grant date.

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 shares 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**

DIRECTORS' EMOLUMENTS *(continued)*

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 shares 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							
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**
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.

Audited	Number of share options as at 29 Feb 2012	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 share options as at 28 Feb 2013
Executive							
WL Greeff	129 148		(43 049)	56.75	15.52	20/04/2009	86 099
	147 614		(49 205)	66.00	18.77	28/08/2009	98 409
	20 014		(6 672)	61.26	22.09	28/02/2010	13 342
	245 184		(61 296)	61.26	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
	632 678	104 179	(160 222)				576 635
JA Holtzhausen	98 590		(32 864)	56.75	15.52	20/04/2009	65 726
	128 367		(42 789)	66.00	18.77	28/08/2009	85 578
	116 236		(38 746)	61.26	22.09	28/02/2010	77 490
	197 770		(49 443)	61.26	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
	640 754	103 538	(163 842)				580 450
PJ Mouton	105 701		(35 234)	56.75	15.52	20/04/2009	70 467
	122 482		(40 827)	66.00	18.77	28/08/2009	81 655
	113 314		(37 772)	61.26	22.09	28/02/2010	75 542
	301 859		(75 465)	61.26	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
	756 198	129 052	(189 298)				695 952

DIRECTORS' EMOLUMENTS *(continued)*

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 29 Feb 2012	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 share options as at 28 Feb 2013
Non-executive							
JF Mouton	511 521		(127 880)	56.75	26.16	22/04/2010	383 641
	201 952		(50 488)	61.26	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
	917 529	171 164	(178 368)				910 325
Total	2 947 159	507 933	(691 730)				2 763 362

Audited	Number of share options as at 28 Feb 2011	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 share options as at 29 Feb 2012
Executive							
WL Greeff	172 197		(43 049)	43.05	15.52	20/04/2009	129 148
	196 819		(49 205)	45.09	18.77	28/08/2009	147 614
	26 686		(6 672)	47.16	22.09	28/02/2010	20 014
	245 184				39.61	28/02/2011	245 184
		90 718			47.39	28/02/2012	90 718
	640 886	90 718	(98 926)				632 678
JA Holtzhausen	131 454		(32 864)	43.05	15.52	20/04/2009	98 590
	171 156		(42 789)	45.09	18.77	28/08/2009	128 367
	154 982		(38 746)	47.16	22.09	28/02/2010	116 236
	197 770				39.61	28/02/2011	197 770
		99 791			47.39	28/02/2012	99 791
	655 362	99 791	(114 399)				640 754
PJ Mouton	140 935		(35 234)	43.05	15.52	20/04/2009	105 701
	163 309		(40 827)	45.09	18.77	28/08/2009	122 482
	151 086		(37 772)	47.16	22.09	28/02/2010	113 314
	301 859				39.61	28/02/2011	301 859
		112 842			47.39	28/02/2012	112 842
	757 189	112 842	(113 833)				756 198
Non-executive							
JF Mouton	511 521				26.16	22/04/2010	511 521
	201 952				39.61	28/02/2011	201 952
		204 056			47.39	28/02/2012	204 056
	713 473	204 056	–				917 529
Total	2 766 910	507 407	(327 158)				2 947 159

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 and corporate governance report of the annual report available at *www.psggroup.co.za*.

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		Total shareholding 2012	
Audited	Direct	Indirect	Indirect	**Number**	**%**	Number	%	Number	%
PE Burton			100 000	**100 000**	**0.1**	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	3 828 000	2.1
MM du Toit		5 210 716		**5 210 716**	**2.7**	5 079 454	2.7	5 079 454	2.8
WL Greeff	93 357	888 045		**981 402**	**0.5**	889 148	0.5	228 926	0.1
JA Holtzhausen	535 594	500 000		**1 035 594**	**0.5**	959 941	0.5	296 099	0.2
JF Mouton	3 885 847		45 026 507	**48 912 354**	**25.8**	48 634 474	25.4	47 862 616	25.9
JJ Mouton	115 000	1 402 600		**1 517 600**	**0.8**	1 478 600	0.8	1 458 600	0.8
PJ Mouton	54 148	4 913 292		**4 967 440**	**2.6**	4 888 379	2.5	4 199 081	2.3
CA Otto	108		3 801 813	**3 801 921**	**2.0**	3 746 921	2.0	3 655 541	2.0
W Theron	10 000		157 502	**167 502**	**0.1**	162 502	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	66 870 819	36.4

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 2014 year, 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.

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.

SPECIAL RESOLUTIONS PASSED BY SUBSIDIARIES *(continued)*

PSG Financial Services Ltd *(continued)*

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.

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 section 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 section 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.

SPECIAL RESOLUTIONS PASSED BY SUBSIDIARIES *(continued)*

Details of special resolutions passed by subsidiaries during the 2013 year, which are material to the group, are as follows:

PSG Financial Services Ltd

The board of the company be authorised, in terms of section 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 section 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 section 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 approved and adopted, in terms of section 16(5)(a) of the Companies Act, 71 of 2008, a new memorandum of incorporation, which includes the terms and conditions of the preference shares of the company.

Paladin Capital Ltd

The company and its subsidiaries be authorised to be restructured, whereby the company unbundled its interest in its subsidiary, Paladin Capital Financial Services (Pty) Ltd, to its sole shareholder being PSG Financial Services Ltd, and another subsidiary of the company, Paladin Capital Corporate Services (Pty) Ltd, distributed all its assets and assign all its liabilities to Paladin Capital Financial Services (Pty) Ltd in anticipation of the deregistration of the former.

Subsequently, Paladin Capital Financial Services (Pty) Ltd changed its name to PSG Private Equity (Pty) Ltd.

Zeder Investments Ltd

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

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 section 45(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 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 section 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 section 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 approved and adopted, in terms of section 16(5)(a) of the Companies Act, 71 of 2008, a new memorandum of incorporation. In addition thereto the company converted its ordinary share capital of shares with a par value to shares of no par value.

SPECIAL RESOLUTIONS PASSED BY SUBSIDIARIES *(continued)*

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 section 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.

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 section 46 and 48 of the Companies Act, 71 of 2008, and the memorandum of incorporation of the company.

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

Details of special resolutions passed by subsidiaries during the 2012 year, which are material to the group, are as follows:

PSG Financial Services Ltd

The board of the company be authorised, in terms of section 45(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 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.

The company be authorised to repurchase its own issued shares, upon such terms and conditions as the directors of the company may determine, but subject to the provisions of section 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 section 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.

Paladin Capital Ltd

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

The board of the company be authorised, in terms of section 45(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 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.

The company be authorised to repurchase its own issued shares, upon such terms and conditions as the directors of the company may determine, but subject to the provisions of section 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 section 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.

Zeder Investments Ltd

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

The board of the company be authorised, in terms of section 45(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 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.

The company be authorised to repurchase its own issued shares, upon such terms and conditions as the directors of the company may determine, but subject to the provisions of section 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 section 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.

SPECIAL RESOLUTIONS PASSED BY SUBSIDIARIES *(continued)*

Curro Holdings Ltd

The company converted from a private to a public company, increased its authorised share capital and adopted a new Memorandum and Articles of Association.

The company, and any subsidiary of the company, be authorised to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors of the company, or the subsidiary as the case may be, may from time to time determine, but subject to the provisions of section 85 to 89 of the Companies Act of 1973, the Articles of Association of the company and the Listings Requirements of the JSE Ltd (if listed).

The company approved the acquisition by any subsidiary of the company of shares issued by such subsidiary upon such terms and conditions and in such amounts as the directors of such subsidiary may from time to time decide, but subject to the provisions of section 85 to 89 of the Companies Act of 1973, the Articles of Association of the company and the Listings Requirements of the JSE Ltd (if 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 section 45(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 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.

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 section 46 and 48 of the Companies Act, 71 of 2008, and the memorandum of incorporation of the company.

PSG Fund Management group

In terms of the PSG Fund Management/PSG Konsult merger effective 1 March 2011, various special resolutions were passed to amalgamate companies within the PSG Fund Management group in terms of section 228, and to distribute a dividend in specie in terms of section 90 of the Companies Act of 1973.

PSG Fund Management (Pty) Ltd changed its name to PSG Asset Management Group Services (Pty) Ltd, and PSG Fund Management Holdings (Pty) Ltd changed its name to PSG Asset Management (Pty) Ltd. A new holding company was established, PSG Asset Management Holdings (Pty) Ltd.

PSG GROUP LIMITED

STATEMENTS OF FINANCIAL POSITION

as at 28 February 2014

		GROUP			COMPANY		
	Notes	**2014 R'000**	2013* R'000	2012 R'000	**2014 R'000**	2013* R'000	2012 R'000
ASSETS							
Property, plant and equipment	1	**3 326 780**	1 799 667	654 745			
Intangible assets	2	**2 094 528**	1 666 539	1 114 296			
Investment in subsidiary	3				**1 012 759**	1 012 759	1 012 759
Loan granted to subsidiary	3				**1 786 095**	2 036 680	1 519 098
Investment in ordinary shares of associates	4.1	**6 299 972**	5 961 336	5 671 494			
Investment in preference shares of/loans granted to associates	4.1	**316 531**	312 720	446 121			
Investment in ordinary shares of joint ventures	4.2	**12 124**					
Investment in preference shares of/loans granted to joint ventures	4.2	**4 838**					
Employee benefits	25	**33 090**					
Unit-linked investments	5	**10 308 873**	6 790 713	5 422 475			
Equity securities	6	**911 694**	1 113 288	1 410 841			
Debt securities	7	**1 963 161**	1 872 762	1 866 121			
Deferred income tax assets	8	**125 852**	59 523	51 289			
Biological assets	9	**201 426**	31 264				
Investment in investment contracts	10	**507 818**	850 152	1 003 885			
Loans and advances	11	**355 481**	246 460	85 726			
Trade and other receivables	12	**3 718 788**	2 243 585	2 491 454	**201**	220	8
Derivative financial assets	13	**30 130**	15 955	10 159			
Inventories	14	**913 701**	320 813				
Current income tax assets		**42 883**	14 572	6 456			
Reinsurance assets	15	**67 273**	51 993				
Cash and cash equivalents (including money market funds)	16	**2 149 872**	2 218 321	725 657	**281**	217	127
Non-current assets held for sale	17	**181 997**	287 733				
Total assets		**33 566 812**	25 857 396	20 960 719	**2 799 336**	3 049 876	2 531 992
EQUITY							
Equity attributable to owners of the parent							
Stated/share capital	18	**2 703 666**	1 836	1 787	**2 703 911**	2 081	2 027
Share premium			2 734 935	2 374 253		2 734 935	2 374 253
Treasury shares		**(467 360)**	(426 359)	(303 213)			
Other reserves	19	**109 086**	20 176	32 739			
Retained earnings		**4 509 861**	3 659 149	2 654 340	**92 949**	310 600	153 620
		6 855 253	5 989 737	4 759 906	**2 796 860**	3 047 616	2 529 900
Non-controlling interests	20	**5 591 595**	4 159 679	3 187 638			
Total equity		**12 446 848**	10 149 416	7 947 544	**2 796 860**	3 047 616	2 529 900
LIABILITIES							
Insurance contracts	21	**493 163**	378 084	29 949			
Third-party liabilities arising on consolidation of mutual funds	22	**372 169**	25 103	16 008			
Investment contracts	23	**12 692 768**	10 272 444	9 144 681			
Deferred income tax liabilities	8	**331 567**	243 454	139 913			
Borrowings	24	**3 266 387**	2 205 335	890 896			
Derivative financial liabilities	13	**99 528**	140 050	45 261			
Employee benefits	25	**295 503**	31 968	21 112			
Accruals for other liabilities and charges	26	**16 825**	22 100				
Trade and other payables	27	**3 510 878**	2 380 173	2 708 379	**2 476**	2 260	2 092
Reinsurance liabilities	15	**2 842**	2 889				
Current income tax liabilities		**38 334**	6 380	16 976			
Total liabilities		**21 119 964**	15 707 980	13 013 175	**2 476**	2 260	2 092
Total equity and liabilities		**33 566 812**	25 857 396	20 960 719	**2 799 336**	3 049 876	2 531 992

* *Restated as set out in note 48.*

PSG GROUP LIMITED

INCOME STATEMENTS

for the year ended 28 February 2014

		GROUP			COMPANY		
	Notes	**2014 R'000**	2013 R'000	2012 R'000	**2014 R'000**	2013* R'000	2012 R'000
Revenue from sale of goods	28	**7 568 643**	2 001 795				
Cost of goods sold	29	**(6 684 579)**	(1 682 942)				
GROSS PROFIT ON SALE OF GOODS		**884 064**	318 853	–			
INCOME							
Changes in fair value of biological assets	9	**90 510**	28 703				
Investment income	30	**507 036**	418 264	387 894	**35 690**	340 810	144 000
Fair value gains and losses	31	**1 453 597**	1 023 923	533 729			
Fair value adjustment to investment contract liabilities	23	**(1 342 712)**	(1 186 618)	(624 103)			
Commission and other fee income	32	**3 540 091**	1 941 096	1 527 572			
Other operating income and expenses	33	**99 274**	830 147	226 818			
Total income		**4 347 796**	3 055 515	2 051 910	**35 690**	340 810	144 000
EXPENSES							
Insurance claims and loss adjustments, net of recoveries	34	**(353 358)**	(59 974)	279			
Marketing, administration and other expenses	35	**(3 737 609)**	(2 276 570)	(1 456 328)	**(1 774)**	(1 636)	(1 672)
Total expenses		**(4 090 967)**	(2 336 544)	(1 456 049)	**(1 774)**	(1 636)	(1 672)
INCOME FROM ASSOCIATES AND JOINT VENTURES							
Share of profits of associates and joint ventures	4	**943 066**	1 036 620	684 087			
Loss on impairment of associates	4	**(24 458)**	(104 154)	(40 954)			
Total income from associates and joint ventures		**918 608**	932 466	643 133	**–**	–	–
Profit before finance costs and taxation		**2 059 501**	1 970 290	1 238 994	**33 916**	339 174	142 328
Finance costs	36	**(263 337)**	(206 025)	(109 620)			
Profit before taxation		**1 796 164**	1 764 265	1 129 374	**33 916**	339 174	142 328
Taxation	37	**(287 892)**	(248 075)	(104 051)			
Profit for the year		**1 508 272**	1 516 190	1 025 323	**33 916**	339 174	142 328
Profit attributable to:							
Owners of the parent		**1 052 034**	1 139 789	703 085	**33 916**	339 174	142 328
Non-controlling interests		**456 238**	376 401	322 238			
		1 508 272	1 516 190	1 025 323	**33 916**	339 174	142 328
Earnings per share (cents)	38						
Basic		**574.9**	625.5	404.4			
Diluted		**570.2**	620.5	400.3			

* *Restated as set out in note 48.*

PSG GROUP LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 28 February 2014

	GROUP			COMPANY		
	2014 R'000	2013 R'000	2012 R'000	**2014 R'000**	2013 R'000	2012 R'000
Profit for the year	**1 508 272**	1 516 190	1 025 323	**33 916**	339 174	142 328
Other comprehensive income/(loss) for the year, net of taxation	**152 784**	20 595	(19 257)	**–**	–	–
May be subsequently reclassified to profit or loss						
Currency translation adjustments	**161 574**	15 582	340			
Cash flow hedges	**(15 917)**					
Fair value gains/(losses) on available-for-sale investments	**391**	(120)	484			
Recycling fair value gains on available-for-sale investments	**(678)**					
Share of other comprehensive income of associates	**62 152**	6 358	42 839			
Recycling share of associates' other comprehensive income on disposal	**(55 887)**	(1 225)	(62 920)			
May not be subsequently reclassified to profit or loss						
Actuarial gains on employee defined benefit plans	**1 149**					
Total comprehensive income for the year	**1 661 056**	1 536 785	1 006 066	**33 916**	339 174	142 328
Attributable to:						
Owners of the parent	**1 115 058**	1 132 447	683 731	**33 916**	339 174	142 328
Non-controlling interests	**545 998**	404 338	322 335			
	1 661 056	1 536 785	1 006 066	**33 916**	339 174	142 328

PSG GROUP LIMITED

STATEMENTS OF CHANGES IN EQUITY

for the year ended 28 February 2014

GROUP	Stated/ share capital and share premium R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Non-controlling interests R'000	Total R'000
Balance at 1 March 2011	1 799 446	(299 784)	40 996	2 044 140	3 025 828	6 610 626
Total comprehensive (loss)/income	–	–	(19 354)	703 085	322 335	1 006 066
Profit for the year				703 085	322 238	1 025 323
Other comprehensive (loss)/income			(19 354)		97	(19 257)
Transactions with owners	576 594	(3 429)	11 097	(92 885)	(160 525)	330 852
Issue of shares	576 594				201 495	778 089
Share-based payment costs – employees			11 097		655	11 752
Treasury shares acquired		(19 242)				(19 242)
Treasury shares sold		15 813				15 813
Acquisition of subsidiaries					4 777	4 777
Transactions with non-controlling interests				33 823	(240 921)	(207 098)
Dividends paid				(126 708)	(126 531)	(253 239)
Balance at 29 February 2012	2 376 040	(303 213)	32 739	2 654 340	3 187 638	7 947 544
Total comprehensive (loss)/income	–	–	(7 342)	1 139 789	404 338	1 536 785
Profit for the year				1 139 789	376 401	1 516 190
Other comprehensive (loss)/income			(7 342)		27 937	20 595
Transactions with owners	360 731	(123 146)	(5 221)	(134 980)	567 703	665 087
Issue of shares	360 736				551 505	912 241
Share-based payment costs – employees			14 194		3 265	17 459
Treasury shares acquired	(5)	(148 224)				(148 229)
Treasury shares sold		25 078				25 078
Acquisition of subsidiaries					202 040	202 040
Transactions with non-controlling interests			(19 415)	27 058	(32 238)	(24 595)
Dividends paid				(162 038)	(156 869)	(318 907)
Balance at 28 February 2013	2 736 771	(426 359)	20 176	3 659 149	4 159 679	10 149 416
Total comprehensive income	**–**	**–**	**62 671**	**1 052 387**	**545 998**	**1 661 056**
Profit for the year				**1 052 034**	**456 238**	**1 508 272**
Other comprehensive income			**62 671**	**353**	**89 760**	**152 784**
Transactions with owners	**(33 105)**	**(41 001)**	**26 239**	**(201 675)**	**885 918**	**636 376**
Issue of shares					**737 326**	**737 326**
Share buy-back	**(33 105)**					**(33 105)**
Share-based payment costs – employees			**26 239**		**9 492**	**35 731**
Treasury shares acquired		**(60 364)**				**(60 364)**
Treasury shares sold		**19 363**				**19 363**
Acquisition of subsidiaries					**366 372**	**366 372**
Transactions with non-controlling interests				**20 104**	**(33 288)**	**(13 184)**
Dividends paid				**(221 779)**	**(193 984)**	**(415 763)**
Balance at 28 February 2014	**2 703 666**	**(467 360)**	**109 086**	**4 509 861**	**5 591 595**	**12 446 848**

COMPANY	Stated/ share capital and share premium R'000	Retained earnings R'000	Total R'000
Balance at 1 March 2011	1 799 686	154 503	1 954 189
Total comprehensive income			
Profit for the year		142 328	142 328
Transactions with owners	576 594	(143 211)	433 383
Issue of shares	576 594		576 594
Dividends paid		(143 211)	(143 211)
Balance at 29 February 2012	2 376 280	153 620	2 529 900
Total comprehensive income			
Profit for the year		339 174	339 174
Transactions with owners	360 736	(182 194)	178 542
Issue of shares	360 736		360 736
Dividends paid		(182 194)	(182 194)
Balance at 28 February 2013	2 737 016	310 600	3 047 616
Total comprehensive income			
Profit for the year		**33 916**	**33 916**
Transactions with owners	**(33 105)**	**(251 567)**	**(284 672)**
Share buy-back	**(33 105)**		**(33 105)**
Dividends paid		**(251 567)**	**(251 567)**
Balance at 28 February 2014	**2 703 911**	**92 949**	**2 796 860**

PSG GROUP LIMITED

STATEMENTS OF CASH FLOWS

for the year ended 28 February 2014

		GROUP			COMPANY		
		2014	2013	2012	**2014**	2013	2012
	Notes	**R'000**	R'000	R'000	**R'000**	R'000	R'000
Cash flows from operating activities							
Cash generated from/(utilised by) operating activities	43.1	**780 142**	(127 362)	(239 947)	**(1 539)**	(1 680)	(1 377)
Interest income		**392 201**	292 718	225 846			
Dividend income		**363 159**	426 427	352 966	**35 690**	340 810	144 000
Finance costs		**(266 479)**	(158 869)	(118 038)			
Taxation paid	43.2	**(262 435)**	(308 368)	(97 920)			
Net cash flow from operating activities		**1 006 588**	124 546	122 907	**34 151**	339 130	142 623
Cash flows from investing activities							
Acquisition of subsidiaries	43.3	**(215 671)**	(1 047 941)	(75 734)			
Proceeds from sale of subsidiaries	43.4	**(1 730)**	2 742	5 457			
Acquisition of associates		**(439 170)**	(916 808)	(346 327)			
Proceeds from sale of associates		**122 486**	1 795 336	75 875			
Acquisition of joint ventures		**(8 682)**					
Repayment of loans and preference share funding by associates and joint ventures		**32 791**	133 401	30 875			
Acquisition of equity securities		**(278 083)**	(10 125)	(315 329)			
Proceeds from sale of equity securities		**124 567**	641 056	57 959			
Proceeds from sale of non-current assets held for sale		**504 524**					
Purchases of intangible assets (including books of business)		**(46 677)**	(34 587)	(79 423)			
Proceeds from sale of books of business		**6 944**	31 789	40 645			
Purchases of property, plant and equipment		**(1 082 063)**	(519 201)	(263 863)			
Proceeds from sale of property, plant and equipment		**83 427**	33 745	1 525			
Increase in loans and advances		**(38 452)**	(121 360)	(43 218)			
Decrease/(increase) in loan granted to subsidiary					**250 585**	(517 582)	(371 394)
Net cash flow from investing activities		**(1 235 789)**	(11 953)	(911 558)	**250 585**	(517 582)	(371 394)
Cash flows from financing activities							
Dividends paid to group shareholders		**(221 779)**	(162 038)	(126 708)	**(251 567)**	(182 194)	(143 211)
Dividends paid to non-controlling interests		**(193 984)**	(156 869)	(126 531)			
Capital contributions by non-controlling interests		**679 436**	492 905	201 495			
Acquired from non-controlling interests		**(107 612)**	(1 750)	(16 103)			
Acquired by non-controlling interests		**155 284**	22 310	5 496			
Increase in borrowings		**504 164**	1 158 464	130 000			
Borrowings repaid		**(899 196)**	(407 602)	(143 354)			
Purchase of holding company's treasury shares		**(60 364)**	(148 229)	(19 242)			
Proceeds from sale of holding company's treasury shares		**12 553**	25 078	12 714			
Shares issued			360 736	374 153		360 736	372 017
Share buy-back		**(33 105)**			**(33 105)**		
Net cash flow from financing activities		**(164 603)**	1 183 005	291 920	**(284 672)**	178 542	228 806
(Decrease)/increase in cash and cash equivalents		**(393 804)**	1 295 598	(496 731)	**64**	90	35
Exchange differences on cash and cash equivalents		**46 730**	1 498				
Cash and cash equivalents at beginning of the year		**1 927 688**	630 592	1 127 323	**217**	127	92
Cash and cash equivalents at end of the year	43.5	**1 580 614**	1 927 688	630 592	**281**	217	127

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

1. BASIS OF PREPARATION

The consolidated and separate financial statements of PSG Group Ltd have been prepared on the going concern basis and 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. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets classified as "available-for-sale", financial assets and liabilities (including derivative financial instruments) classified as "at fair value through profit or loss", insurance contract liabilities that are measured in terms of the financial soundness valuation basis contained in PGN 104 issued by the Actuarial Society of South Africa, employee defined benefit assets and liabilities, and biological assets, as well as investments in associates and joint ventures being accounted for according to the equity method of accounting.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in accounting policy note 31 below.

2. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE EFFECTIVE FOR THE FIRST TIME IN 2014

2.1.1 New standards, interpretations and amendments adopted by the group during the 2014 year

The following new standards, interpretations or amendments, which are relevant to the group's operations, became effective during the 2014 year:

– Amendments to IAS 1 Presentation of Financial Statements: Items of Other Comprehensive Income (effective 1 July 2012)

The amendments require the separation of items of other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. The required disclosure is provided in the group's statement of other comprehensive income.

– Amendments to IAS 19 Employee Benefits (effective 1 January 2013)

The amendments became relevant to the group following its acquisition of a controlling interest in Capespan Group Ltd (refer note 43.3), which operates defined benefit plans. Capespan Group Ltd previously elected to follow a policy of recognising remeasurements to employee defined benefit assets and liabilities directly in other comprehensive income, which has now become mandatory.

– Amendments to IAS 27 Consolidated and Separate Financial Statements and IAS 28 Investments in Associates (effective 1 January 2013).

Consequential amendments resulting from the issue of IFRS 10, 11 and 12.

– IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)

The group has adopted aforementioned suite of new standards 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 (effective 1 January 2013)

The group has adopted the new standard on how to measure fair value and enhance fair value disclosures. The adoption did not result an any material impact on the financial statements.

2.1.2 New standards, interpretations and amendments adopted by the group during the 2013 year

No new standards, interpretations or amendments, which are relevant to the group's operations, became effective during the 2013 year.

2.1.3 New standards, interpretations and amendments adopted by the group during the 2012 year

– Amendment to IFRS 7 Financial Instruments (effective 1 January 2011) *

Amendment clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading. The effect of the amendment was minor changes to financial instrument disclosures.

– Amendment to IAS 1 Presentation of Financial Instruments (effective 1 January 2011) *

Entities may present either in the statement of changes in equity or within the notes an analysis of the components of other comprehensive income by item. The group currently presents such analysis within the statement of changes in equity.

2. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE EFFECTIVE FOR THE FIRST TIME IN 2014 *(continued)*

2.1.3 New standards, interpretations and amendments adopted by the group during the 2012 year *(continued)*

- Amendments to IAS 24 Related Party Disclosures (effective 1 January 2011)

  Simplification of the disclosure requirements for government-related entities and clarification of the definition of a related party. The amended definition of a related party did not cause any additional related-party transactions/balances to be disclosed by the group.

- Amendments to IAS 34 Interim Financial Reporting (effective 1 January 2011) *

  Clarification of disclosure requirements around significant events and transactions, including financial instruments. The group applies this amendment to the presentation of its interim financial reports.

2.2.1 New standards, interpretations and amendments not currently relevant to the group's 2014 operations

The following new standards, interpretations and amendments, which are not currently relevant to the group's operations, had no impact on the measurement of amounts or disclosures in the 2014 year:

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective 1 January 2013)
- Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective 1 January 2013)
- Improvements to IFRSs 2011

2.2.2 New standards, interpretations and amendments not currently relevant to the group's 2013 operations

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective 1 July 2011)
- Amendments to IFRS 7 Financial Instruments: Disclosures (effective 1 July 2011)
- Amendments to IAS 12 Income Taxes (effective 1 January 2012)

  These standards, interpretations and amendments have no impact on the measurement of assets and liabilities or disclosures in the 2013 year.

2.2.3 New standards, interpretations and amendments not currently relevant to the group's 2012 operations

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective 1 July 2010) *
- Amendments to IFRS 3 Business Combinations (effective 1 January 2011) *
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates (effective 1 July 2010)
- Amendments to IAS 27 Consolidated and Separate Financial Statements (effective 1 July 2010) *
- Amendments to IAS 28 Investments in Associates (effective 1 July 2010) *
- Amendments to IAS 31 Interests in Joint Ventures (effective 1 July 2010) *
- Amendments to IFRIC 13 Customer Loyalty Programmes (effective 1 January 2011)
- Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement (effective 1 January 2011)
- Revision to AC504: IAS19 (AC116) – The limit of a defined benefit asset, minimum funding requirements and their interaction in the South African pension fund environment (effective 1 January 2011)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 April 2010)

* Improvements to IFRSs 2010

These standards, interpretations and amendments have no impact on measurements of assets and liabilities or disclosures in the 2012 year.

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

The following new standards, interpretations and amendments have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2014 or later periods and have not been early adopted by the group:

- Amendment to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014) *
- Amendment to IAS 36 (effective 1 January 2014) +

  The amendment introduces additional disclosures regarding fair value measurements when there has been impairment or a reversal of impairment.

- IFRS 9 Financial Instruments (to be determined) ^

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE *(continued)*

New standard that is the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard replaces the multiple classification and measurement models in IAS 39 with a single model that has only two categories: amortised cost and fair value.

– Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities (effective 1 January 2014) *

– IFRIC 21 Levies (effective 1 January 2014) *

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

* Management has assessed the impact of these standards, interpretations and amendments on the reported results of the group and company and do not foresee any impact.

+ Management has assessed the impact of these amendments on the reported results of the group and company and foresee only minor disclosure changes.

4. CONSOLIDATION

4.1 Subsidiaries (including mutual funds)

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

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

4.2 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

4.3 Disposal of subsidiaries

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

4. CONSOLIDATION *(continued)*

4.4 Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

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

The group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income and other equity movements are recognised in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount as an impairment loss in the income statement.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

4.5 Joint arrangements

The group has applied IFRS 11 to all joint arrangements as of 1 March 2012. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. PSG Group Ltd has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method of accounting.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses, movements in other comprehensive income and other equity movements. When the group's share of losses in a joint venture equals or exceeds its interest in the joint ventures, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

5. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (refer Annexure C). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

6. FOREIGN CURRENCY TRANSLATION

6.1 Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which those entities operate ("functional currency"). The consolidated and separate financial statements are presented in South African rand, being the company's functional and presentation currency.

6.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses are presented in the income statement within "fair value gains and losses".

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

6. FOREIGN CURRENCY TRANSLATION *(continued)*

6.2 Transactions and balances *(continued)*

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

6.3 Group companies

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

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates on the various transaction dates);
- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Group entities with functional currencies other than the presentation currency, have mainly the following functional currencies:

	2014		2013		2012	
	Average rand per foreign currency unit	**Closing rand per foreign currency unit**	Average rand per foreign currency unit	Closing rand per foreign currency unit	Average rand per foreign currency unit	Closing rand per foreign currency unit
Botswana pula	**1.15**	**1.20**	1.07	1.09		
British pound	**15.05**	**17.11**				
Chinese yuan renminbi	**1.56**	**1.72**				
Euro	**12.78**	**14.32**				
Hong Kong dollar	**1.24**	**1.34**				
Japanese yen	**0.10**	**0.10**				
Mozambique new metical	**0.32**	**0.34**				
United States dollar	**9.64**	**10.50**	8.36	8.84		
Zambian kwacha	**1.79**	**1.89**				

Exchanges rates used are based on interbank bid rates.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item of property, plant and equipment.

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

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

Buildings	25 – 75 years
Vehicles	4 – 5 years
Plant and machinery	5 – 15 years
Office equipment	3 – 10 years
Computer equipment	3 – 7 years

Land is not depreciated, except for land held under leasehold rights, which is depreciated over the relevant leasehold term.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset’s carrying value is written down immediately to its recoverable amount if the asset’s carrying value exceeds its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing the asset’s proceeds with its carrying value and are included in profit or loss.

8. INTANGIBLE ASSETS

8.1 Goodwill

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

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

An excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities arises where the net assets of a subsidiary, joint venture or associate at the date of acquisition, fairly valued, exceed the cost of the acquisition. This excess arising on acquisition is recognised as a gain on bargain purchase in profit or loss.

8.2 Trademarks

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

8.3 Customer lists

Acquired customer lists are shown at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over their estimated useful lives ranging between 5 and 20 years, which reflect the expected life of the customer lists acquired. The carrying amount of each cash-generating unit is reviewed for impairment when an impairment indicator is identified.

8.4 Deferred acquisition costs ("DAC")

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

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

8.5 Computer software and other internally generated intangible assets

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

- it is technically feasible to complete the item so that it will be available for use;
- management intends to complete the item and use or sell it;
- there is an ability to use or sell the item;
- it can be demonstrated how the item will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the item are available; and
- the expenditure attributable to the item during its development can be reliably measured.

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

These intangible assets are amortised using the straight-line method over their estimated useful lives, which range between 2 and 10 years.

9. IMPAIRMENT OF NON-FINANCIAL ASSETS

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

10. FINANCIAL INSTRUMENTS

Financial instruments recognised on the statement of financial position include financial assets, consisting of equity securities, debt securities, unit-linked investments, investment in investment contracts, loans and advances (including associates and joint ventures), derivative financial assets, trade and other receivables, cash and cash equivalents, employee benefits, as well as financial liabilities, consisting of borrowings, employee benefits, derivative financial liabilities, third-party liabilities arising on consolidation of mutual funds, accruals for other liabilities and charges and trade and other payables. The particular recognition methods adopted are disclosed in the individual accounting policies associated with each item.

11. OFFSETTING FINANCIAL INSTRUMENTS

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

12. FINANCIAL ASSETS

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

12.1 Classification

(a) Financial assets at fair value through profit or loss

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

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

(b) Held-to-maturity financial assets

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

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the group intends to sell in the short term.

(d) Available-for-sale financial assets

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

12. FINANCIAL ASSETS *(continued)*

12.2 Recognition and measurement of financial assets

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

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

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

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

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.

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

Loans and receivables are carried at amortised cost using the effective interest method. Specific provisions are made against identified doubtful receivables.

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

12.3 Impairment of financial assets

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

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

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

12.4 Investment in investment contracts

The investment in investment contracts designated as at fair value through profit or loss, are valued at fair value, if issued by an independent credible party, or at fair values of the underlying investments supporting the investment contract policy adjusted for applicable liquidity or credit risk.

13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivative financial instruments are recognised initially at fair value on the date on which a derivative contract is entered into. Subsequent to initial recognition, derivative financial instruments are measured at fair value through profit or loss. Fair values of over-the-counter traded derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models. The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only observable market data.

The method of recognising the resulting gain or loss depends on whether the derivative financial instrument is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

(a) hedges of the fair value of recognised assets or liabilities or a firm commitment ("fair value hedge");
(b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction ("cash flow hedge"); or
(c) hedges of a net investment in a foreign operation ("net investment hedge").

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of the various derivative financial instruments are disclosed in note 13 to the annual financial statements. Movements in the hedging reserve in other comprehensive income are disclosed in note 19 to the annual financial statements.

(a) Fair value hedge

The group did not designate any derivatives as fair value hedges.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within finance costs.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within investment income or finance costs. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (e.g. inventory), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within fair value gains and losses.

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

14. BIOLOGICAL ASSETS

Biological assets are measured on initial recognition and at each reporting date at fair value less cost to sell. Changes in the measurement of fair value less cost to sell are included in profit or loss for the period in which they arise. Costs to sell include all costs that would be necessary to sell the assets, including transportation costs and incremental selling costs, including auctioneers' fees and commission paid to brokers and dealers. All costs incurred in maintaining the assets are included in profit or loss for the period in which they arise.

15. INVENTORY

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

All direct and related expenses incurred in the production of the current harvest have been capitalised against biological assets at cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

16. TRADE AND OTHER RECEIVABLES

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

17. CONTRACTS FOR DIFFERENCE ("CFD")

The group enters into contracts for difference with clients whereby the company provides leveraged exposure to equities specified by the client. The client pays a margin of between 15% and 17.5% of the value of the equities. Margin calls are made for the full value of any decrease in value of the equities.

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

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

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held at call with banks and other short-term highly liquid investments with maturities of three months or less. Investments in money market funds are classified as cash equivalents, since these funds are held to meet short-term cash requirements, are highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included within borrowings in the statement of financial position.

19. STATED AND SHARE CAPITAL

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

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

Subsidiary preference shares

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

Treasury shares

The cost of treasury shares acquired are debited to the treasury share reserve, and upon disposal of such shares, the reserve is credited with the weighted average calculated cost attributable to the shares disposed of.

20. INSURANCE AND INVESTMENT CONTRACTS – CLASSIFICATION

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

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

A subsidiary of the group, PSG Life Ltd, is a linked insurance company and issues linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the underlying assets).

21. INSURANCE CONTRACTS

Policyholder contracts that transfer significant insurance risk are classified as insurance contracts, and further divided into two categories, depending on the duration of or type of insurance risks; namely: short-term and long-term insurance contracts.

21.1 Short-term insurance

Short-term insurance provides benefits under short-term policies, which include property, business interruption, transportation, motor, personal all risk, accident and health, professional indemnity, public liability, marine, employers' liability, group personal accident, natural disasters and miscellaneous. Short-term insurance contracts are further classified into the following categories:

- Personal insurance, consisting of insurance provided to individuals and their personal property; and
- Commercial insurance, providing cover on the assets and liabilities of business enterprises

Recognition and measurement

i) Gross premium written

Gross premiums exclude value added tax. Premiums are accounted for as income when the risk related to the insurance policy incepts and are spread over the risk period of the contract by using an unearned premium provision. This includes premiums received in terms of inward reinsurance arrangements. All premiums are shown before deduction of commission payable to intermediaries.

ii) Claims incurred

Claims incurred consist of claims and claims handling expenses paid during the financial year and are charged to the income statement as incurred.

iii) Provision for unearned premium

Premiums are earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten. Unearned premiums, which represent the proportion of premiums written in the current year, which relate to risks that have not expired by the end of the financial year, are calculated on a time proportionate basis for even risk contracts and other bases that best represent the unearned risk profile for uneven risk contracts.

iv) Provision for unexpired risk

Provision is made for underwriting losses that may arise from unexpired risks when it is anticipated that unearned premiums will be insufficient to cover future claims, as well as claims-handling fees and related administrative costs. This liability adequacy test is performed annually to ensure the adequacy of short-term insurance liabilities.

v) Provision for claims

Provision is made on a prudent basis for the estimated final cost of all claims that have not been settled on the reporting date, less amounts already paid. Claims and loss adjustment expenses are charged to income as incurred, based on the estimated liability for compensation owed to the beneficiaries (contract holders or third parties damaged by the contract holders) of the insurance contracts. The group's own assessors or external assessors individually assess claims. The claims provision includes an estimated portion of the direct expenses of the claims and assessment charges. Claims provisions are not discounted.

vi) Provision for claims incurred but not reported

Provision is also made for claims arising from insured events that occurred before the close of the accounting period, but which had not been reported to the group by that date.

vii) Deferred acquisition costs

Commissions that vary with and are related to securing new contracts and renewing existing contracts are deferred over the period in which the related premiums are earned, and recognised as a current asset. All other costs are recognised as expenses when incurred.

viii) Liability for insurance contracts

At each reporting date, the group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the group. The group does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

21. INSURANCE CONTRACTS *(continued)*

21.1 Short-term insurance *(continued)*

Recognition and measurement *(continued)*

ix) Reinsurance contracts held

Contracts entered into by the group with reinsurers under which the group is compensated for losses on one or more contracts issued by the group and that meet the classification requirements for insurance contracts, are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Income received from insurance contracts entered into by the group under which the contract holder is another insurer (inwards reinsurance) is included with premium income.

The benefits to which the group is entitled under its reinsurance contracts held are classified as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within receivables) as well as longer-term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Receivables are classified as short-term if the group is aware of claims which will be submitted within the next 12 months.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The reinsurer's share of unearned premiums represents the portion of the current year's reinsurance premiums that relate to risk periods covered by the related reinsurance contracts extending into the following year. The reinsurer's share of unearned premium is calculated using the 365th method.

Income from reinsurance contracts, that varies with and is related to obtaining new reinsurance contracts and renewing existing reinsurance contracts, is deferred over the period of the related reinsurance contract and is recognised as a current liability.

The group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

x) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, intermediaries and insurance contract holders and are included under receivables and trade and other payables.

If there is objective evidence that the insurance receivable is impaired, the group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The group gathers objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated according to the same method used for these financial assets.

xi) Salvage reimbursements

Some insurance contracts permit the group to sell (usually damaged) property acquired in settling a claim (i.e. salvage). The group may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in determining the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

21.2 Long-term insurance

These contracts are valued in terms of the financial soundness valuation basis contained in PGN 104 issued by the Actuarial Society of South Africa and are reflected as insurance contract liabilities.

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

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

21. INSURANCE CONTRACTS *(continued)*

21.2 Long-term insurance *(continued)*

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

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

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

22. FINANCIAL LIABILITIES

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

Financial liabilities include borrowings, employee benefits, derivative financial liabilities, investment contracts, third party liabilities arising on consolidation of mutual funds, accrual for other liabilities and charges, and trade and other payables. The group issues investments contracts without fixed terms (unit-linked) and with fixed and guaranteed terms (fixed interest rate).

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

22.1 Investment contracts

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

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

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

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

22.2 Borrowings

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

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

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

22.3 Trade and other payables

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

23. DEFERRED REVENUE LIABILITY ("DRL")

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

24. TAXATION

Current and deferred income tax

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

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

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

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

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

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

Secondary tax on companies and dividend withholding tax

Until 31 March 2012, South African resident companies are subject to a dual corporate tax system, one part of the tax being levied on taxable income and the other, a secondary tax, on distributed income. A company incurs STC charges on the declaration or deemed declaration of dividends (as defined under tax law) to its shareholders. STC is not a withholding tax on shareholders, but a tax on companies.

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

Secondary tax on companies was abolished with effect from 1 April 2012 and replaced by a dividends tax, which is not levied on the company but on the beneficial owner of the share and accordingly does not require recognition in profit or loss. Dividends tax withheld by the company on dividends paid to its shareholders (who do not qualify for an exemption from dividends tax) and payable at the reporting date to the South African Revenue Service (where applicable) is included in trade and other payables in the statement of financial position.

25. EMPLOYEE BENEFITS

The group operates various post-employment schemes, including both defined benefit and contribution pension and medical schemes.

25.1 Pension and medical schemes

A defined contribution plan is a plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension/medical benefits that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related obligations. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

25. EMPLOYEE BENEFITS *(continued)*

25.1 Pension and medical schemes *(continued)*

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

For defined contribution plans, the group pays contributions to publicly or privately administered insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

25.2 Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

25.3 Share-based compensation

The group operates four equity-settled share incentive schemes, two relating to PSG Group Ltd and two relating to its subsidiaries.

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

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

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

25.4 Annual leave

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

25.5 Profit sharing and bonus plans

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

26. PROVISIONS AND CONTINGENT LIABILITIES

26.1 Provisions

Provisions are recognised when:

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

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

26.2 Contingent liabilities

A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. These contingent liabilities are not recognised in the statement of financial position but disclosed in the notes to the financial statements.

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

27. LEASES

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

28. DIVIDEND DISTRIBUTIONS

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

29. REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for goods sold or services rendered in the ordinary course of the group's activities, as well as interest and dividend income. The group's activities include the sale of goods (note 28), financial advice, stock broking, fund management, financing, banking, investing, corporate finance and private education services.

Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

If circumstances arise that may change the original estimates of revenues, costs or the extent of progress toward completion of services, then estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that gave rise to the revision became known by management.

29.1 Sale of goods

Sales of goods (comprising educational tools, fast moving consumer goods and agricultural produce) are recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

29.2 Rendering of services

Fee income is recognised when the relevant company is unconditionally entitled thereto. No profit is recognised when the outcome of a transaction cannot be estimated reliably. Fee income from the rendering of services can be summarised as follows:

Commissions, dealings and other fees

Revenue arising from advisory, stockbroking, portfolio management and education services (comprising tuition fees, enrolment, registration and re-registration fees) is recognised over the period in which the services are rendered with reference to completion of the specific transaction.

Enrolment, registration and re-registration fees are recognised on initial registration (or re-registration, as applicable) of the student in the period to which it relates, rather than over a period of time.

Investment management and initial fees

Charges for asset management services are paid by customers using the following two different approaches:

- Front-end fees are charged to the client on inception. This approach is used particularly for single premium-contracts. The consideration received is deferred as a liability and recognised over the life of the contract on a straight-line basis.
- Regular fees are charged to the customer by making a deduction from invested funds. Regular charges billed in advance are recognised on a straight-line basis over the billing period; fees charged at the end of the period are accrued as a receivable that is offset against the financial liability in respect of customer investments when charged to the customer.

29.3 Interest income

Interest income is recognised using the effective-interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding discount as interest income. Interest income is included as part of investment income in the income statement.

29.4 Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income is included as part of investment income in the income statement.

30. NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

31. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities are addressed below.

31.1 Estimated impairment of goodwill

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

31.2 Fair value of derivatives and other unlisted financial instruments

The fair value of financial instruments that are trading on recognised over-the-counter ("OTC") platforms are based on the closing price and included in quoted instruments. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques as disclosed in the accounting policy on financial assets. The accounting policy for derivative financial instruments sets out further details regarding valuation techniques used for same.

31.3 Impairment of investments in associates

Investments in associates are tested for impairment when indicators exist that the carrying value might exceed the recoverable amount, being the higher of fair value less cost to sell or value-in-use. An impairment loss is recognised for the amount by which the carrying amount exceeds the investments' recoverable amount.

An asset's fair value less costs to sell is determined with reference to its market price, published net asset values or valuation techniques. Valuation techniques used include applying a market-related price/earnings ratio, ranging between 6 and 11 (2013: between 5 and 10) (2012: between 2 and 10), to operational earnings. In the prior years, value-in-use calculations were performed in some cases by means of a discounted cash flow model and applying the following assumptions:

Assumptions	2013 %	2012 %
Growth Rate	6 – 8	Up to 25
Terminal growth rate	6	4 – 5
Discount rate	12 – 20	14 – 20

The directors are satisfied that the group's investment in associates are fairly stated. Refer to note 4.1 for further detail.

31.4 Acquisition of associates

Details regarding significant new investments in associates are disclosed in note 4.1. Furthermore, the group's interest in certain already existing associates were also increased. In accounting for these transactions management had to apply judgement in allocating the purchase price to the identifiable assets and liabilities of the associates acquired, or the portion acquired when an additional interest was acquired.

31.5 Investment contracts

The group issues a significant number of investment contracts that are designated as at fair value through profit or loss. These financial instruments are not quoted in active markets, and their fair values are determined by using valuation techniques. Such techniques (for example, valuation models) are validated and periodically reviewed by qualified personnel independent of the area that issued them. All models are validated before they are used and calibrated to ensure that outputs reflect actual experience and comparable market prices. The investment contract liabilities held at fair value are fully matched with the underlying assets. As such the fair values of the investment contract liabilities are determined with reference to the fair values of the underlying assets. The carrying amount of the investment contract liabilities are R12 692 768 000 (2013: R10 272 444 000) (2012: R9 144 681 000).

31.6 Recognition of intangible assets

With a business combination all identifiable assets are recognised at their respective fair values in the consolidated financial statements. The fair values of intangible assets acquired through business combinations are determined by using a discounted cash flow valuation method. The discount rate is based on the long-term risk-free rate with risk premiums added for market, other company and asset specific risks. Intangible assets acquired through business combinations were valued using discount rates ranging between 17% and 24.9% (2013: ranging between 17.5% and 20%) (2012: ranging between 15% and 23%).

Trademarks and customer lists acquired through business combinations or acquisitions are valued on acquisition using discounted cash flow methodology based on assumptions and estimates regarding future revenue growth, weighted average cost of capital, marketing costs and other economic factors affecting the value-in-use of these intangible assets. These assumptions reflect management's best estimates but are subject to inherent uncertainties, which may not be controlled by management.

31. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

31.6 Recognition of intangible assets *(continued)*

The cost of the trademarks and customer lists are amortised over their estimated useful lives. The remaining useful lives of intangible assets are re-assessed annually. If the estimate of the remaining useful lives changes, the remaining carrying values are amortised prospectively over that revised remaining useful life.

The main assumptions used in the valuation of customer lists are the useful lives of these assets and the future profitability and cancellation rate of the underlying revenue streams. The useful life of a customer list is estimated based on the cancellation experience of the existing business and the useful life of customer lists of other players in the market. For the customer lists recognised at the reporting date a useful life of between 2 and 5 years (2013: 2 and 20 years) (2012: 20 years) and an annual cancellation rate of between 15% and 25% (2013: 10% and 50%) (2012: 11%) were assumed.

If useful lives were increased/decreased by 10%, the intangible assets recognised would have been approximately R2 million (2013: approximately R1 million) (2012: approximately R0.2 million) higher/lower. Future profit margins used in determining customer contracts and relationships values were consistent with the margins applied in determining the fair value of the related investment.

Refer to the intangible asset accounting policy and note 2 for further detail.

31.7 Recognition of property, plant and equipment

The cost of property, plant and equipment is depreciated over its estimated useful lives to estimated residual values. The remaining useful lives and residual values of property, plant and equipment are re-assessed annually. If the estimates of the remaining useful lives or residual values change, the remaining carrying values are depreciated prospectively, taking into account the revised estimates. Refer to the property, plant and equipment accounting policy and note 1 for further detail.

31.8 Money market funds

Cash and cash equivalents disclosed on the statement of financial position includes investments in money market funds, being short-term highly liquid investments with maturities of three months or less. Money market funds are classified as cash equivalents, since these funds are held to meet short-term cash requirements, are highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The classification of money market funds as cash equivalents is only judgemental for purposes of disclosure and judgement applied could not have any impact on disclosed amounts of assets or liabilities.

31.9 Recoverability of trade receivables

Management assesses impairment of trade receivables on an ongoing basis. An impairment allowance in respect of doubtful debts is raised against trade receivables when their collectibility is considered to be doubtful. Management believes that the impairment adjustment is conservative and there are no significant trade receivables that are doubtful and have not been impaired or adequately provided for. In determining whether a particular receivable could be doubtful, the age, customer current financial status and disputes with the customer are taken into consideration.

31.10 Interests in subsidiaries and associates – mutual funds

The group has assessed its interests in the various mutual fund investments in which the group, through PSG Konsult, has the irrevocable asset management agreement over the mutual funds and in which the group is significantly invested. For other mutual funds, other factors such as the existence of control through voting rights held by the group in the fund, or significant economic power in the fund, are considered in the assessment of control. Judgement is required in the assessment of whether the group has control or significant influence in terms of the variability of returns from the group's involvement in the funds, the ability to use power to affect those returns and the significance of the group's investment in the funds. Based on the assessment of control or significant influence over these mutual funds, certain funds have been either classified as subsidiaries or associates, respectively.

31.11 Unconsolidated structured entities – mutual funds

The group invests in various mutual funds which are widely recognised as investment trusts that are regulated by government agencies, marketed and open to public investment. These funds provide investors with access to returns on underlying assets in terms of predefined mandates. Pricing information is publically available.

Management do not consider these vehicles to be unconsolidated structured entities as defined by IFRS 12 Disclosure of Interests in Other Entities.

	GROUP	Land R'000	Buildings R'000	Vehicles and plant R'000	Office equipment R'000	Computer equipment R'000	Total R'000
1.	**PROPERTY, PLANT AND EQUIPMENT**						
	As at 28 February 2014						
	Cost	**519 204**	**2 207 442**	**675 266**	**111 276**	**161 226**	**3 674 414**
	Accumulated depreciation and impairment losses	**(7 968)**	**(12 215)**	**(197 820)**	**(54 706)**	**(74 925)**	**(347 634)**
	Balance at end of the year	**511 236**	**2 195 227**	**477 446**	**56 570**	**86 301**	**3 326 780**
	Reconciliation						
	Balance at beginning of the year	**413 336**	**1 058 458**	**247 594**	**34 361**	**45 918**	**1 799 667**
	Additions	**27 730**	**809 283**	**161 259**	**19 124**	**64 667**	**1 082 063**
	Disposals	**(5 470)**	**(38 044)**	**(38 572)**	**(559)**	**(2 097)**	**(84 742)**
	Depreciation	**(5 626)**	**(9 131)**	**(77 848)**	**(15 525)**	**(24 630)**	**(132 760)**
	Impairment		**(885)**				**(885)**
	Exchange differences	**32 852**	**14 466**	**29 698**	**(193)**	**884**	**77 707**
	Subsidiaries acquired	**48 414**	**361 080**	**155 315**	**19 367**	**1 587**	**585 763**
	Subsidiaries sold				**(5)**	**(28)**	**(33)**
	Balance at end of the year	**511 236**	**2 195 227**	**477 446**	**56 570**	**86 301**	**3 326 780**
	As at 28 February 2013						
	Cost	415 678	1 063 485	342 797	71 365	95 591	1 988 916
	Accumulated depreciation and impairment losses	(2 342)	(5 027)	(95 203)	(37 004)	(49 673)	(189 249)
	Balance at end of the year	413 336	1 058 458	247 594	34 361	45 918	1 799 667
	Reconciliation						
	Balance at beginning of the year	152 458	430 234	24 425	24 461	23 167	654 745
	Additions	6 470	398 222	78 426	8 771	27 312	519 201
	Disposals	(6 882)	(8 449)	(16 052)	(2 231)	(762)	(34 376)
	Depreciation	(2 342)	(1 682)	(36 866)	(7 998)	(15 817)	(64 705)
	Impairment		(1 923)		(74)	(14)	(2 011)
	Exchange differences	6 703	1 755	5 595	180	243	14 476
	Subsidiaries acquired	256 929	240 301	192 101	11 326	11 840	712 497
	Subsidiaries sold			(35)	(74)	(51)	(160)
	Balance at end of the year	413 336	1 058 458	247 594	34 361	45 918	1 799 667
	As at 29 February 2012						
	Cost	152 458	431 542	31 457	51 007	60 356	726 820
	Accumulated depreciation and impairment losses		(1 308)	(7 032)	(26 546)	(37 189)	(72 075)
	Balance at end of the year	152 458	430 234	24 425	24 461	23 167	654 745
	Reconciliation						
	Balance at beginning of the year	142 949	217 679	10 098	23 681	16 458	410 865
	Additions	9 509	212 792	17 196	7 571	16 795	263 863
	Disposals			(126)	(961)	(171)	(1 258)
	Depreciation		(237)	(2 743)	(6 189)	(10 459)	(19 628)
	Subsidiaries acquired				547	631	1 178
	Subsidiaries sold				(188)	(87)	(275)
	Balance at end of the year	152 458	430 234	24 425	24 461	23 167	654 745

Additions include borrowing cost of R28 830 000 (2013: R17 042 000) (2012: R9 444 000), having been capitalised at a rate of 10.8% (2013: 12.4%) (2012: 12.4%). Depreciation was charged on land held under leasehold rights.

Details of land and buildings are available at the registered offices of the relevant property-owning companies within the group.

	GROUP	Deferred acquisition costs R'000	Customer lists R'000	Trademarks, computer software and other R'000	Goodwill R'000	Total R'000
2.	**INTANGIBLE ASSETS**					
	As at 28 February 2014					
	Cost	**9 560**	**557 299**	**284 100**	**1 587 877**	**2 438 836**
	Accumulated amortisation and impairment losses	**(3 110)**	**(179 651)**	**(71 784)**	**(89 763)**	**(344 308)**
	Balance at end of the year	**6 450**	**377 648**	**212 316**	**1 498 114**	**2 094 528**
	Reconciliation					
	Balance at beginning of the year	**3 941**	**380 499**	**69 761**	**1 212 338**	**1 666 539**
	Additions	**3 227**	**15 589**	**27 861**		**46 677**
	Disposals		**(2 461)**	**(19)**	**(4 543)**	**(7 023)**
	Amortisation	**(718)**	**(49 123)**	**(26 870)**		**(76 711)**
	Impairment			**(1 155)**	**(7 918)**	**(9 073)**
	Exchange differences			**3 431**	**29 320**	**32 751**
	Subsidiaries acquired		**33 144**	**139 307**	**268 917**	**441 368**
	Balance at end of the year	**6 450**	**377 648**	**212 316**	**1 498 114**	**2 094 528**
	As at 28 February 2013					
	Cost	6 333	514 710	95 297	1 303 068	1 919 408
	Accumulated amortisation and impairment losses	(2 392)	(134 211)	(25 536)	(90 730)	(252 869)
	Balance at end of the year	3 941	380 499	69 761	1 212 338	1 666 539
	Reconciliation					
	Balance at beginning of the year	3 862	343 402	37 940	729 092	1 114 296
	Additions	1 844	18 123	14 620		34 587
	Disposals		(16 151)	(1 843)	(48 042)	(66 036)
	Amortisation	(1 765)	(46 092)	(9 223)		(57 080)
	Impairment		(24 924)	(9 014)	(128 995)	(162 933)
	Exchange differences				4 086	4 086
	Subsidiaries acquired		106 141	37 281	656 197	799 619
	Balance at end of the year	3 941	380 499	69 761	1 212 338	1 666 539
	As at 29 February 2012					
	Cost	9 467	425 887	60 134	729 269	1 224 757
	Accumulated amortisation and impairment losses	(5 605)	(82 485)	(22 194)	(177)	(110 461)
	Balance at end of the year	3 862	343 402	37 940	729 092	1 114 296
	Reconciliation					
	Balance at beginning of the year	4 122	325 740	34 606	660 792	1 025 260
	Additions	1 989	41 317	10 884	10 229	64 419
	Disposals		(26 603)	(734)	(10 258)	(37 595)
	Amortisation	(2 249)	(21 087)	(8 251)		(31 587)
	Impairment		(5 925)		(5 594)	(11 519)
	Subsidiaries acquired		29 987	2 005	74 639	106 631
	Subsidiaries sold		(27)	(570)	(716)	(1 313)
	Balance at end of the year	3 862	343 402	37 940	729 092	1 114 296

2. INTANGIBLE ASSETS *(continued)*

Customer lists

Significant individual customer lists, originating from various purchases, have the following carrying values and remaining amortisation periods:

	Remaining amortisation period			2014	2013	2012
Segment and customer list	**2014**	2013	2012	**R'000**	R'000	R'000
Curro						
Woodhill College	**12 years**	13 years		**17 443**	18 627	
Embury College	**12 years**	13 years		**15 460**	16 149	
PSG Konsult						
Multinet Makelaars	**12 years and 1 month**	13 years and 1 month	14 years and 1 month	**47 720**	51 655	55 591
Diagonal Street Financial Services	**16 years and 6 months**	17 years and 6 months	18 years and 6 months	**19 446**	20 625	21 803
Tlotlisa Securities	**15 years and 2 months**	16 years and 2 months	17 years and 2 months	**18 200**	19 400	20 600
Topexec Management Bureau	**12 years and 2 months**	13 years and 2 months	14 years and 2 months	**16 317**	17 656	18 995
PSG Konsult Insurance Solutions	**16 years**	17 years	18 years	**14 080**	14 960	15 840
Multifund	**16 years**	17 years		**15 421**	17 413	
PSG Private Equity						
CA Sales	**2 years and 2 months**	3 years and 2 months		**8 454**	23 999	
Zeder						
Metspan Hong Kong	**17 years**			**14 209**		
				186 750	200 484	132 829

Trademarks, computer software and other

Significant individual trademarks, originating from various purchases and all having indefinite useful lives, have the following carrying values:

Segment and trademark	**2014 R'000**	2013 R'000	2012 R'000
Curro			
Northern Academy	**11 586**		
Embury Institute for Teacher Education	**16 619**		
Woodhill College	**14 198**	14 198	
	42 403	14 198	–

This category also includes internally generated intangible assets of R74 471 000 (2013: R37 000) (2012: Rnil) relating mainly to plant/seed breeding operations being conducted through a subsidiary of Zeder.

Goodwill allocation

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

	2014	2013	2012
Capitec *	**163 655**	164 879	186 620
Curro	**293 831**	170 944	61 366
PSG Konsult	**359 935**	363 254	413 698
PSG Private Equity	**380 338**	302 774	
Thembeka Capital *	**67 408**	67 408	67 408
Zeder	**232 947**	143 079	
	1 498 114	1 212 338	729 092

* Goodwill originally arose from the acquisition of a subsidiary, Arch Equity Ltd, which held interests in, inter alia, Capitec and Thembeka Capital. The amounts of goodwill have been allocated to the respective carrying amounts of Capitec and Thembeka Capital, as set out in Annexure B, when testing same for impairment.

2. INTANGIBLE ASSETS *(continued)*

Goodwill impairment testing

Capitec

The recoverable amount is determined based on the higher of fair value less cost to sell and value-in-use calculations. Since the fair value less cost to sell (based on the JSE-listed share price) exceeded the aggregate carrying value of the associate investment and allocated goodwill, no value-in-use calculations were deemed necessary.

Curro

The recoverable amount of each cash-generating unit ("CGU"), which is mostly represented by an individual school or campus, is determined with reference to value-in-use calculations. The key assumptions for the value-in-use calculations are as follows:

	2014	2013	2012
	%	%	%
Taxation rate	**28.0**	28.0	28.0
Growth rate	**10.0**	10.0	10.0
Terminal growth rate	**10.0**	10.0	10.0
Discount rate	**15.0**	15.0	15.0

The directors were satisfied that no impairments were necessary.

PSG Konsult

The recoverable amount is determined based on the higher of fair value less cost to sell and value-in-use calculations. Price/earnings ratios used by management to determine fair value less cost to sell are determined with reference to similar listed companies, adjusted for entity specific considerations. Consideration is also given to recent transactions that occurred within the PSG Konsult Ltd group. The average price/earnings ratio applied was 7.5 (2013: 7.5) (2012: 7.5). Key assumptions used for the value-in-use calculations are as follows:

	2014	2013	2012
	%	%	%
Taxation rate	**28.0**	28.0	28.0
Growth rate	**3.0**	3.0	6.0
Terminal growth rate	**3.0**	3.0	4.0
Discount rate	**19.5**	18.3	16.5

Value-in-use calculations are performed based on five-year cash flow projections forming part of financial budgets approved by management. Cash flows were extrapolated into perpetuity using the aforementioned terminal growth rate.

Where impairment indicators exist, customer lists and trademarks were evaluated for impairment using the most recent price/earnings ratios for similar transactions in the market, or value-in-use calculations based on aforementioned assumptions. The price/earnings ratios used varied from 2 to 10, with an average of 7.5 (2013: 2 to 10, with an average of 7.5) (2012: 2 to 10, with an average of 7.5).

PSG Private Equity

Goodwill allocated to this segment relates mainly to a business distributing fast moving consumer goods throughout Southern Africa. Since the value-in-use exceeded the aggregate carrying values of the investments and allocated goodwill, no fair value less cost to sell calculations were deemed necessary. Key assumptions used for the value-in-use calculations are as follows:

	2014	2013
	%	%
Taxation rate	**22.0 – 28.0**	22.0
Growth rate	**8.2 – 15.0**	9.0
Terminal growth rate	**3.0 – 5.0**	4.0
Discount rate	**10.1 – 31.5**	17.1

Value-in-use calculations are performed based on five-year cash flow projections forming part of financial budgets approved by management. Cash flows were extrapolated into perpetuity using the aforementioned terminal growth rates.

Thembeka Capital

The recoverable amount is determined based on the higher of fair value less cost to sell and value-in-use calculations. Since the fair value less cost to sell (based on its intrinsic value derived from quoted share prices) exceeded the aggregate carrying value of the associate and allocated goodwill, no value-in-use calculations were deemed necessary.

Zeder

The fair value less cost to sell was determined based on either applying a price/earning ratio, assessing net realisable value of the underlying assets (mostly agricultural land) or with reference to quoted share prices. Price/earnings ratios used by management are determined with reference to similar listed companies, adjusted for entity specific considerations. The average price/earnings ratio applied was 12 (2013: 10) (2012: nil), while the respective agricultural land was valued at US$11 840 (2013: US$10 000) (2012: US$nil) per irrigated hectare.

	COMPANY		
	2014	2013	2012
	R'000	R'000	R'000
3. INVESTMENT IN/LOAN GRANTED TO SUBSIDIARY			
Unlisted shares at cost	**1 012 759**	1 012 759	1 012 759
Amount receivable from PSG Financial Services Ltd (current portion)	**1 786 095**	2 036 680	1 519 098
	2 798 854	3 049 439	2 531 857

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

Refer Annexure A for further information regarding subsidiaries.

The increase in the amount receivable is the result of new shares issued by PSG Group Ltd for which the cash was received by PSG Financial Services Ltd.

	GROUP		
	2014	2013	2012
	R'000	R'000	R'000
4. INVESTMENT IN ASSOCIATES AND JOINT VENTURES			
4.1 Investment in associates			
Carrying value of ordinary share investments			
Listed	**3 371 879**	2 895 706	2 456 945
Unlisted	**2 928 093**	3 065 630	3 214 549
	6 299 972	5 961 336	5 671 494
Carrying value of preference share investments – unlisted	**286 600**	248 840	374 512
Thembeka Capital Ltd (RF)			
"A" preference shares	**203 840**	183 615	165 285
The preference shares are unsecured and carry a dividend rate of prime plus 1.95% (2013: prime plus 1.95%) (2012: prime plus 1%), having been adjusted during the 2013 year to give effect to the introduction of dividend withholding tax. Capital and accrued dividends are redeemable on 1 December 2015.			
"B" preference shares	**71 240**	65 225	59 838
The preference shares are unsecured and carry a dividend rate of 104.5% of prime (2013: 104.5% of prime) (2012: 95% of prime), having been adjusted during the 2013 year to give effect to the introduction of dividend withholding tax. Capital and accrued dividends are redeemable on 1 December 2015.			
NRGP Holdings (Pty) Ltd (t/a Energy Partners)	**4 000**		
The preference shares are unsecured and carry a prime-linked dividend rate of 12.9%. Dividends are payable bi-annually and capital is redeemable during March 2016.			
IT School Innovation (Pty) Ltd	**7 520**		
The preference shares are unsecured, dividend-free and are redeemable during November 2017.			
Thembeka OVB Holdings (Pty) Ltd			66 101
The preference shares were unsecured and carried a dividend rate of prime. Capital and accrued dividends were redeemed during the 2013 year.			
Thembeka Crete Holdings (Pty) Ltd			83 288
The preference shares were unsecured and carried a dividend rate of prime. Capital and accrued dividends were redeemed during the 2013 year.			
Sub-total carried forward	**6 586 572**	6 210 176	6 046 006

		2014 R'000	2013 R'000	2012 R'000
4.	**INVESTMENT IN ASSOCIATES AND JOINT VENTURES** *(continued)*			
4.1	**Investment in associates** *(continued)*			
	Sub-total carried forward	**6 586 572**	6 210 176	6 046 006
	Loans	**29 931**	63 880	71 609
	Klein Karoo Seed Marketing (Pty) Ltd		50 470	
	Unsecured loan which carried interest at prime less 1% and had no fixed terms of repayment.			
	Professional Sourcing and Procurement Assist (Pty) Ltd	**5 547**		
	Secured loan carrying interest at prime less 1%, being repayable during June 2015.			
	GRW Holdings (Pty) Ltd			4 936
	Unsecured loan carried interest at prime and was settled during the 2013 year.			
	Propell Group Holdings (Pty) Ltd			21 194
	Unsecured loan carried interest at prime plus 5% and was settled during the 2013 year.			
	AIC Holding Company (Pty) Ltd			6 257
	Unsecured interest-free loan which was settled during the 2013 year.			
	Spirit Capital (Pty) Ltd			
	Unsecured loan carries interest at prime plus 1% (2012: prime plus 4%) and is repayable within 12 months.	**552**	993	1 552
	Loan was secured by unlisted equity shares, carried interest at 20% and was settled during the 2013 year.			8 468
	Erbacon Investment Holdings Ltd			14 238
	Unsecured loan carried interest at prime plus 5% and was settled during the 2013 year.			
	Other associates	**23 832**	12 417	14 964
	Unsecured loans carrying interest at rates ranging from interest-free to prime plus 4% (2013: ranging from interest-free to prime plus 1%) (2012: ranging from interest-free to 8.3%), which are all repayable within 12 months.			
		6 616 503	6 274 056	6 117 615
	Loans and preference shares			
	Current portion	**24 384**	63 880	146 429
	Non-current portion	**292 147**	248 840	299 692
		316 531	312 720	446 121
	Reconciliation			
	Balance at beginning of the year	**5 961 336**	5 671 494	4 735 349
	Share of profits of associates	**942 085**	1 036 620	684 087
	Loss on impairment of associates	**(24 458)**	(104 154)	(40 954)
	Other movement in investment value			
	Dividends received	**(279 530)**	(300 881)	(190 918)
	Additions	**454 260**	916 808	346 327
	Disposals	**(111 796)**	(881 897)	(76 043)
	Net dilution gain/(loss)	**16 814**	(163 497)	174 587
	Subsidiaries acquired	**181 047**	181 530	
	Fair value adjustments on step-up to subsidiary	**79 580**	22 023	
	Transfer to subsidiaries at fair value	**(650 387)**	(126 801)	(2 090)
	Transfer to held-for-sale at fair value	**(311 195)**	(295 063)	
	Transfer from equity securities at fair value			61 120
	Other movements (mainly exchange differences)	**42 216**	5 154	(19 971)
	Balance at end of the year	**6 299 972**	5 961 336	5 671 494
	Market value of JSE-listed associates (mainly Capitec Bank Holdings Ltd)	**6 219 279**	6 197 494	6 278 004

4. INVESTMENT IN ASSOCIATES AND JOINT VENTURES *(continued)*

4.1 Investment in associates *(continued)*

Additions

Significant additions during the 2014 year included investing a further R232.1 million, through Zeder, in Agri Voedsel Beleggings Ltd, Capespan Group Ltd (which subsequently became a subsidiary) and Kaap Agri Ltd. Furthermore, the group, through PSG Private Equity, made new investments in logistics-related businesses of R136.3 million, comprising mainly of 30% in Pack and Stack Investment Holdings (Pty) Ltd and 49% in SMC Brands SA (Pty) Ltd. The group, through PSG Private Equity, also invested R48.1 million in JSE-listed Poynting Holdings Ltd, a manufacturer and supplier of advanced antenna-related products.

Significant additions during the 2013 year included the group following its rights in respect of Capitec Bank Holdings Ltd's rights offer, to the amount of R723.9 million. Furthermore, the group, through Zeder, acquired a 49% interest in Klein Karoo Seed Marketing (Pty) Ltd for R80 million (which became a subsidiary during the 2014 year).

Significant additions during the 2012 year included further investments, through Zeder in NWK Ltd and Capespan Group Ltd, to the amount of R117.6 million and R114.1 million, respectively. Furthermore, through PSG Private Equity, the group invested R21.2 million in Impak Onderwysdienste (Pty) Ltd and R29.6 million in Petmin Ltd.

Disposals

Disposals during the 2014 year related mainly to the group's interest, through Zeder, in Overberg Agri Ltd, NWK Ltd and Suidwes Investments Ltd.

Significant disposals during the 2013 year included the group's subsequent disposal of its Capitec Bank Holdings Ltd's rights offer shares with a carrying value of R379.7 million. Furthermore, the group, through Zeder, disposed of a 15.1% shareholding in Capevin Holdings Ltd, with a carrying value of R299.9 million. The remaining 5% interest in Capevin Holdings Ltd have been classified as held-for-sale (refer note 17). The group, through PSG Private Equity, also disposed of its interest in Petmin Ltd, with a carrying value of R182.9 million.

Significant disposals during the 2012 year included the group's interests in MGK Business Investments Ltd and IQuad Group Ltd.

Impairments

The impairment charges recognised in respect of the investment in associates were calculated on the basis of and making use of the assumptions set out in the accounting policies. Impairment charges recognised related mainly to the Zeder (2013 and 2012: related mainly to the PSG Private Equity) operating segment.

Impairments during the 2014 year included R14 million in respect of Suidwes Investments Ltd (which was subsequently disposed of during the 2014 year) and R7.4 million in respect of Bluegreen Oceans (Pty) Ltd.

Significant impairments during the 2013 year included R45.3 million recognised in respect of the group's investment in Petmin Ltd. Petmin Ltd's JSE-listed share price declined significantly during the first half of the 2013 year, which resulted in the investment being impaired to its fair value less cost to sell (being calculated based on the JSE-listed share price). Petmin Ltd was subsequently disposed of during the second half of the 2013 year (refer "disposals" section above). Furthermore, following increased uncertainty in the mining industry, the group impaired its investment in Precrete Holdings (Pty) Ltd by R27 million to its fair value less cost to sell (being calculated based on a market-related price/earnings multiple). Following continued losses incurred by Erbacon Investment Holdings Ltd, the group fully impaired its investment to the amount of R15.3 million.

During the 2012 year, the carrying value of the group's investment in Erbacon Investment Holdings Ltd was impaired by R37.1 million, with the balance of the impairment charge relating to the investment in IQuad Group Ltd, which was subsequently disposed during the 2012 year.

Refer Annexure B for further information regarding associates.

	GROUP 2014 R'000	2013 R'000	2012 R'000
4. INVESTMENT IN ASSOCIATES AND JOINT VENTURES *(continued)*			
4.2 Investment in joint ventures			
Balance at beginning of the year			
Additions	**11 143**		
Share of profits of joint ventures	**981**		
Balance at end of the year	**12 124**	–	–
Loans and preference shares – current	**4 838**		
	16 962	–	–

Refer to Annexure B for further information regarding joint ventures.

5. UNIT-LINKED INVESTMENTS

	2014 R'000	2013 R'000	2012 R'000
Direct investments	**449 860**	297 599	191 662
Quoted	**449 860**	297 588	190 058
Unquoted		11	1 604
Investments linked to investment contracts (refer note 23)	**9 859 013**	6 493 114	5 230 813
Quoted	**7 608 537**	4 535 016	3 538 631
Unquoted	**2 250 476**	1 958 098	1 692 182
	10 308 873	6 790 713	5 422 475

Rnil (2013: Rnil) (2012: R13 873 000) of the quoted unit-linked investments are listed.

GROUP	Fair value through profit or loss R'000	Total R'000
Reconciliation		
Balance at 1 March 2011	5 008 029	5 008 029
Additions	4 195 170	4 195 170
Disposals	(4 117 917)	(4 117 917)
Fair value net gains and reinvestments	434 653	434 653
Subsidiaries acquired	1 674	1 674
Subsidiaries sold	(19 983)	(19 983)
Derecognised on acquisition of subsidiary	(79 151)	(79 151)
Balance at 29 February 2012	5 422 475	5 422 475
Additions	4 547 604	4 547 604
Disposals	(4 079 377)	(4 079 377)
Fair value net gains and reinvestments	742 707	742 707
Subsidiaries acquired	145 048	145 048
Subsidiaries sold	(3 695)	(3 695)
Transfer to unit-linked investments upon disposal of subsidiary	15 951	15 951
Balance at 28 February 2013	6 790 713	6 790 713
Additions	**7 419 768**	**7 419 768**
Disposals	**(5 056 428)**	**(5 056 428)**
Fair value net gains and reinvestments	**1 124 173**	**1 124 173**
Subsidiaries acquired	**11 163**	**11 163**
Transfer to unit-linked investments upon disposal of subsidiary	**19 484**	**19 484**
Balance at 28 February 2014	**10 308 873**	**10 308 873**

	GROUP 2014 R'000	2013 R'000	2012 R'000
Current portion	**1 464 222**	1 383 569	1 870 753
Non-current portion	**8 844 651**	5 407 144	3 551 722
	10 308 873	6 790 713	5 422 475

Fair value of the unit-linked investments are determined by reference to the underlying assets, taking into account any relevant credit risk associated with the underlying assets.

	GROUP		
	2014 R'000	2013 R'000	2012 R'000
6. EQUITY SECURITIES			
Direct equity investments	**311 444**	132 144	545 489
Quoted	**268 870**	33 818	370 487
Unquoted	**42 574**	98 326	175 002
Investments linked to investment contracts (refer note 23)	**600 250**	981 144	865 352
Quoted	**600 250**	981 144	865 352
Unquoted			
	911 694	1 113 288	1 410 841

Included in quoted equity securities are listed investments to the value of R604 035 000 (2013: R616 088 000) (2012: R1 235 836 000).

GROUP	Available-for-sale R'000	Fair value through profit or loss R'000	Total R'000
Reconciliation			
Balance at 1 March 2011	345	1 128 026	1 128 371
Additions	740	437 319	438 059
Disposals	(264)	(235 970)	(236 234)
Fair value net gains and reinvestments		167 325	167 325
Transfer to investment in associates at fair value		(61 120)	(61 120)
Subsidiaries acquired		39 239	39 239
Subsidiaries sold		(64 799)	(64 799)
Balance at 29 February 2012	821	1 410 020	1 410 841
Additions		471 041	471 041
Disposals		(991 058)	(991 058)
Fair value net gains and reinvestments	638	236 912	237 550
Subsidiaries acquired	2 393	12 988	15 381
Subsidiaries sold		(30 467)	(30 467)
Balance at 28 February 2013	3 852	1 109 436	1 113 288
Additions		**625 745**	**625 745**
Disposals	**(5 905)**	**(931 077)**	**(936 982)**
Fair value net gains and reinvestments	**464**	**119 865**	**120 329**
Subsidiaries acquired	**6 190**		**6 190**
Subsidiaries sold		**(16 876)**	**(16 876)**
Balance at 28 February 2014	**4 601**	**907 093**	**911 694**

	GROUP		
	2014 R'000	2013 R'000	2012 R'000
Current portion	**169 716**	519 094	511 930
Non-current portion	**741 978**	594 194	898 911
	911 694	1 113 288	1 410 841

	2014 R'000	2013 R'000	2012 R'000
7. DEBT SECURITIES			
Direct investments	**441 705**	127 038	29 255
Quoted	**441 705**	123 622	29 255
Unquoted		3 416	
Investments linked to investment contracts (refer note 23)	**1 521 456**	1 745 724	1 836 866
Quoted	**1 284 109**	1 499 003	1 836 866
Unquoted	**237 347**	246 721	
	1 963 161	1 872 762	1 866 121

Included in quoted debt securities are listed investments to the value of R50 466 000 (2013: R97 314 000) (2012: R82 057 000).

	GROUP	Held-to-maturity R'000	Fair value through profit or loss R'000	Total R'000
7.	**DEBT SECURITIES** *(continued)*			
	Reconciliation			
	Balance at 1 March 2011	798 735	1 286 614	2 085 349
	Additions	155 182	128 610	283 792
	Disposals		(691 466)	(691 466)
	Maturity	(1 204)		(1 204)
	Fair value net gains and reinvestments	432	58 079	58 511
	Finance income	119 513		119 513
	Subsidiaries acquired		11 626	11 626
	Balance at 29 February 2012	1 072 658	793 463	1 866 121
	Additions	127 902	502 490	630 392
	Disposals		(834 299)	(834 299)
	Maturity	(18 530)		(18 530)
	Fair value net gains and reinvestments		110 200	110 200
	Finance income	102 128		102 128
	Subsidiaries acquired		16 750	16 750
	Balance at 28 February 2013	1 284 158	588 604	1 872 762
	Additions	**18 785**	**1 311 314**	**1 330 099**
	Disposals		**(1 051 110)**	**(1 051 110)**
	Maturity	**(528 856)**		**(528 856)**
	Fair value net gains and reinvestments		**6 040**	**6 040**
	Finance income	**114 085**		**114 085**
	Subsidiaries acquired		**243 563**	**243 563**
	Subsidiaries sold		**(23 422)**	**(23 422)**
	Balance at 28 February 2014	**888 172**	**1 074 989**	**1 963 161**

		GROUP	
	2014 R'000	2013 R'000	2012 R'000
Current portion	**592 525**	640 714	92 639
Non-current portion	**1 370 636**	1 232 048	1 773 482
	1 963 161	1 872 762	1 866 121

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

		2014	2013	2012
8.	**DEFERRED INCOME TAX**			
	Deferred income tax assets	**125 852**	59 523	51 289
	Deferred income tax liabilities	**(331 567)**	(243 454)	(139 913)
	Net deferred income tax liability	**(205 715)**	(183 931)	(88 624)
	Deferred income tax assets			
	To be recovered within 12 months	**40 778**	41 850	31 742
	To be recovered after 12 months	**85 074**	17 673	19 547
		125 852	59 523	51 289
	Deferred income tax liabilities			
	To be recovered within 12 months	**(52 353)**	(23 906)	(52 726)
	To be recovered after 12 months	**(279 214)**	(219 548)	(87 187)
		(331 567)	(243 454)	(139 913)

8. DEFERRED INCOME TAX *(continued)*

The movements in the net deferred tax liability were as follows:

GROUP	Provisions R'000	Tax losses R'000	Unrealised profits R'000	Intangible assets and other differences R'000	Total R'000
Balance at 1 March 2011	8 483	4 362	(31 859)	(58 998)	(78 012)
(Charge)/credit to profit or loss	(227)	18 526	(7 854)	(13 066)	(2 621)
Charge to other comprehensive income			(49)		(49)
Other movements	(32)		10 508	2 835	13 311
Subsidiaries acquired	214	5 128	(328)	(24 601)	(19 587)
Subsidiaries sold	(101)	(1 797)		232	(1 666)
Balance at 29 February 2012	8 337	26 219	(29 582)	(93 598)	(88 624)
Credit/(charge) to profit or loss	2 522	(365)	1 956	11 799	15 912
Charge to other comprehensive income			(141)		(141)
Other movements	(1 917)		(871)	(836)	(3 624)
Subsidiaries acquired	7 202	8 124	(488)	(122 244)	(107 406)
Subsidiaries sold	(59)			11	(48)
Balance at 28 February 2013	16 085	33 978	(29 126)	(204 868)	(183 931)
Credit/(charge) to profit or loss	**1 927**	**26 069**	**(39 714)**	**(8 802)**	**(20 520)**
Credit/(charge) to other comprehensive income	**11 190**		**(1 238)**	**260**	**10 212**
Other movements	**631**	**(2 008)**	**(51)**	**12 320**	**10 892**
Subsidiaries acquired	**67 823**	**4 228**	**(3 519)**	**(91 092)**	**(22 560)**
Subsidiaries sold		**(315)**		**507**	**192**
Balance at 28 February 2014	**97 656**	**61 952**	**(73 648)**	**(291 675)**	**(205 715)**

Deferred tax on temporary differences relating to financial assets that are measured at "fair value through profit or loss", which form part of the group's long-term investment strategy, is calculated using the South African capital gains tax inclusion rate of 66.6% (2013: 66.6%) (2012: 50%).

The deferred income tax assets and liabilities were calculated on all temporary differences under the liability method using a South African normal tax rate of 28% (2013: 28%) (2012: 28%).

Where temporary differences arose in jurisdictions other than South Africa, the tax rates relevant to those jurisdictions were applied. The recoverability of the deferred income tax assets were assessed as set out in the accounting policies.

	GROUP 2014 R'000	2013 R'000	2012 R'000
9. BIOLOGICAL ASSETS			
Balance at beginning of the year	**31 264**		
Additions	**128 860**	30 879	
Disposals	**(34 321)**		
Transfer of harvested produce to inventory	**(164 615)**	(99 920)	
Changes in fair value of biological assets	**90 510**	28 703	
Exchange differences	**5 622**	2 528	
Subsidiaries acquired	**144 106**	69 074	
Balance at end of the year	**201 426**	31 264	–
Biological assets consist of the following:			
Current	**83 447**	31 264	–
Maize crops *	**6 396**		
Soya crops *	**33 567**	31 264	
Orchards **	**12 885**		
Vineyards **	**14 262**		
Sugar cane **	**16 337**		
Non-current	**117 979**	–	–
Orchards ***	**49 422**		
Vineyards ***	**68 557**		
	201 426	31 264	–

* These biological assets are valued at cost since an insignificant level of biological transformation has taken place since planting.

** These biological assets are carried at fair value, being determined based on expected fruit sales (free on board prices for export sales and net value for local sales), net of budgeted harvest, packing, storage and selling costs, as well as directly attributable overheads.

*** Consisting of citrus orchards, pome (apple and pear) orchards and grape vineyards, these fair values were determined using a discounted cash flow model. The most significant inputs applied were:

		Citrus	Pome	Grapes
9.	**BIOLOGICAL ASSETS** *(continued)*			
	Useful life (years)	**25.0 – 30.0**	**30.0**	**20.0**
	Growth rate – inflationary increase for income and costs (%)	**2.0**	**2.0**	**2.0**
	Taxation (%)	**28.0**	**28.0**	**28.0**
	Discount rate (%)	**14.3 – 15.5**	**15.0**	**16.7**

No replantings are taken into account.

		GROUP		
		2014	2013	2012
		R'000	R'000	R'000
10.	**INVESTMENT IN INVESTMENT CONTRACTS**			
	Reconciliation			
	Balance at beginning of the year	**850 152**	1 003 885	1 108 686
	Investment contract premiums paid	**73 333**	209 700	65 829
	Investment contracts benefits received	**(489 849)**	(500 854)	(247 979)
	Fair value adjustment/finance income charged to investment contracts	**74 182**	136 446	77 349
	Subsidiaries acquired		975	
	Balance at end of the year	**507 818**	850 152	1 003 885
	Current portion	**218 517**	561 869	376 694
	Non-current portion	**289 301**	288 283	627 191
	Fair value through profit or loss	**261 832**	326 507	535 385
	Held-to-maturity	**245 986**	523 645	468 500
		507 818	850 152	1 003 885
	Direct investments	**2 374**	1 508	
	Investments linked to investment contracts (refer note 23)	**505 444**	848 644	1 003 885
		507 818	850 152	1 003 885

Fair value of the investment in investment contracts is determined by reference to the underlying assets, since the vast majority of these investments are linked to investment contract liabilities (refer note 23). All the underlying assets have quoted prices which are used in the fair value determination.

11.	**LOANS AND ADVANCES**			
	Direct investments			
	Secured loans *	**312 753**	158 745	18 197
	Unsecured loans **	**42 728**	87 715	67 529
		355 481	246 460	85 726
	Current portion	**194 533**	67 509	49 051
	Non-current portion	**160 948**	178 951	36 675

* Ordinary shares, mainly PSG Konsult Ltd (refer note 42) and other existing unlisted investments, together with the income streams of financial advisors affiliated to PSG Konsult Ltd serve as security for these loans.

** Unsecured loans are mainly receivable from financial advisors affiliated to PSG Konsult Ltd.

These loans carry interest at rates ranging between 0.5% and 13% (2013: between interest-free and 15.3%) (2012: between 7% and 11%) and is repayable over various periods to a maximum of six years (2013: seven years) (2012: seven years).

		GROUP			COMPANY		
		2014	2013	2012	**2014**	2013	2012
		R'000	R'000	R'000	**R'000**	R'000	R'000
12.	**TRADE AND OTHER RECEIVABLES**						
	Trade receivables	**1 323 313**	452 682	83 381			
	Brokers and clearing houses *	**1 925 858**	1 557 765	2 252 659			
	Margin accounts	**24 228**	25 548	21 469			
	Prepayments and sundry receivables **	**445 389**	207 590	133 945	**201**	220	8
		3 718 788	2 243 585	2 491 454	**201**	220	8
	Current portion	**3 682 766**	2 210 239	2 488 778	**201**	220	8
	Non-current portion	**36 022**	33 346	2 676			

* Included are PSG Online broker- and clearing accounts of which R1.9 billion (2013: R1.6 billion) (2012: R2.3 billion) represents amounts owing by the JSE Ltd for trades in 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 (refer note 27), with the settlement to the clients taking place within three days after the transaction date.

** Includes insurance receivables due from contract holders of R36 807 000 (2013: R13 184 000) (2012: Rnil).

Trade and other receivables include non-financial assets of R79 004 000 (2013: R19 581 000) (2012: R10 043 000).

		GROUP	
	2014	2013	2012
	R'000	R'000	R'000
13. DERIVATIVE FINANCIAL INSTRUMENTS			
Derivative financial assets	**30 130**	15 955	10 159
Derivative financial liabilities	**(99 528)**	(140 050)	(45 261)
Net derivative financial liability	**(69 398)**	(124 095)	(35 102)
Derivative financial assets			
Current portion	**30 130**	15 955	10 159
Derivative financial liabilities			
Current portion	**(53 335)**	(94 384)	(33 569)
Non-current portion	**(46 193)**	(45 666)	(11 692)
	(69 398)	(124 095)	(35 102)
Analysis of net derivative financial liability			
Equity/index contracts			
Fixed-for-variable interest rate swaps	**(2 579)**	(77 245)	(36 803)
Contracts for difference ("CFD")	**(7 216)**	(1 184)	1 701
Forward exchange contracts – currencies	**(13 937)**		
Written put option to non-controlling interest	**(45 666)**	(45 666)	
	(69 398)	(124 095)	(35 102)

Trading derivatives are classified as current financial assets and liabilities at "fair value through profit or loss". The fair values of the financial instruments that are trading on recognised over-the-counter platforms are based on the closing prices and classified as quoted instruments. The value of the CFD assets reflected in the statement of financial position is derived from and corresponds directly to the underlying equity securities' closing JSE-listed price. The fair value of interest rate swaps were determined as the difference between the floating leg and the fixed leg of the swap. The fair value of the fixed leg is set equally to the present value of fixed interest payments discounted at the risk-free rate plus a margin. The floating leg was valued by discounting projected floating leg payments using a risk-free rate plus a margin.

The fair value adjustments on derivative financial instruments included in "net fair value gains on financial assets and financial liabilities at fair value through profit or loss" (refer note 31) amounts to a gain of R74.7 million (2013: loss of R40.4 million) (2012: loss of R108 million). This includes a fair value loss in the 2012 year of R66.7 million relating to the linked investment contracts. A corresponding fair value gain, to the same amount, earned from the assets backing the investment contract liabilities are also included in "fair value gains and losses on financial instruments".

14. INVENTORIES			
Raw materials	**59 041**	15 666	
Work-in-progress	**9 832**		
Finished goods	**844 828**	305 147	
	913 701	320 813	–

The cost of inventories recognised as an expense and included in cost of goods sold (refer note 29) in the income statement amounted to R6 640 258 000 (2013: R1 663 023 000) (2012: Rnil).

		GROUP			COMPANY		
		2014 R'000	2013 R'000	2012 R'000	**2014 R'000**	2013 R'000	2012 R'000
15.	**REINSURANCE ASSETS AND LIABILITIES**						
	Reinsurance assets – current						
	Reinsurers' share of insurance liabilities	**66 248**	50 883	–			
	Balance at beginning of the year	**50 883**					
	Subsidiaries acquired		42 273				
	Movement for the year	**15 365**	8 610				
	Deferred acquisition costs	**1 025**	1 110	–			
	Balance at beginning of the year	**1 110**					
	Subsidiaries acquired		1 288				
	Movement for the year	**(85)**	(178)				
		67 273	51 993	–			
	Amounts due from reinsurers, in respect of claims already paid by the group on reinsured contracts, are included in trade and other receivables (refer note 12). No reinsurance assets were considered impaired at the current or prior reporting date.						
	Reinsurance liabilities – current						
	Deferred reinsurance acquisition revenue	**2 842**	2 889	–			
	Balance at beginning of the year	**2 889**					
	Subsidiaries acquired		1 914				
	Movement for the year	**(47)**	975				
16.	**CASH AND CASH EQUIVALENTS (INCLUDING MONEY MARKET FUNDS)**						
	Cash at bank	**1 275 399**	844 062	617 859	**281**	217	127
	Money market funds	**724 304**	1 277 604	107 738			
	Short-term deposits	**150 169**	96 655	60			
		2 149 872	2 218 321	725 657	**281**	217	127

The effective interest rate on short-term deposits was 5% (2013: 5%) (2012: 5.5%). These deposits have an average maturity of 30 days or less. Cash and cash equivalents included above, relating to investment contract liabilities, amounted to R51 334 000 (2013: R65 096 000) (2012: R97 218 000).

17. NON-CURRENT ASSETS HELD FOR SALE

During the 2013 year, the group, through Zeder, disposed of a 15.1% shareholding in Capevin Holdings Ltd (an associate). Having lost significant influence over same, the group's remaining 5% equity interest in Capevin Holdings Ltd was earmarked for disposal and accordingly classified as held-for-sale. During June 2013, the group obtained the relevant shareholder approval to dispose of the remaining equity interest and commenced doing so piecemeal. At the reporting date, the group's remaining equity interest of 2.7% (2013: 5.3%) in Capevin Holdings Ltd is valued at R177 200 000 (2013: R287 733 000). The group remains committed to recovery of same through disposal. Fair value gains recognised in profit or loss amounts to R73 053 000 (2013: losses of R7 330 000).

	GROUP			COMPANY		
	2014 R'000	2013 R'000	2012 R'000	**2014 R'000**	2013 R'000	2012 R'000
18. STATED/SHARE CAPITAL						
Authorised						
400 000 000 (2013: 400 000 000) (2012: 400 000 000) ordinary shares with no par value (2013: par value of 1 cent each) (2012: par value of 1 cent each)		4 000	4 000		4 000	4 000
Issued						
Balance at beginning of the year	**1 836**	1 787	1 663	**2 081**	2 027	1 903
Issue of shares		54	124		54	124
Share buy-back	**(33 105)**			**(33 105)**		
Net movement in treasury shares		(5)				
Conversion to no par value shares	**2 734 935**			**2 734 935**		
Balance at end of the year	**2 703 666**	1 836	1 787	**2 703 911**	2 081	2 027
Number of shares in issue ('000)						
In issue (gross of treasury shares)	**207 589**	208 082	202 724	**207 589**	208 082	202 724
Shares held by subsidiaries	**(16 009)**	(15 874)	(13 874)			
Shares held by associates	**(4 852)**	(4 852)	(4 852)			
Shares held by share incentive trusts	**(3 805)**	(3 714)	(4 385)			
In issue (net of treasury shares)	**182 923**	183 642	179 613	**207 589**	208 082	202 724

Unissued shares, limited to 5% of the company's number of shares in issue at 28 February 2013, are placed under the control of the directors until the next annual general meeting. The directors are authorised to buy back shares subject to certain limitations and the JSE Listings Requirements.

Share incentive schemes

During the current and prior years, PSG Group Ltd operated two equity-settled share incentive schemes, being the deferred delivery and share option schemes. In terms of these schemes, shares/share options are granted to executive directors, senior and middle management. Furthermore, two subsidiaries also operated share incentive schemes during the current and priors year, granting share options to executive directors, senior and middle management.

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

The total equity-settled share-based payment charge recognised in the income statement amounted to R26 274 000 (2013: R17 459 000) (2012: R11 752 000). This charge, net of the related tax effect, was credited to other reserves (refer note 19) and non-controlling interest (refer statement of changes in equity), respectively.

Deferred delivery scheme

The PSG Group Ltd Share Incentive Trust currently holds 150 000 (2013: 375 000) (2012: 711 000) PSG Group Ltd ordinary shares, which have been allocated to participants at a total consideration of R2.7 million (2013: R6.7 million) (2012: R12.7 million). The maximum number of shares which may be offered to participants is 10% of the issued share capital of the company at any time. This scheme is in process of being run off and no new awards were granted during the current or prior years.

PSG Group Ltd ordinary shares	**2014**	2013	2012
Number of shares allocated at beginning of the year	**375 000**	711 000	1 140 000
Number of shares released to participants during the year	**(225 000)**	(336 000)	(429 000)
Number of shares allocated at end of the year	**150 000**	375 000	711 000

The weighted average market share price of the shares released during the year amounted to R66.03 (2013: R57.99) (2012: R43.21).

18. SHARE CAPITAL *(continued)*

Deferred delivery scheme *(continued)*

Granting of shares occurred as follows:	**Number of shares**	Price^ R
21 April 2008	**100 000**	17.81
23 April 2008	**50 000**	17.59
	150 000	

^ In September 2009, Paladin Capital Ltd ("Paladin"), a subsidiary, conducted a renounceable rights issue in terms of which PSG Group Ltd renounced 64% of its Paladin rights in favour of PSG Group Ltd shareholders. In terms of the PSG Group Share Incentive Trust deed, the vesting price of outstanding scheme shares needed to be adjusted to give effect to same. The vesting price of each outstanding PSG Group Ltd share was consequently reduced by the 21.362 cents volume weighted average traded price per Paladin right during the time of the rights issue, which equated to 8.972 cents per PSG Group Ltd share on the basis of 1 rights offer share for every 2.381 PSG Group Ltd shares held.

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

Analysis of outstanding scheme shares by financial year of maturity:	**2014** Weighted average strike price (R)	**2014** Number	2013 Weighted average strike price (R)	2013 Number	2012 Weighted average strike price (R)	2012 Number
28 February 2013					18.00	336 000
28 February 2014			17.74	225 000	17.74	225 000
28 February 2015	**17.74**	**150 000**	17.74	150 000	17.74	150 000
		150 000		375 000		711 000

Share option scheme

The weighted average strike price of share options exercised in terms of this equity-settled share scheme during the year under review was R19.93 (2013: R26.28) (2012: R18.45) per share.

The PSG Group Ltd Supplementary Share Incentive Trust currently holds 3 655 370 (2013: 3 339 061) (2012: 3 674 202) PSG Group Ltd ordinary shares, with 6 020 064 (2013: 3 565 043) (2012: 3 518 844) having been allocated as share options to participants at a total consideration of R377.9 million (2013: R144.4 million) (2012: R86.3 million). During the 2014 year, 6 293 414 (2013: 3 808 447) (2012: nil) Zeder Investments Ltd ordinary shares were allocated by the group as share options to employees at a purchase consideration of R25.8 million (2013: R11 million) (2012: Rnil). The maximum number of shares which may be offered to participants is 10% of the issued share capital of the company at any time.

	Zeder Investments Ltd ordinary shares			**PSG Group Ltd ordinary shares**		
	2014 Number	2013 Number	2012 Number	**2014 Number**	2013 Number	2012 Number
Number of shares allocated at beginning of the year	**3 808 447**			**3 565 043**	3 518 844	3 892 759
Number of shares cancelled during the year				**(50 749)**	(44 064)	(463 226)
Number of shares vested during the year				**(429 506)**	(856 584)	(517 328)
Number of shares allocated during the year	**6 293 414**	3 808 447		**2 935 276**	946 847	606 639
Number of shares allocated at end of the year	**10 101 861**	3 808 447	–	**6 020 064**	3 565 043	3 518 844

18. **SHARE CAPITAL** *(continued)*

Share option scheme *(continued)*

Granting of ordinary shares occurred as follows:	Number of shares	Price R	Volatility %	Dividend yield %	Risk-free rate %	Fair value R
Zeder Investments Ltd ordinary shares						
20 April 2012	**2 212 072**	2.57	27.1	0.7	6.5	0.71
28 February 2013	**1 596 375**	3.33	24.3	1.4	5.9	0.78
28 February 2014	**6 293 414**	4.10	32.7	1.1	7.6	1.29
	10 101 861					
PSG Group Ltd ordinary shares						
20 April 2009^	**137 376**	15.52	37.2	2.6	8.1	4.83
28 August 2009^	**164 235**	18.77	35.7	2.1	8.0	5.84
28 February 2010	**193 698**	22.09	33.6	2.3	8.1	6.54
22 April 2010	**255 761**	26.16	31.2	1.9	7.8	7.56
28 February 2011	**807 598**	39.61	26.4	1.7	7.6	10.48
28 February 2012	**598 183**	47.39	21.0	1.7	6.5	9.86
28 February 2013	**927 937**	61.50	19.7	2.4	5.9	11.28
28 February 2014	**2 935 276**	83.23	24.5	1.8	7.6	21.03
	6 020 064					

^ In September 2009, Paladin Capital Ltd ("Paladin"), a subsidiary, conducted a renounceable rights issue in terms of which PSG Group Ltd renounced 64% of its Paladin rights in favour of PSG Group Ltd shareholders. In terms of the PSG Group Supplementary Share Incentive Trust deed, the vesting price of outstanding share options needed to be adjusted to give effect to same. The vesting price of each outstanding PSG Group Ltd share option was consequently reduced by the 21.362 cents volume weighted average traded price per Paladin right during the time of the rights issue, which equated to 8.972 cents per PSG Group Ltd share on the basis of 1 rights offer share for every 2.381 PSG Group Ltd shares held.

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

	Zeder Investments Ltd ordinary shares					
	2014		2013		2012	
Analysis of outstanding scheme shares by financial year of maturity:	**Weighted average strike price (R)**	**Number**	Weighted average strike price (R)	Number	Weighted average strike price (R)	Number
28 February 2015	**2.89**	**952 112**	2.89	952 112		
29 February 2016	**3.64**	**2 525 465**	2.89	952 112		
28 February 2017	**3.64**	**2 525 465**	2.89	952 112		
28 February 2018	**3.64**	**2 525 465**	2.89	952 111		
28 February 2019	**4.10**	**1 573 354**				
		10 101 861		3 808 447		–

	PSG Group Ltd ordinary shares					
	2014		2013		2012	
Analysis of outstanding scheme shares by financial year of maturity:	**Weighted average strike price (R)**	**Number**	Weighted average strike price (R)	Number	Weighted average strike price (R)	Number
28 February 2013					26.70	835 143
28 February 2014			30.11	957 546	29.88	986 804
28 February 2015	**36.29**	**1 177 070**	36.33	1 194 258	29.88	986 804
29 February 2016	**61.26**	**1 609 278**	45.48	789 000	38.64	558 433
28 February 2017	**67.24**	**1 384 548**	56.01	387 528	47.39	151 660
28 February 2018	**73.90**	**1 115 349**	61.50	236 711		
28 February 2019	**83.23**	**733 819**				
		6 020 064		3 565 043		3 518 844

18. SHARE CAPITAL *(continued)*

Subsidiary share incentive schemes

PSG Konsult

Share options are allocated to participants on the same basis as set out under "share option scheme" above, except that the share options relate to PSG Konsult Ltd ordinary shares. The maximum number of shares which may be offered at any time to participants is 5% of the issued share capital of PSG Konsult Ltd.

Granting of ordinary shares occurred as follows:	**Number of shares**	Price R	Volatility %	Dividend yield %	Risk-free rate %	Fair value R
1 March 2011	**13 001 041**	1.54	4.7	5.7	7.9	1.75
1 July 2012	**11 753 248**	1.83	2.9	5.9	7.4	1.85
1 March 2013	**46 250 000**	2.83	30.0	6.0	6.2	2.40
1 June 2013	**1 000 000**	2.80	24.0	4.2	7.3	2.55
1 August 2013	**300 000**	3.40	24.0	3.5	7.3	3.50
	72 304 289					

Analysis of outstanding scheme shares by financial year of maturity:	**2014** Weighted average strike price (R)	**2014** Number	2013 Weighted average strike price (R)	2013 Number	2012 Weighted average strike price (R)	2012 Number
28 February 2014			1.54	6 940 271	1.54	6 940 271
28 February 2015	**1.66**	**7 271 992**	1.63	9 878 583	1.54	6 940 271
29 February 2016	**2.39**	**19 159 492**	1.63	9 878 583	1.54	6 940 271
28 February 2017	**2.39**	**19 159 492**	1.63	9 878 583	1.54	6 940 271
28 February 2018	**2.63**	**14 825 812**	1.83	2 938 311		
28 February 2019	**2.83**	**11 887 501**				
		72 304 289		39 514 331		27 761 084

Curro

Share options are allocated to participants on the same basis as set out under "share option scheme" above, except that the share options relate to Curro Holdings Ltd ordinary shares. The maximum number of shares which may be offered at any time to participants is 5% of the issued share capital of Curro Holdings Ltd.

Granting of ordinary shares occurred as follows:	**Number of shares**	Price R	Volatility %	Dividend yield %	Risk-free rate %	Fair value R
29 September 2011	**3 185 587**	4.89	39.4	0.0	6.6	2.16
29 September 2012	**979 888**	16.17	54.3	0.0	5.3	7.49
29 September 2013	**1 640 639**	19.61	32.2	0.0	5.4	6.04
	5 806 114					

Analysis of outstanding scheme shares by financial year of maturity:	**2014** Weighted average strike price (R)	**2014** Number	2013 Weighted average strike price (R)	2013 Number	2012 Weighted average strike price (R)	2012 Number
28 February 2014			5.93	1 065 426	5.93	1 065 426
28 February 2015	**6.91**	**1 310 399**	8.02	1 310 398	5.93	1 065 426
29 February 2016	**9.94**	**1 720 559**	8.02	1 310 398	5.93	1 065 426
28 February 2017	**9.94**	**1 720 552**	8.02	1 310 398	5.93	1 065 426
28 February 2018	**18.36**	**644 445**	17.10	244 972		
28 February 2019	**19.61**	**410 159**				
		5 806 114		5 241 592		4 261 704

19. OTHER RESERVES

GROUP	Available-for-sale R'000	Foreign currency translation R'000	Share-based payment R'000	Other* R'000	Total R'000
Balance as at 1 March 2011	(894)	(1 840)	30 290	13 440	40 996
Currency translation adjustments		242			242
Fair value gains on available-for-sale investments	345				345
Share of other comprehensive income of associates				42 979	42 979
Recycling share of associates' other comprehensive income on disposal				(62 920)	(62 920)
Share-based payment costs – employees			11 097		11 097
Balance as at 29 February 2012	(549)	(1 598)	41 387	(6 501)	32 739
Currency translation adjustments		5 468			5 468
Fair value losses on available-for-sale investments	(157)				(157)
Share of other comprehensive income of associates				(12 133)	(12 133)
Recycling share of associates' other comprehensive income on disposal				(520)	(520)
Share-based payment costs – employees			14 194		14 194
Transactions with non-controlling interest				(19 415)	(19 415)
Balance as at 28 February 2013	(706)	3 870	55 581	(38 569)	20 176
Currency translation adjustments		**47 844**			**47 844**
Cash flow hedges				**(5 471)**	**(5 471)**
Fair value gains on available-for-sale investments	**135**				**135**
Recycling fair value gains on available-for-sale investments	**(266)**				**(266)**
Share of other comprehensive income of associates				**44 072**	**44 072**
Recycling share of associates' other comprehensive income on disposal				**(23 643)**	**(23 643)**
Share-based payment costs – employees			**26 239**		**26 239**
Balance as at 28 February 2014	**(837)**	**51 714**	**81 820**	**(23 611)**	**109 086**

* Relates mainly to other comprehensive income attributable to associates and a written put option held by a non-controlling shareholder of a subsidiary.

	GROUP 2014 R'000	2013 R'000	2012 R'000
20. NON-CONTROLLING INTEREST			
Non-controlling interest – Other than PSG Financial Services Ltd (subsidiary) preference shares	**4 026 882**	2 905 432	1 953 471
Non-controlling interest – Cumulative, non-redeemable, non-participating preference shares of PSG Financial Services Ltd (subsidiary)	**1 564 713**	1 254 247	1 234 167
	5 591 595	4 159 679	3 187 638

Cumulative, non-redeemable, non-participating preference shares of PSG Financial Services Ltd (subsidiary)

Authorised

20 000 000 (2013: 20 000 000) (2012: 20 000 000) cumulative, non-redeemable, non-participating preference shares with no par value (2013: par value of R1 each) (2012: par value of R1 each).

Issued

17 415 770 (2013: 13 419 479) (2012: 13 419 479) cumulative, non-redeemable, non-participating preference shares with no par value (2013: par value of R1 each) (2012: par value of R1 each).

The discretionary preference dividend is calculated on a daily basis at 83.33% (2013: 83.33%) (2012: 83.33%) of prime on the nominal value of R100 per share and is payable in two semi-annual instalments. Arrear preference dividends accrue interest at prime.

		GROUP		
		2014	2013	2012
		R'000	R'000	R'000
21.	**INSURANCE CONTRACTS**			
	Long-term insurance	**26 859**	30 419	29 949
	Balance at beginning of the year	**30 419**	29 949	29 896
	Liabilities released for payments on death, surrender and other terminations for the year	**(3 221)**	(3 381)	(3 277)
	Fees deducted from account balances	**(211)**	(227)	(226)
	Transfer to policyholder funds	**(128)**	4 078	3 556
	Short-term insurance	**466 304**	347 665	–
	Balance at beginning of the year	**347 665**		
	Subsidiary acquired		323 261	
	Claims reported			
	In respect of current year	**492 918**	101 398	
	In respect of prior year	**(35 242)**		
	Claims paid	**(397 274)**	(82 998)	
	Movement for the year	**58 237**	6 004	
		493 163	378 084	29 949
22.	**THIRD-PARTY LIABILITIES ARISING ON CONSOLIDATION OF MUTUAL FUNDS**			
	Balance at beginning of the year	**25 103**	16 008	37 054
	Capital contributions received	**19 765**	22 991	
	Fair value adjustment to third-party liabilities	**79 387**	1 646	(38)
	Consolidation of mutual fund	**271 581**		16 008
	Deconsolidation of mutual fund	**(23 667)**	(15 542)	(37 016)
	Balance at end of the year	**372 169**	25 103	16 008
	Current portion			
	Non-current portion	**372 169**	25 103	16 008
23.	**INVESTMENT CONTRACTS**			
	Balance at beginning of the year	**10 272 444**	9 144 681	9 112 357
	Investment contract receipts	**3 777 908**	2 868 109	1 291 953
	Investment contract benefits paid	**(2 605 576)**	(2 884 673)	(1 838 620)
	Commission and administration expenses	**(94 720)**	(42 291)	(45 112)
	Fair value adjustments to investment contract liabilities	**1 342 712**	1 186 618	624 103
	Balance at end of the year	**12 692 768**	10 272 444	9 144 681
	Current portion	**1 931 398**	2 816 614	1 713 541
	Non-current portion	**10 761 370**	7 455 830	7 431 140
	Investment contracts carried at:			
	Fair value	**11 544 683**	8 419 067	7 479 781
	Amortised cost	**1 148 085**	1 853 377	1 664 900
		12 692 768	10 272 444	9 144 681

		GROUP	
	2014	2013	2012
	R'000	R'000	R'000
23. INVESTMENT CONTRACTS *(continued)*			
Investment contracts are represented by the following underlying investments:			
Equity securities	**600 250**	981 144	865 352
Debt securities	**1 676 727**	1 884 446	1 947 413
Debt securities (refer note 7)	**1 521 456**	1 745 724	1 836 866
Debt securities eliminated on consolidation (held intergroup)	**155 271**	138 722	110 547
Unit-linked investments	**9 859 013**	6 493 114	5 230 813
Investment in investment contracts	**505 444**	848 644	1 003 885
Cash and cash equivalents	**51 334**	65 096	97 218
	12 692 768	10 272 444	9 144 681

Investment contracts relate to PSG Life Ltd clients' assets held under investment contracts, which are linked to a corresponding liability. Investment contracts' impact on the income statement can be separated from returns earned by the ordinary shareholders of the group as follows:

28 February 2014	**Investment contract policyholders R'000**	**Ordinary shareholders of the group R'000**	**Total R'000**
Investment income	**263 550**	**243 486**	**507 036**
Fair value gains and losses	**1 087 679**	**365 918**	**1 453 597**
Fair value adjustment to investment contract liabilities	**(1 342 712)**		**(1 342 712)**
	8 517	**609 404**	**617 921**
28 February 2013			
Investment income	272 024	146 240	418 264
Fair value gains and losses	937 148	86 775	1 023 923
Fair value adjustment to investment contract liabilities	(1 186 618)		(1 186 618)
	22 554	233 015	255 569
29 February 2012			
Investment income	223 973	163 921	387 894
Fair value gains and losses	422 933	110 796	533 729
Fair value adjustment to investment contract liabilities	(624 103)		(624 103)
	22 803	274 717	297 520

		GROUP	
	2014	2013	2012
	R'000	R'000	R'000
24. BORROWINGS			
Non-current	**2 095 886**	1 308 073	694 071
Redeemable preference shares	**750 000**	750 000	132 688
Unsecured loans	**26 596**	14 725	222 200
Secured loans	**1 319 290**	543 348	339 183
Current	**1 170 501**	897 262	196 825
Bank overdrafts	**569 258**	290 633	95 065
Redeemable preference shares	**15 859**	18 790	
Unsecured loans	**75 247**	309 257	62 813
Secured loans	**510 137**	278 582	38 947
Total borrowings	**3 266 387**	2 205 335	890 896

Redeemable preference shares carry fixed dividend rates ranging between 8.1% and 8.6% (2013: 8.1% and 8.6%) (2012: 87% of prime), and are repayable over remaining periods of up to four years (2013: five years) (2012: five years). The redeemable preference shares are secured through the pledge of JSE-listed and over-the-counter traded shares to the value of R6.1 billion (2013: R5.2 billion) (2012: R5.0 billion). In terms of the respective surety agreements, the number of shares provided as security may be increased or reduced should there be a significant change in the market value of same.

The most significant security pledged towards the secured loans include all of Curro's land and buildings, with a carrying value of R2 billion (2013: R1.1 billion) (2012: Rnil), and the group's interest, through PSG Konsult, in Online Securities Ltd ("Online Securities").

24. BORROWINGS *(continued)*

In terms of a scrip lending facility between Online Securities and a third party, Online Securities clients' financial assets to the value of R2.4 billion (2013: R1.5 billion) (2012: Rnil) serve as security. These financial assets include the relevant underlying JSE ALSI 100 equity securities, South African government bonds and cash balances.

The effective interest rates applied to borrowings range between 6.8% and 13.8% (2013: 3.2% and 12.4%) (2012: 9.5% and 12.4%).

25. EMPLOYEE BENEFITS

Assets and liabilities relating to the group's employee benefits can be summarised as follows:

	2014			2013			2012		
GROUP	**Assets R'000**	**Liabilities R'000**	**Net R'000**	Assets R'000	Liabilities R'000	Net R'000	Assets R'000	Liabilities R'000	Net R'000
Short-term employee benefits		**(156 850)**	**(156 850)**		(31 968)	(31 968)		(21 112)	(21 112)
Long-term employee benefits		**(27 607)**	**(27 607)**			–			–
Post-employment benefits	**33 090**	**(111 046)**	**(77 956)**			–			–
	33 090	**(295 503)**	**(262 413)**	–	(31 968)	(31 968)	–	(21 112)	(21 112)

Short-term employee benefits

These benefits comprise mainly bonus and leave pay accruals.

Long-term employee benefits

These benefits relate to a subsidiary's, Capespan Group Ltd ("Capespan"), executive management incentive scheme. Benefits are calculated according to a formula taking into consideration the increase in Capespan's headline earnings per share, measured over a three-year rolling period.

Post-employment benefits

During the year, the group, through Zeder, gained control over Capespan, which operates numerous post-employment benefit plans.

Medical benefits

Capespan also provide for post-employment medical benefits. This liability is for a relatively small number of staff (including their dependants) who were already retired prior to 1999 from the service of certain subsidiaries of Capespan. To qualify for the scheme, employees had to be permanently employed, be a member of the relevant subsidiaries' designated schemes at retirement and remain resident in South Africa until their retirement. The obligation of R21 260 000 was quantified by an independent actuary, with the principal actuarial assumption being the discount rate used of 6.25% (based on government bond yields). Reasonably possible changes in any of the relevant actuarial assumptions (discount rate, medical cost trends and future mortality) would impact the group's reported results by less than R1 million.

Retirement benefits

Various subsidiaries of the group contribute to defined contribution plans in respect of retirements benefits and these contributions are expensed as incurred.

Capespan operates a number of defined benefits plans across its operations in Japan, Germany, Belgium and the United Kingdom. These schemes are set up under trusts and the assets of the schemes are therefore held separately from those of Capespan. Actuarial valuations were carried out by independent actuaries for the schemes, making use of the projected unit credit method. The scheme assets do not include any shareholdings in Capespan or the company.

		2014	
	Japan R'000	**Germany, Belgium and the UK R'000**	**Total R'000**
The respective employee defined benefit plan deficits can be analysed as follows:			
Fair value of plan assets		**33 090**	**33 090**
Present value of funded obligations	**(4 257)**	**(85 529)**	**(89 786)**
	(4 257)	**(52 439)**	**(56 696)**
Subsidiary acquired	**(5 209)**	**(41 746)**	**(46 955)**
Interest income/(expense)	**42**	**(14 806)**	**(14 764)**
Return on plan assets		**12 003**	**12 003**
Actuarial gains/(losses)	**719**	**(906)**	**(187)**
Employer contributions		**3 021**	**3 021**
Exchange differences	**(112)**	**(10 005)**	**(10 117)**
Settlements	**303**		**303**
Balance at end of the year	**(4 257)**	**(52 439)**	**(56 696)**

		2014	
		Japan R'000	Germany, Belgium and the UK R'000
25.	**EMPLOYEE BENEFITS** *(continued)*		
	Principal actuarial assumptions used include:		
	Discount rates (%)	0.8	3.3 – 4.4
	Rates of salary increases (%)	1.0	0.0 – 3.5
	Inflation rates (%)		2.0 – 2.8

In respect of the Germany, Belgium and UK schemes, reasonable changes at the reporting date on one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as follows:

	Change	Increase R'000	Decrease R'000
Discount rates	0.5%	5 150	(5 275)
Rates of salary increases	1.0%	(1 329)	3 502
Inflation rates	1 year	(14 645)	14 105

Provision has been made for early disability retirements. No account is taken of surpluses which may arise in the fund as the group does not consider itself entitled to the benefits.

26. ACCRUALS FOR OTHER LIABILITIES AND CHARGES

GROUP	Other R'000	Total R'000
Balance as at 1 March 2011		–
Balance as at 29 February 2012	–	–
Additional accruals	22 100	22 100
Balance as at 28 February 2013	22 100	22 100
Utilised during the year	**(5 275)**	**(5 275)**
Balance as at 28 February 2014	**16 825**	**16 825**

	GROUP			COMPANY		
	2014 R'000	2013 R'000	2012 R'000	**2014 R'000**	2013 R'000	2012 R'000
Current portion	**16 825**	22 100				
Non-current portion						
	16 825	22 100	–			

The movement in accruals for other liabilities and charges were charged to profit or loss and relates to amounts due in respect of the winding down of unprofitable operations.

27. TRADE AND OTHER PAYABLES

	GROUP 2014 R'000	GROUP 2013 R'000	GROUP 2012 R'000	COMPANY 2014 R'000	COMPANY 2013 R'000	COMPANY 2012 R'000
Trade payables* ^	**3 317 621**	2 239 688	2 577 588	**2 476**	2 260	2 092
Margin accounts	**38 061**	39 829	31 336			
Deferred revenue	**17 808**	52 938	21 727			
Subsidiary/associate purchase consideration payable	**137 388**	47 718	75 848			
Investment policy benefits payable			1 880			
	3 510 878	2 380 173	2 708 379	**2 476**	2 260	2 092
Current portion	**3 510 522**	2 374 173	2 691 256	**2 476**	2 260	2 092
Non-current portion	**356**	6 000	17 123			

* Includes non-financial liabilities of R40 838 000 (2013: R16 119 000) (2012: R16 752 000).

^ Included are PSG Online broker- and clearing accounts of which R1.9 billion (2013: R1.6 billion) (2012: R2.3 billion) represents amounts owing to the JSE Ltd for trades in the last few days before year-end. These balances fluctuate on a daily basis depending on the activity in the markets. The receivable for the settlement of these transactions is included under trade and other receivables (refer note 12), with the settlement to the clients taking place within three days after the transaction date.

		GROUP			COMPANY		
		2014 R'000	2013 R'000	2012 R'000	**2014 R'000**	2013 R'000	2012 R'000
28.	**REVENUE FROM SALE OF GOODS**						
	Educational goods	**34 536**	33 101				
	Fast moving consumer goods	**1 903 376**	1 640 581				
	Agricultural produce	**5 409 870**	328 113				
	Mining and construction goods	**220 861**					
		7 568 643	2 001 795	–			
29.	**COST OF GOODS SOLD**						
	Changes in finished goods	**6 466 114**	1 608 229				
	Raw material and consumables used	**174 144**	54 794				
	Transportation expenses	**25 004**	7 896				
	Other expenses	**19 317**	12 023				
		6 684 579	1 682 942	–			
	Cost of goods sold relate to educational tools, fast moving consumer goods, agricultural produce and mining and construction goods.						
30.	**INVESTMENT INCOME**						
	Interest income						
	Loans and receivables	**52 388**	25 396	12 302			
	Equity securities – fair value through profit or loss	**39 690**	39 761	16 777			
	Debt securities – fair value through profit or loss	**4 585**	33 330	36 165			
	Unit-linked investments – fair value through profit or loss	**194 704**	149 156	121 431			
	Cash and cash equivalents	**105 773**	45 075	39 171			
		397 140	292 718	225 846			
	Dividend income						
	Equity securities – fair value through profit or loss	**23 423**	29 713	122 225			
	Equity securities – available-for-sale	**140**	52	2 059			
	Debt securities (preference shares)	**31 793**	32 171	37 764			
	Unit-linked investments – fair value through profit or loss	**44 597**	63 610				
	Non-current assets held for sale	**9 943**					
	Dividend income from subsidiary				**35 690**	340 810	144 000
		109 896	125 546	162 048	**35 690**	340 810	144 000
	Investment income	**507 036**	418 264	387 894	**35 690**	340 810	144 000

No interest income was earned on impaired financial assets during the current or prior years.

		GROUP		
		2014	2013	2012
		R'000	R'000	R'000
31.	**FAIR VALUE GAINS AND LOSSES**			
	Foreign exchange gains	**46 804**	1 906	1 505
	Foreign exchange losses	**(58 420)**	(6 160)	(689)
	Net fair value gains on financial assets and financial liabilities at fair value through profit or loss:			
	Designated items	**1 312 116**	1 013 484	533 528
	Held-for-trading			1 043
	Net realised gains on available-for-sale equity securities	**464**		(1 658)
	Fair value adjustment on step-up from associate to subsidiary	**79 580**	22 023	
	Fair value gain/(loss) on non-current assets held for sale	**73 053**	(7 330)	
		1 453 597	1 023 923	533 729
32.	**COMMISSION AND OTHER FEE INCOME**			
	Commissions and fees	**3 294 361**	1 732 765	1 325 961
	Dealing and structuring	**245 730**	208 331	201 611
		3 540 091	1 941 096	1 527 572
33.	**OTHER OPERATING INCOME AND EXPENSES**			
	Other operating income	**43 837**	60 880	51 961
	Profit on sale/dilution of interest in associates	**38 899**	918 091	174 587
	Loss on dilution of interest in associates		(164 085)	
	Profit on sale of property, plant and equipment	**2 972**	3 134	
	Profit on sale of subsidiaries (refer note 43.4)	**643**	5 161	270
	Reversal of financial asset impairments	**12 923**		
	Bargain purchase gain (refer note 43.3)		6 966	
		99 274	830 147	226 818
34.	**INSURANCE CLAIMS AND LOSS ADJUSTMENTS, NET OF RECOVERIES**			
	Short-term insurance contracts	**350 010**	60 435	
	Long-term individual life insurance contracts – death, maturity, surrender and sick leave benefits and transfers to policyholder liabilities	**3 348**	(461)	(279)
		353 358	59 974	(279)

GROUP	Gross R'000	Reinsurance R'000	Net R'000
34. INSURANCE CLAIMS AND LOSS ADJUSTMENTS, NET OF RECOVERIES *(continued)*			
2014			
Short-term insurance contracts	**471 414**	**(121 404)**	**350 010**
Claims paid	**411 185**	**(111 496)**	**299 689**
Movement in expected cost of outstanding claims	**74 140**	**(13 248)**	**60 892**
Salvages	**(13 911)**	**3 340**	**(10 571)**
Long-term individual life insurance contracts	**3 348**	**–**	**3 348**
Insurance policy benefits paid	**3 221**		**3 221**
Movement in insurance policy liabilities	**127**		**127**
	474 762	**(121 404)**	**353 358**
2013			
Short-term insurance contracts	94 380	(33 945)	60 435
Claims paid	82 998	(30 303)	52 695
Movement in expected cost of outstanding claims	19 126	(4 558)	14 568
Salvages	(7 744)	916	(6 828)
Long-term individual life insurance contracts	(461)	–	(461)
Insurance policy benefits paid	3 617		3 617
Movement in insurance policy liabilities	(4 078)		(4 078)
	93 919	(33 945)	59 974
2012			
Short-term insurance contracts	–	–	–
Claims paid			–
Movement in expected cost of outstanding claims			–
Salvages			–
Long-term individual life insurance contracts	(279)	–	(279)
Insurance policy benefits paid	3 277		3 277
Movement in insurance policy liabilities	(3 556)		(3 556)
	(279)	–	(279)

	GROUP			COMPANY		
	2014	2013	2012	**2014**	2013	2012
	R'000	R'000	R'000	**R'000**	R'000	R'000
35. MARKETING, ADMINISTRATION AND OTHER EXPENSES						
Expenses by nature						
Depreciation	**132 760**	64 705	19 628			
Land	**5 626**	2 342				
Buildings	**9 131**	1 682	237			
Vehicles and plant	**77 848**	36 866	2 743			
Office equipment	**15 525**	7 998	6 189			
Computer equipment	**24 630**	15 817	10 459			
Amortisation of intangible assets	**76 711**	57 080	31 587			
Operating lease rentals	**152 992**	85 955	51 225			
Properties	**110 222**	75 059	44 204			
Other	**42 770**	10 896	7 021			
Auditor's remuneration	**22 481**	11 416	11 791			
Audit services						
– current year	**19 981**	11 215	11 263			
– prior year	**1 799**	(61)	(177)			
Tax services	**134**	42	40			
Other services	**567**	220	665			
Employee benefit expenses	**1 565 195**	762 070	526 314			
Salaries, wages and allowances	**1 483 998**	706 776	492 892			
Termination benefits	**2 498**	6 277	2 906			
Equity-settled share-based payment costs	**26 274**	17 459	11 752			
Defined contribution plans (medical and pension costs)	**37 360**	31 558	18 764			
Defined benefit plans (medical and pension costs)	**15 065**					
Impairment of intangible assets	**9 073**	162 933	11 519			
Loss on sale of intangible assets	**79**	4 968	373			
Loss on sale of subsidiaries (refer note 43.4)		1 287				
Impairment of loans and receivables	**8 833**	4 886	29 238			
Impairment of property, plant and equipment	**885**	2 011				
Loss on sale of property, plant and equipment	**4 287**	3 765				
Loss on sale/dilution of associates	**14 497**	25 444				
Other expenses	**912 303**	467 946	283 598	**1 774**	1 636	1 672
Management and administration fees	**75 491**	58 454	66 571			
Marketing	**72 612**	31 803	24 285			
Professional fees	**33 597**	20 613	8 277			
Other administration costs	**730 603**	357 076	184 465			
Commission paid	**837 513**	622 104	491 055			
	3 737 609	2 276 570	1 456 328	**1 774**	1 636	1 672

Refer to the directors' report for details regarding directors' remuneration.

		GROUP			COMPANY		
		2014 R'000	2013 R'000	2012 R'000	**2014 %**	2013 %	2012 %
36.	**FINANCE COSTS**						
	Bank overdrafts	**53 999**	35 294	11 667			
	Redeemable preference shares	**64 217**	63 023	11 459			
	Secured loans	**76 140**	45 869	33 550			
	Unsecured loans	**41 297**	35 558	31 318			
	Derivative financial instruments	**27 684**	26 281	21 626			
		263 337	206 025	109 620			
37.	**TAXATION**						
	South Africa current taxation	**228 688**	255 606	94 180			
	Current year	**230 824**	262 167	92 718			
	Prior year	**(2 136)**	(6 561)	1 462			
	South Africa deferred taxation	**21 525**	(16 136)	831			
	Current year	**21 525**	(16 300)	2 941			
	Prior year		164	(2 110)			
	Foreign current taxation – current year	**38 535**	1 571	46			
	Foreign deferred taxation – current year	**(1 005)**	224				
	Dividend withholding tax/ secondary tax on companies	**149**	6 810	8 994			
	Current taxation	**149**	6 810	7 204			
	Deferred taxation			1 790			
	Total taxation	**287 892**	248 075	104 051			
	Reconciliation of effective rate of taxation (%)						
	South African normal taxation rate	**28.0**	28.0	28.0	**28.0**	28.0	28.0
	Adjusted for:						
	Non-taxable income	**(7.9)**	(7.6)	(18.2)	**(28.0)**	(28.0)	(28.0)
	Capital gains tax differential in rates	**(0.9)**	1.6	(2.3)			
	Non-deductible charges	**11.4**	10.0	21.9			
	Income from associates	**(14.7)**	(16.5)	(21.0)			
	Foreign tax rate differential	**0.2**	(1.4)				
	Prior year adjustments	**(0.1)**	(0.4)				
	Dividend withholding tax/ secondary tax on companies		0.4	0.8			
	Effective rate of taxation	**16.0**	14.1	9.2	**–**	–	–
	Tax charge/(credit) relating to components of other comprehensive income						
	Currency translation adjustments	**1 488**					
	Fair value gains on available-for-sale investments	**73**	141	(7 964)			
	Recycling fair value gains on available-for-sale investments	**(324)**					
	Share of other comprehensive income of associates	**1 183**					
	Recycling share of associates' other comprehensive income on disposal	**(1 183)**					
	Actuarial gains on employee defined benefit plans	**(193)**					
		1 044	141	(7 964)			

		GROUP	
	2014	2013	2012
	R'000	R'000	R'000
38. EARNING PER SHARE			
The calculations of earnings per share are based on the following:			
Profit attributable to owners of the parent	**1 052 034**	1 139 789	703 085
Non-headline earnings (net of non-controlling interest and related tax effect):			
Net profit on sale/dilution of associates	**(21 839)**	(453 150)	(177 551)
Gross amount	**(24 402)**	(728 562)	(174 587)
Non-controlling interest	**3 420**	144 024	(5 367)
Tax effect	**(857)**	131 388	2 403
Impairment of associates	**12 047**	98 645	36 332
Gross amount	**24 458**	104 154	40 954
Non-controlling interest	**(12 411)**	(5 509)	(4 622)
Tax effect			
Loss on sale/impairment of intangible assets	**5 435**	96 061	7 326
Gross amount	**9 152**	167 901	11 892
Non-controlling interest	**(3 236)**	(62 768)	(1 374)
Tax effect	**(481)**	(9 072)	(3 192)
Non-headline items of associates	**(1 959)**	(1 777)	(722)
Gross amount	**1 892**	(23 247)	(23 678)
Non-controlling interest	**(4 307)**	21 505	22 952
Tax effect	**456**	(35)	4
Fair value gain resulting from step-up to associate	**(33 202)**	(9 599)	–
Gross amount	**(79 580)**	(22 023)	
Non-controlling interest	**45 195**	12 424	
Tax effect	**1 183**		
Other	**(3 680)**	5 026	(1 334)
Gross amount	**(14 836)**	7 742	(3 571)
Non-controlling interest	**4 244**	(3 125)	466
Tax effect	**6 912**	409	1 771
Headline earnings	**1 008 836**	874 995	567 136

The net profit on sale/dilution of associates related mainly to a dilution gain made on CSG Holdings Ltd (2013: profit on sale of Capitec Bank Holdings Ltd and Capevin Holdings Ltd) (2012: profit on sale of Capitec Bank Holdings Ltd and Kaap Agri Ltd). The impairment of associates related mainly to interests held in Suidwes Investments Ltd and Bluegreen Oceans (Pty) Ltd (2013: Petmin Ltd, Precrete Holdings (Pty) Ltd and Erbacon Investment Holdings Ltd) (2012: Erbacon Investment Holdings Ltd). Refer note 4.1 for further details regarding these disposals and impairments.

The weighted average number of shares and diluted weighted average number of shares were calculated as follows:

		GROUP	
	2014	2013	2012
	'000	'000	'000
Number of shares at the beginning of the year	**183 607**	179 613	166 261
Weighted number of shares issued during the year	**547**	3 019	7 783
Net movement in treasury shares	**(1 160)**	(408)	(172)
Weighted number of shares at end of the year	**182 994**	182 224	173 872
Number of bonus element shares to be issued in terms of share incentive schemes	**1 513**	1 478	1 777
Diluted weighted number of shares at end of the year	**184 507**	183 702	175 649

		GROUP		
		2014	2013	2012
		R'000	R'000	R'000
38.	**EARNINGS PER SHARE** *(continued)*			
	Basic			
	Earnings attributable to ordinary shareholders	**1 052 034**	1 139 789	703 085
	Headline earnings	**1 008 836**	874 995	567 136
	Weighted average number of ordinary shares in issue ('000)	**182 994**	182 224	173 872
	Attributable earnings per share (cents)	**574.9**	625.5	404.4
	Headline earnings per share (cents)	**551.3**	480.2	326.2

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares (arising from the share incentive schemes set out in note 18). A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the annual volume weighted average JSE-listed share price of the company's shares) based on the monetary value of the shares/share options granted to participants.

		GROUP			COMPANY		
		2014	2013	2012	**2014**	2013	2012
		R'000	R'000	R'000	**R'000**	R'000	R'000
	Earnings attributable to ordinary shareholders	**1 052 034**	1 139 789	703 085			
	Headline earnings	**1 008 836**	874 995	567 136			
	Diluted weighted average number of ordinary shares in issue ('000)	**184 507**	183 702	175 649			
	Diluted attributable earnings per share (cents)	**570.2**	620.5	400.3			
	Diluted headline earnings per share (cents)	**546.8**	476.3	322.9			
39.	**DIVIDEND PER SHARE**						
	Normal dividend	**221 779**	162 038	126 708	**251 567**	182 194	143 211

Interim

43 cents per share (2013: 33 cents) (2012: 26 cents)

Final

90 cents per share (2013: 78 cents) (2012: 56 cents)

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

		GROUP	
	2014 **R'000**	2013 R'000	2012 R'000
40 OPERATING LEASES, CAPITAL COMMITMENTS AND CONTINGENCIES			
Operating lease commitments			
Operating leases – premises			
Due within one year	**130 648**	53 824	32 195
Due within one to five years	**505 626**	151 035	32 370
Due after more than five years	**482 341**	24 323	
	1 118 615	229 182	64 565
Operating leases – office and computer equipment			
Due within one year	**24 243**	4 993	2 194
Due within one to five years	**34 418**	9 564	4 032
	58 661	14 557	6 226
Operating leases – vehicles and plant			
Due within one year	**6 586**		
Due within one to five years	**8 755**		
	15 341	–	–
Capital commitments			
Authorised but not yet contracted			
Property, plant and equipment	**54 319**	38 259	66 873
Contracted			
Property, plant and equipment	**152 098**	507 367	42 168

Contingencies

Capitec Bank Holdings Ltd ("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.

41. BORROWING POWERS

In terms of the company's memorandum of incorporation, borrowing powers are unlimited. Details of actual borrowings are disclosed in note 24.

42. RELATED-PARTY TRANSACTIONS AND BALANCES

Group

PSG Group Ltd and its subsidiaries enter into various financial services transactions with members of the group. These transactions include a range of investment, administrative, advisory and corporate services in the normal course of business. Intergroup transactions have been eliminated on consolidation.

During the 2013 year, the group received administrative and corporate finance fees from Capevin Holdings Ltd (associate) and its subsidiary of R2 565 000 (2012: R1 100 000) and an underwriting fee of R24 632 000 from Capitec Bank Holdings Ltd (associate).

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

A subsidiary of the group and a company in which Mr MM du Toit, a director, has an interest, were co-investors in an agricultural commodity business. The company in which aforementioned director has an interest, realised a benefit of R19 181 000 from this relationship during the 2013 year.

The directors' report contains details of directors' shareholding and their remuneration.

Compensation of 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 in the directors' report.

42. RELATED-PARTY TRANSACTIONS AND BALANCES *(continued)*

	GROUP		
	2014	2013	2012
	R'000	R'000	R'000
Loans to directors of PSG Group Ltd			
In terms of PSG Group Ltd Supplementary Share Incentive Trust (refer note 18) to exercise share options *	**37 826**	24 664	6 192
WL Greeff	**12 097**	7 715	2 332
JA Holtzhausen	**12 357**	8 104	1 943
PJ Mouton	**13 372**	8 845	1 917
Investment in preference shares of (2013: loan granted to) party related to a director of PSG Group Ltd **	**63 241**	61 655	
Loan advanced to related party of a director of a subsidiary			7 722
	101 067	86 319	13 914

* These loans carry interest at SARS' official interest rate and are repayable seven years from the date of advance.

** This balance relates to an investment in preference shares issued by a related party of Mr FJ Gouws. The preference share funding is repayable after 6 years, carry a fixed dividend rate of 8.44% and PSG Konsult Ltd ordinary shares with a market value of R175 million (2013: R99.8 million) (2012: Rnil) serve as security. On redemption of the preference share funding, should the market value of the security be less than the redemption amount, the counterparty has an option to put aforementioned security to the group at an amount equal to the redemption value.

During the 2013 year, loans in the amount of R118 079 000 were advanced to related parties of four directors of PSG Group Ltd, being Messrs WL Greeff, JA Holtzhausen, PJ Mouton and JF Mouton, in order to acquire 2 million JSE-listed PSG Group Ltd ordinary shares ("the PSG shares"). The PSG shares serve as security for the loans receivable, carry interest at prime less 1% and is repayable during the financial year ending 28 February 2020. At the reporting date, the loans' carrying value amounted to R129 114 000 (2013: R122 112 000) (2012: Rnil) and the market value of the PSG shares serving as security amounted to R178 040 000 (2013: R122 520 000) (2012: Rnil). In terms of accounting standards, the loans receivable were eliminated on consolidation and the PSG Group Ltd shares accounted for as treasury shares (refer note 18). The arrangement has been accounted for in terms of *IFRS 2 Share-based Payment*, with the resultant charge to group profit or loss for the year amounting to R3 046 000 (2013: R1 473 000) (2012: Rnil). The charge was calculated using a Black-Scholes valuation model with inputs similar to those disclosed in note 18.

During the 2012 year, the group acquired the entire issued share capital of Paladin (a subsidiary) not already held by the group, in terms of a scheme of arrangement. Paladin minority shareholders received 4 PSG Group ordinary shares for each 100 Paladin shares held. The following PSG Group directors directly or indirectly obtained PSG Group shares in exchange for their Paladin shares:

	Number of PSG Group shares
MM du Toit	79 454
WL Greeff	10 000
JA Holtzhausen	171 700
JF Mouton	880 000
JJ Mouton	21 945
PJ Mouton	121 600
W Theron	7 502

Company

Related-party transactions consist of dividends received from the company's sole subsidiary (refer note 30), while related party balances consist of a loan granted to same (refer note 3).

	GROUP 2014 R'000	GROUP 2013 R'000	GROUP 2012 R'000	COMPANY 2014 R'000	COMPANY 2013 R'000	COMPANY 2012 R'000
43. NOTES TO THE STATEMENTS OF CASH FLOWS						
43.1 Cash generated from/(utilised by) operating activities						
Profit before taxation	**1 796 164**	1 764 265	1 129 374	**33 916**	339 174	142 328
Adjusted for:						
Equity accounted earnings	**(943 066)**	(1 036 620)	(684 087)			
Depreciation and amortisation	**209 471**	121 785	51 215			
Changes in fair value of biological assets	**(90 510)**	(28 703)				
Net profit on sale/dilution of interest in associates	**(24 402)**	(728 562)	(174 587)			
Interest income	**(397 140)**	(292 718)	(225 846)			
Dividend income	**(109 896)**	(125 546)	(162 048)	**(35 690)**	(340 810)	(144 000)
Finance costs	**263 337**	206 025	109 620			
Other non-cash items	**(92 740)**	21 962	(220 909)			
	611 218	(98 112)	(177 268)	**(1 774)**	(1 636)	(1 672)
Change in working capital	**160 622**	(97 216)	(152 997)	**235**	(44)	295
Change in insurance contracts	**115 079**	24 873	53			
Change in other financial instruments	**22 083**	73 972	90 265			
Additions to biological assets	**(128 860)**	(30 879)				
	780 142	(127 362)	(239 947)	**(1 539)**	(1 680)	(1 377)
43.2 Taxation paid						
Charge to profit or loss	**(287 892)**	(248 075)	(104 051)			
Movement in deferred taxation	**20 520**	(15 912)	2 621			
Movement in net taxation liability	**4 937**	(44 381)	3 510			
	(262 435)	(308 368)	(97 920)			

43.3 Subsidiaries acquired

2014 acquisitions

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.

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%.

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

43.3 Subsidiaries acquired *(continued)*

2014 acquisitions *(continued)*

GROUP – 2014	Capespan R'000	Klein Karoo R'000	Precrete R'000	Embury R'000	Northern Academy R'000	PSG Optimal Income Fund R'000	Other R'000	Total R'000
Recognised amounts of identifiable assets acquired and liabilities assumed								
Property, plant and equipment	308 295	124 477	27 241	293	82 472		42 985	585 763
Intangible assets	58 112	70 824	9 384	22 545	11 586			172 451
Biological assets	144 106							144 106
Investment in associates	181 047							181 047
Loans to and preference share investments in associates		9 274						9 274
Equity securities	6 190							6 190
Debt securities						243 563		243 563
Unit-linked investments						26 590		26 590
Trade and other receivables	973 284	147 421	74 314	6 625		15 771	41	1 217 456
Loans and advances	64 390	4 346	2 197					70 933
Derivative financial assets		57						57
Cash and cash equivalents	350 304	1 365	67 498		1 086		52	420 305
Deferred income tax assets/(liabilities)	23 100	(11 678)	(2 248)	(1 660)	(24 899)		(5 175)	(22 560)
Non-current assets held for sale	10 113							10 113
Inventory	105 734	319 575	8 979	2 017	2 336			438 641
Borrowings	(538 666)	(371 907)	(7 127)	(2 460)			(11 644)	(931 804)
Employee benefit liabilities	(122 333)	(4 815)						(127 148)
Trade and other payables	(638 823)	(91 690)	(24 880)	(6 757)	(7 926)	(1 296)	(80)	(771 452)
Third party liabilities arising on consolidation of mutual funds						(187 652)		(187 652)
Current income tax assets/(liabilities)	4 694	(1 024)	(2 664)	283			(54)	1 235
Total identifiable net assets	929 547	196 225	152 694	20 886	64 655	96 976	26 125	1 487 108
Non-controlling interests	(268 563)	(34 245)	(63 606)				42	(366 372)
De-recognition of investment in associates	(403 004)	(100 995)	(146 388)					(650 387)
De-recognition of investment in mutual fund						(96 976)		(96 976)
Goodwill		69 065	76 965	37 716	85 171			268 917
Total consideration	257 980	130 050	19 665	58 602	149 826	–	26 167	642 290

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

43.3 Subsidiaries acquired *(continued)*

2014 acquisitions *(continued)*

GROUP – 2014	Capespan R'000	Klein Karoo R'000	Precrete R'000	Embury R'000	Northern Academy R'000	PSG Optimal Income Fund R'000	Other R'000	Total R'000
Consideration								
Cash	**257 980**	**130 050**	**19 665**	**52 288**	**149 826**		**26 167**	**635 976**
Deferred consideration				**6 314**				**6 314**
Total consideration	**257 980**	**130 050**	**19 665**	**58 602**	**149 826**	**–**	**26 167**	**642 290**
Cash consideration paid	**(257 980)**	**(130 050)**	**(19 665)**	**(52 288)**	**(149 826)**		**(26 167)**	**(635 976)**
Cash and cash equivalents acquired	**350 304**	**1 365**	**67 498**		**1 086**		**52**	**420 305**
	92 324	**(128 685)**	**47 833**	**(52 288)**	**(148 740)**	**–**	**(26 115)**	**(215 671)**

2013 acquisitions

CA Sales Holdings Ltd ("CA Sales")

Effective March 2012, the group, through PSG Private Equity, acquired an effective interest of 57.7% in CA Sales, a business involved in the distribution of fast moving consumer goods throughout Southern Africa.

Agricol Holdings Ltd ("Agricol")

Effective March 2012, the group, through Zeder, acquired the remaining 74.9% interest in Agricol, a business involved in plant breeding, production, international trade, processing and distribution of seed. Since acquisition, Agricol contributed profit of R25 589 000 to the group. Agricol's name was subsequently changed to Zaad Holdings Ltd.

Chayton Atlas Investments ("Chayton") and Somawhe Estates Ltd ("Somawhe")

Effective April 2012, the group, through Zeder, acquired the entire shareholding in Chayton, a holding company of farming operations in Zambia. Subsequently, on 31 July 2012, Chayton acquired the entire shareholding in Somawhe, a further farming operation in Zambia. These farming operations are in its development phase and losses since acquisition amounted to R25 344 000. At the prior reporting date, the group held 73.4% in Chayton.

Combinations effected through Curro

During the 2013 year, the group, through Curro, acquired a number of businesses involved in providing private education. Since acquisition, the businesses contributed revenue of R111 382 000 and profit of R21 370 000 to the group.

Western Group Holdings Ltd ("Western")

Effective November 2012, the group, through PSG Konsult, increased it's interest in Western to 75%. Western is a Namibia based short-term insurer, operating in Namibia and South Africa. Since acquisition, Western contributed revenue of R66 565 000 and profit of R4 161 000 to the group. During the 2014 year under review, the group further increased its shareholding in Western 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.

Other

Other business combinations included, amongst others, the acquisition of a controlling interest in a company holding as its sole asset an interest in Precrete Holdings (Pty) Ltd (then an associate, refer Annexure B), as well as increasing the group's interest in Impak Onderwysdiens (Pty) Ltd.

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

43.3 Subsidiaries acquired *(continued)*

2013 acquisitions *(continued)*

				Combinations effected through Curro				
GROUP – 2013	**CA Sales R'000**	**Agricol R'000**	**Chayton and Somawhe R'000**	**Acquired equity R'000**	**Acquired business R'000**	**Western R'000**	**Other R'000**	**Total R'000**
Recognised amounts of identifiable assets acquired and liabilities assumed								
Property, plant and equipment	101 969	38 892	306 177	144 168	98 483	8 302	14 506	712 497
Intangible assets	40 652	21 574	681	33 917	29 057	10 744	6 797	143 422
Biological assets			69 074					69 074
Investment in associates companies						45 711	135 819	181 530
Equity securities		2 393				12 988		15 381
Debt securities						16 750		16 750
Unit-linked investments						145 048		145 048
Investment in investment contracts							975	975
Receivables	184 797	61 377	8 940	1 498	1 105	24 623	4 804	287 144
Loans and advances						37 310	6 950	44 260
Cash and cash equivalents	(108 660)	31 287	19 766	19 680	803	114 223	18 207	95 306
Deferred income tax	(15 372)	(8 532)	(18 152)	(40 609)	(33 774)	5 694	3 339	(107 406)
Borrowings	(114 598)	(4)	(164 442)	(21 048)	(3 941)	(618)	(7 290)	(311 941)
Inventory	121 311	79 181	14 663					215 155
Accruals for other liabilities and charges	(4 493)							(4 493)
Trade and other payables	(162 906)	(57 381)	(24 672)	(14 113)	(2 844)	(50 971)	(23 682)	(336 569)
Insurance contracts						(323 262)		(323 262)
Insurance assets						43 561		43 561
Insurance liabilities						(1 914)		(1 914)
Current income tax (liabilities)/assets	(1 481)	(19 679)	(1 057)			262	(4 324)	(26 279)
Total identifiable net assets	41 219	149 108	210 978	123 493	88 889	88 451	156 101	858 239
Non-controlling interest	(147 569)					(22 113)	(32 358)	(202 040)
De-recognition of investment in associate		(50 409)				(20 715)	(55 677)	(126 801)
Bargain purchase gain	(5 169)						(1 797)	(6 966)
Goodwill	300 372	51 722	87 269	59 192	50 386	66 577	40 679	656 197
Total consideration	188 853	150 421	298 247	182 685	139 275	112 200	106 948	1 178 629
Consideration								
Cash	188 853	150 421	298 247	182 685	110 712	53 600	106 948	1 091 466
Equity instruments issued						58 600		58 600
Deferred consideration					28 563			28 563
Total consideration	188 853	150 421	298 247	182 685	139 275	112 200	106 948	1 178 629

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

43.3 Subsidiaries acquired *(continued)*

2013 acquisitions *(continued)*

				Combinations effected through Curro				
GROUP – 2013	**CA Sales R'000**	**Agricol R'000**	**Chayton and Somawhe R'000**	**Acquired equity R'000**	**Acquired business R'000**	**Western R'000**	**Other R'000**	**Total R'000**
Cash consideration paid	(188 853)	(150 421)	(298 247)	(182 685)	(110 712)	(53 600)	(106 948)	(1 091 466)
Cash and cash equivalents acquired	(108 660)	31 287	19 766	19 680	803	114 223	18 207	95 306
Prior year's deferred purchase consideration settled								(51 781)
	(297 513)	(119 134)	(278 481)	(163 005)	(109 909)	60 623	(88 741)	(1 047 941)

Goodwill recognised from these business combinations can be attributed to the employee corps, expected synergies, growth potential and geographical footprint of the respective businesses. Transaction costs relating to these business combinations were insignificant and expensed in profit or loss.

Had Capespan, Klein Karoo, Precrete, Embury and Northern Academy been consolidated with effect from 1 March 2013, instead of their respective acquisition dates, the group income statement would have reflected addition total revenue of R2.4 billion and profit of R69.1 million.

Had Western been consolidated with effect from 1 March 2012, instead of its acquisition date, the group income statement would have reflected addition total revenue of R197 million and profit of R13.7 million. Other business combinations were mostly acquired at the beginning of the year.

None of the deferred purchase consideration are dependent on profit warranties.

2012 acquisitions

Pleroma Insurance Brokers Group ("Pleroma")

On 1 May 2011 the group, through PSG Konsult, acquired 100% of the business of Pleroma for a total consideration of R30 725 583. Pleroma is involved in the financial services industry. The business contributed total income of R15 834 000 and net profit of R2 975 000 for the period since acquisition to 29 February 2012.

EFS Investment Solutions ("Equinox")

On 1 May 2011 the group, through PSG Konsult, acquired 100% of the share capital of Equinox for a total consideration of R26 919 000. Equinox is involved in the financial services industry. The business contributed total income of R29 034 000 and net profit of R7 319 000 for the period since acquisition to 29 February 2012.

Collective Investment Schemes

On 29 February 2012 the group, through PSG Konsult, acquired 97.9% in PSG Stable Fund for a total consideration of R21 956 000, 100% in PSG Income Fund for a total consideration of R41 281 000 and 50.6% interest in Orange Prime Fund for a total consideration of R15 951 000.

Other

Other business combinations included, amongst others, the acquisition of a further 31% of the share capital of iHound, increasing the group's interest to 51%, the acquisition of 100% of the businesses of Agri Wilson Makelaars, Triumviri Financial Advisors and Only Income Stream (3%) of Stanford Asset Management/Pretoria East.

GROUP – 2012	**Pleroma R'000**	**Equinox R'000**	**Collective Investment Schemes R'000**	**Other R'000**	**Total R'000**
Recognised amounts of identifiable assets acquired and liabilities assumed					
Property, plant and equipment		350		828	1 178
Intangible assets	13 938	6 965		11 088	31 991
Equity securities			39 239		39 239
Debt securities			11 626		11 626
Unit-linked investments		1 674			1 674
Receivables		714	1 111	6 848	8 673
Cash and cash equivalents		3 757	43 437	5 974	53 168
Third-party liabilities arising on consolidation of mutual funds			(16 008)		(16 008)
Deferred income tax	(3 902)	3 870		(19 555)	(19 587)
Trade and other payables		(1 004)	(217)	(7 523)	(8 744)
Current income tax liabilities		(301)			(301)
Total identifiable net assets carried forward	10 036	16 025	79 188	(2 340)	102 909

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

43.3 Subsidiaries acquired *(continued)*

2012 acquisitions *(continued)*

GROUP – 2012	Pleroma R'000	Equinox R'000	Collective Investment Schemes R'000	Other R'000	Total R'000
Total identifiable net assets carried forward	10 036	16 025	79 188	(2 340)	102 909
Non-controlling interest				(2 928)	(2 928)
Re-recognition of investment in associate				(2 090)	(2 090)
Previously held equity securities				895	895
Goodwill	20 690	10 894		43 055	74 639
Total consideration	30 726	26 919	79 188	36 592	173 425
Consideration					
Cash	15 500	24 195		33 807	73 502
Investment derecognised			79 188		79 188
Deferred consideration	15 226	2 724		2 785	20 735
Total consideration	30 726	26 919	79 188	36 592	173 425
Cash consideration paid	(15 500)	(24 195)		(33 807)	(73 502)
Cash and cash equivalents acquired		3 757	43 437	5 974	53 168
Prior year's deferred purchase consideration settled				(55 400)	(55 400)
	(15 500)	(20 438)	43 437	(83 233)	(75 734)

Goodwill recognised from these business combinations can be attributed to the synergies expected to be obtained. Transaction costs relating to these business combinations were insignificant and expensed through the income statement.

Had Pleroma and Equinox been consolidated with effect from 1 March 2011 instead of their respective acquisition dates, the group income statement would have shown total income of R2 105 812 000 and net profit of R1 038 040 000.

Deferred purchase consideration of R1 768 064 relating to other acquisitions are dependent on profit warranties. At the reporting date, it is estimated that the full profit warranty will be met and therefore the fair value is considered equal to the carrying value.

43.4 Subsidiaries sold

2014 disposals

PSG Stable Fund

During the year, the group, through PSG Konsult, deconsolidated its interest in PSG Stable Fund.

GROUP – 2014	PSG Stable Fund R'000	Other R'000	Total R'000
Recognised amounts of identifiable assets and liabilities given up			
Property, plant and equipment		**33**	**33**
Equity securities	**16 876**		**16 876**
Debt securities	**23 422**		**23 422**
Unit-linked investments	**5 439**		**5 439**
Receivables	**558**	**304**	**862**
Cash and cash equivalents	**2 401**	**37**	**2 438**
Third-party liabilities arising on consolidation of mutual funds	**(23 667)**		**(23 667)**
Deferred income tax assets		**192**	**192**
Trade and other payables	**(106)**	**(18)**	**(124)**
Current income tax liabilities		**(59)**	**(59)**
	24 923	**489**	**25 412**
Non-controlling interests removed		**(424)**	**(424)**
Transfer to unit-linked investments	**(24 923)**		**(24 923)**
Profit on sale of subsidiaries		**643**	**643**
Cash proceeds on sale	**–**	**708**	**708**
Cash and cash equivalents of subsidiaries	**(2 401)**	**(37)**	**(2 438)**
Net cash flow on disposal of subsidiaries	**(2 401)**	**671**	**(1 730)**

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

43.4 Subsidiaries sold *(continued)*

2013 disposals

During the 2013 year, the group, through PSG Konsult, disposed of its investment in the South Easter Fund and, following disinvestments, deconsolidated its interest in the Orange Prime Fund.

Effective September 2012, the group, through PSG Konsult, sold the non-PSG brokers' administration business (Riscor) to Santam.

GROUP – 2013	Mutual funds R'000	Other R'000	Total R'000
Recognised amounts of identifiable assets and liabilities given up			
Property, plant and equipment	38	122	160
Equity securities	30 467		30 467
Unit-linked investments	3 695		3 695
Receivables	1 590	1 992	3 582
Third-party liabilities arising on consolidation of mutual funds	(15 542)		(15 542)
Cash and cash equivalents	1 768	413	2 181
Deferred income tax assets	48		48
Trade and other payables	(2 610)	(1 040)	(3 650)
Current income tax liabilities	(610)		(610)
	18 844	1 487	20 331
Transfer to unit-linked investments	(15 951)		(15 951)
Profit/(loss) on sale of subsidiaries	5 161	(1 287)	3 874
Cash proceeds on sale	8 054	200	8 254
Deferred purchase consideration receivable	(3 331)		(3 331)
Cash and cash equivalents of subsidiaries	(1 768)	(413)	(2 181)
Net cash flow on disposal of subsidiaries	2 955	(213)	2 742

2012 disposals

Due to disinvestments, the group deconsolidated two mutual funds during the 2012 year, being the Alphen Equity Builder Fund and the PSG Multi-Strategy Fund. Other disposals included the sale of the group's interest in PSG Active Fund Services (Guernsey) and PSG Absolute Investments.

GROUP – 2012	Mutual funds R'000	Other R'000	Total R'000
Recognised amounts of identifiable assets and liabilities given up			
Property, plant and equipment		275	275
Intangible assets		1 313	1 313
Equity securities	64 799		64 799
Unit-linked investments	10 670	9 313	19 983
Receivables	4 083	4 446	8 529
Cash and cash equivalents	127	2 214	2 341
Deferred income tax		1 666	1 666
Third-party liabilities arising on consolidation of mutual funds	(37 016)		(37 016)
Provisions for other liabilities and charges		(704)	(704)
Trade and other payables	(4 529)	(5 668)	(10 197)
	38 134	12 855	50 989
Transfer to unit-linked investments	(38 134)		(38 134)
Non-controlling interest		(5 327)	(5 327)
Profit on sale of subsidiaries		270	270
Cash proceeds on sale	–	7 798	7 798
Cash and cash equivalents of subsidiaries	(127)	(2 214)	(2 341)
Net cash flow on disposal of subsidiaries	(127)	5 584	5 457

	GROUP			COMPANY		
	2014 R'000	2013 R'000	2012 R'000	**2014 R'000**	2013 R'000	2012 R'000
43.5 Cash and equivalents at end of the year						
Cash, money market funds and short-term deposits (note 16)	**2 149 872**	2 218 321	725 657	**281**	217	127
Bank overdrafts (note 24)	**(569 258)**	(290 633)	(95 065)			
	1 580 614	1 927 688	630 592	**281**	217	127

44. SHARE ANALYSIS – PSG GROUP LTD ORDINARY SHARES

	Shareholders		Shares held	
	Number	**%**	**Number**	**%**
28 February 2014				
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 (RF) Ltd (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**
28 February 2013				
Range of shareholding				
1 – 500	3 948	38.3	964 423	0.5
501 – 1 000	2 115	20.5	1 629 770	0.9
1 001 – 5 000	3 080	29.9	6 924 840	3.6
5 001 – 10 000	550	5.3	3 943 921	2.1
10 001 – 50 000	460	4.5	9 645 313	5.1
50 001 – 100 000	48	0.5	3 337 042	1.8
100 001 – 500 000	70	0.7	16 614 019	8.7
500 001 – 1 000 000	16	0.2	10 389 885	5.5
Over 1 000 000	21	0.1	137 044 724	71.8
	10 308	100.0	190 493 937	100.0
Treasury shares**				
Employee share schemes	2		3 714 061	
Other	1		13 873 895	
	10 311		208 081 893	

44. SHARE ANALYSIS – PSG GROUP LTD ORDINARY SHARES *(continued)*

	Shareholders Number	%	Shares held Number	%
28 February 2013 *(continued)*				
Public and non-public shareholding				
Non-public				
Directors	10	0.1	69 779 419	36.6
Thembeka Capital Ltd (RF) (associate)	1		9 902 349	5.2
Directors of subsidiaries	11	0.1	1 039 329	0.5
Public	10 286	99.8	109 772 840	57.7
	10 308	100.0	190 493 937	100.0
Individual shareholders holding 5% or more of shares in issue (net of treasury shares) at 28 February 2013				
Government Employees Pension Fund			17 891 647	9.4
JF Mouton Family Trust			23 500 000	12.3
Steinhoff International Group			37 265 781	19.6
			78 657 428	41.3
29 February 2012				
Range of shareholding				
1 – 50 000	8 206	97.9	21 392 639	11.5
50 001 – 100 000	58	0.7	3 964 636	2.2
100 001 – 500 000	78	0.9	17 093 632	9.3
500 001 – 1 000 000	17	0.2	10 999 244	6.0
Over 1 000 000	22	0.3	130 898 753	71.0
	8 381	100.0	184 348 904	100.0
Treasury shares				
Employee share scheme	2		4 501 611	
Other	1		13 873 895	
	8 384		202 724 410	
Public and non-public shareholding				
Non-public				
Directors	11	0.1	66 870 819	36.4
Thembeka Capital Ltd (RF) (associate)	1		9 902 349	5.4
Directors of subsidiaries	13	0.2	1 668 314	0.9
Public	8 356	99.7	105 907 422	57.3
	8 381	100.0	184 348 904	100.0
Individual shareholders holding 5% net of treasury shares or more at 29 February 2012				
JF Mouton Family Trust			23 500 000	12.8
Steinhoff International Holdings Ltd			37 265 781	20.2
			60 765 781	33.0

Preference shares of subsidiary

Refer to the financial statements of PSG Financial Services Ltd for the share analysis of the cumulative, non-redeemable, non-participating preference shares as issued by the subsidiary.

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

** The group advanced loan funding to directors to acquire two million PSG Group shares. These shares were accounted for as treasury shares (refer note 18) for the purpose of the annual financial statements, however treated as issued shares for purposes of the directors' report and share analysis disclosed above.

45. EVENTS SUBSEQUENT TO THE REPORTING DATE

Effective April 2014, Zeder concluded its acquisition, through a subsidiary, of the entire issued share capital of Mpongwe Milling, a wheat and maize mill situated in Kitwe, Zambia. The cash purchase price amounted to US$27.5 million. The purchase price allocation has not yet been completed at the date of these annual financial statements.

46. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

With regards to financial risk management, the largest concentration of risk originates from the PSG Konsult business unit. Its executive committee, supported by various specialist and compliance committees, are responsible for risk management at an operational level. Furthermore, sections within PSG Konsult's business are regulated and therefore managed according to the relevant regulated frameworks.

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

	GROUP			COMPANY		
	2014 R'000	2013 R'000	2012 R'000	**2014 R'000**	2013 R'000	2012 R'000
CLASSES OF FINANCIAL AND INSURANCE ASSETS						
Investment in preference shares of/loans granted to associates	**316 531**	312 720	446 121			
Investment in preference shares of/loans granted to joint ventures	**4 838**					
Employee benefits	**33 090**					
Quoted unit-linked investments – direct	**449 860**	297 588	190 058			
Quoted unit-linked investments – linked to investment contracts	**7 608 537**	4 535 016	3 538 631			
Total quoted unit-linked investments	**8 058 397**	4 832 604	3 728 689			
Unquoted unit-linked investments – direct		11	1 604			
Unquoted unit-linked investments – linked to investment contracts	**2 250 476**	1 958 098	1 692 182			
Total unquoted unit-linked investments	**2 250 476**	1 958 109	1 693 786			
Total unit-linked investments	**10 308 873**	6 790 713	5 422 475			
Quoted equity securities – direct	**268 870**	33 818	370 487			
Quoted equity securities – linked to investment contracts	**600 250**	981 144	865 352			
Total quoted equity securities	**869 120**	1 014 962	1 235 839			
Unquoted equity securities – direct	**42 574**	98 326	175 002			
Unquoted equity securities – linked to investment contracts						
Total unquoted equity securities	**42 574**	98 326	175 002			
Total equity securities	**911 694**	1 113 288	1 410 841			
Quoted debt securities – direct	**441 705**	123 622	29 255			
Quoted debt securities – linked to investment contracts	**1 284 109**	1 499 003	1 836 866			
Total quoted debt securities	**1 725 814**	1 622 625	1 866 121			
Unquoted debt securities – direct		3 416				
Unquoted debt securities – linked to investment contracts	**237 347**	246 721				
Total unquoted debt securities	**237 347**	250 137	–			
Total debt securities	**1 963 161**	1 872 762	1 866 121			
Investment in investment contracts	**507 818**	850 152	1 003 885			
Sub-total carried forward	**14 046 005**	10 939 635	10 149 443	**–**	–	–

46. FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk factors *(continued)*

	GROUP			COMPANY		
	2014 R'000	2013 R'000	2012 R'000	**2014 R'000**	2013 R'000	2012 R'000
CLASSES OF FINANCIAL AND INSURANCE ASSETS *(continued)*						
Sub-total carried over	**14 046 005**	10 939 635	10 149 443	**–**	–	–
Secured loans	**312 753**	158 745	18 197			
Unsecured loans	**42 728**	87 715	67 529			
Total loans and advances	**355 481**	246 460	85 726			
Trade receivables	**1 323 031**	452 682	83 381	**201**	220	8
Broker and clearing houses	**1 925 858**	1 557 765	2 252 659			
Margin accounts	**24 228**	25 548	21 469			
Sundry receivables	**366 667**	188 009	123 902			
Total trade and other receivables	**3 639 784**	2 224 004	2 481 411	**201**	220	8
Derivative financial assets	**30 130**	15 955	10 159			
Reinsurance assets	**67 273**	51 993				
Cash and cash equivalents (including money market funds)	**2 149 872**	2 218 321	725 657	**281**	217	127
Total financial and insurance assets	**20 288 545**	15 696 368	13 452 396	**482**	437	135
CLASSES OF FINANCIAL AND INSURANCE LIABILITIES						
Insurance contracts	**493 163**	378 084				
Third-party liabilities arising on consolidation of mutual funds	**372 169**	25 103	16 008			
Investment contracts	**12 692 768**	10 272 444	9 144 681			
Bank overdrafts	**569 258**	290 633	95 065			
Redeemable preference shares	**765 859**	768 790	132 688			
Unsecured loans	**101 843**	323 982	285 013			
Secured loans	**1 829 427**	821 930	378 130			
Total borrowings	**3 266 387**	2 205 335	890 896			
Fixed-for-variable interest rate swap	**2 579**	77 245	37 430			
Exchange traded derivatives	**51 283**	17 139	7 831			
Written put option to non-controlling interest	**45 666**	45 666				
Total derivative financial liabilities	**99 528**	140 050	45 261			
Employee benefits	**295 503**	31 968				
Trade payables and accruals	**3 293 608**	2 245 669	2 581 948	**2 476**	2 260	2 092
Margin accounts	**38 061**	39 829	31 336			
Subsidiary/associated company purchase consideration payable	**137 388**	47 718	75 848			
Investment policy benefits payable			1 880			
Total trade and other payables	**3 469 057**	2 333 216	2 691 012	**2 476**	2 260	2 092
Reinsurance liabilities	**2 842**	2 889				
Total financial and insurance liabilities	**20 691 417**	15 389 089	12 787 858	**2 476**	2 260	2 092

46. FINANCIAL RISK MANAGEMENT *(continued)*
Financial risk factors *(continued)*

GROUP	Held-to-maturity R'000	Loans and receivables R'000	Fair value through profit or loss R'000	Available-for-sale R'000	Total R'000
FINANCIAL AND INSURANCE ASSETS BY CATEGORY					
28 February 2014					
Investment in preference shares of/loans granted to associates*		**316 531**			**316 531**
Investment in preference shares of/loans granted to joint ventures*		**4 838**			**4 838**
Employee benefits		**33 090**			**33 090**
Unit-linked investments			**10 308 873**		**10 308 873**
Equity securities			**907 093**	**4 601**	**911 694**
Debt securities**	**888 172**		**1 074 989**		**1 963 161**
Investment in investment contracts**	**245 986**		**261 832**		**507 818**
Loans and advances*		**355 481**			**355 481**
Trade and other receivables*		**3 639 784**			**3 639 784**
Derivative financial assets			**30 130**		**30 130**
Reinsurance assets*		**67 273**			**67 273**
Cash and cash equivalents (including money market funds)*		**2 149 872**			**2 149 872**
	1 134 158	**6 566 869**	**12 582 917**	**4 601**	**20 288 545**
28 February 2013					
Investment in preference shares of/loans granted to associates*		312 720			312 720
Unit-linked investments			6 790 713		6 790 713
Equity securities			1 109 436	3 852	1 113 288
Debt securities**	1 284 158		588 604		1 872 762
Investment in investment contracts**	523 645		326 507		850 152
Loans and advances*		246 460			246 460
Trade and other receivables*		2 224 004			2 224 004
Derivative financial assets			15 955		15 955
Reinsurance assets*		51 993			51 993
Cash and cash equivalents (including money market funds)*		2 218 321			2 218 321
	1 807 803	5 053 498	8 831 215	3 852	15 696 368

46. **FINANCIAL RISK MANAGEMENT** *(continued)*

Financial risk factors *(continued)*

GROUP	**Held-to-maturity R'000**	**Loans and receivables R'000**	**Fair value through profit or loss R'000**	**Available-for-sale R'000**	**Total R'000**
FINANCIAL AND INSURANCE ASSETS BY CATEGORY *(continued)*					
29 February 2012					
Investment in preference shares of/loans granted to associates *		446 121			446 121
Unit-linked investments			5 422 475		5 422 475
Equity securities			1 410 020	821	1 410 841
Debt securities **	1 072 658		793 463		1 866 121
Investment in investment contracts **	468 500		535 385		1 003 885
Loans and advances *		85 726			85 726
Trade and other receivables *		2 481 411			2 481 411
Derivative financial assets			10 159		10 159
Cash and cash equivalents (including money market funds) *		725 657			725 657
	1 541 158	3 738 915	8 171 502	821	13 452 396

* Carrying value approximates fair value.

** Financial assets not presented on the statement of financial position at fair value, for which their carrying values do not approximate their fair values, are:

	2014		2013		2012	
	Carrying value R'000	**Fair value R'000**	Carrying value R'000	Fair value R'000	Carrying value R'000	Fair value R'000
Debt securities	**888 172**	**889 020**	1 284 158	1 347 286	1 072 658	1 179 114
Investment in investment contracts	**245 986**	**255 382**	523 645	554 473	468 500	486 849

GROUP	**Fair value through profit or loss R'000**	**Measured at amortised cost R'000**	**Total R'000**
FINANCIAL AND INSURANCE LIABILITIES BY CATEGORY			
28 February 2014			
Insurance contracts *		**493 163**	**493 163**
Third-party liabilities arising on consolidation of mutual funds	**372 169**		**372 169**
Investment contracts *	**11 544 683**	**1 148 085**	**12 692 768**
Borrowings *		**3 266 387**	**3 266 387**
Derivative financial liabilities	**99 528**		**99 528**
Employee benefits *		**295 503**	**295 503**
Trade and other payables *	**10 640**	**3 458 417**	**3 469 057**
Reinsurance liabilities *		**2 842**	**2 842**
	12 027 020	**8 664 397**	**20 691 417**
28 February 2013			
Insurance contracts *		378 084	378 084
Third-party liabilities arising on consolidation of mutual funds	25 103		25 103
Investment contracts *	8 419 067	1 853 377	10 272 444
Borrowings *		2 205 335	2 205 335
Derivative financial liabilities	140 050		140 050
Employee benefits *		31 968	31 968
Trade and other payables *	6 288	2 326 928	2 333 216
Reinsurance liabilities *		2 889	2 889
	8 590 508	6 798 581	15 389 089
29 February 2012			
Third-party liabilities arising on consolidation of mutual funds	16 008		16 008
Investment contracts *	7 479 781	1 664 900	9 144 681
Borrowings *		890 896	890 896
Derivative financial liabilities	45 261		45 261
Trade and other payables *	66 809	2 624 203	2 691 012
	7 607 859	5 179 999	12 787 858

* Carrying value approximates fair value.

Financial assets and liabilities carried at fair value through profit and loss are all designated as such, apart from derivative financial instruments which are held for trading.

46. FINANCIAL RISK MANAGEMENT *(continued)*

Financial risk factors *(continued)*

COMPANY	2014 R'000	2013 R'000	2012 R'000
FINANCIAL ASSETS BY CATEGORY			
Loans and receivables			
Trade and other receivables	**201**	220	8
Cash and cash equivalents	**281**	217	127
	482	437	135
FINANCIAL LIABILITIES BY CATEGORY			
Liabilities measured at amortised cost			
Trade and other payables	**2 476**	2 260	2 092

Investment contracts

A subsidiary of the group, PSG Life Ltd, is a linked insurance company and issues linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the supporting assets), and as such does not expose the company or business to the market risk of fair value adjustments on the financial asset as this risk is assumed by the policyholder. Investment contracts included within financial liabilities on the statement of financial position are therefore fully matched by investments as analysed in note 23.

Market risk

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

Price risk

The group is exposed to price risk due to changes in the market values of its quoted and unquoted equity securities and unit-linked investments held by the group and classified in the statement of financial position either as "available-for-sale" or at "fair value through profit or loss".

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

- Investments in linked investment contracts amounting to R600 250 000 (2013: R981 144 000) (2012: R865 352 000); and
- Equity securities relating to third-party liabilities arising on consolidation of mutual funds amounting to Rnil (2013: R16 876 000) (2012: R16 008 000).

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

Although the group follows a policy of diversification, some concentration of price risk towards certain sectors does exist and is analysed in the table below:

Sector composition of quoted equity securities	Investments linked to investment contracts 2014 R'000	2013 R'000	2012 R'000	Direct investment 2014 R'000	2013 R'000	2012 R'000	Total 2014 R'000	2013 R'000	2012 R'000
Agriculture	**9 323**			**1 006**	3 034	43 381	**10 329**	3 034	43 381
Banks	**29 206**	46 405	36 825	**422**	910		**29 628**	47 315	36 825
Chemicals	**2 591**	7 987	7 664		434		**2 591**	8 421	7 664
Construction & materials	**43 699**	3 423	804	**20**	2 056		**43 719**	5 479	804
Financial services	**49 762**	48 515	28 986	**102 991**	7 465	1 172	**152 753**	55 980	30 158
Food & beverages	**13 737**	25 050	20 474	**163 819**	3 645	2 731	**177 556**	28 695	23 205
Healthcare	**6 043**	14 746	9 803	**38**	1 748		**6 081**	16 494	9 803
Industrial goods & services	**16 693**	39 421	31 452	**128**	4 935	1 426	**16 821**	44 356	32 878
Insurance	**32 907**	34 197	27 450	**36**			**32 943**	34 197	27 450
Media	**17 780**	305	214	**70**	480	360	**17 850**	785	574
Oil & gas	**45 916**	30 554	31 377		1 483	441	**45 916**	32 037	31 818
Personal & household goods	**50 292**	42 071	46 214	**77**	1 708	508	**50 369**	43 779	46 722
Property	**46 722**	69 251	61 719		513	317	**46 722**	69 764	62 036
Resources	**112 162**	119 972	117 917	**164**	902	455	**112 326**	120 874	118 372
Retail	**45 228**	40 367	44 377	**36**	1 027	486	**45 264**	41 394	44 863
Satrix 40		395 840	345 085				**–**	395 840	345 085
Technology	**12 143**	8 668	4 888		2 237	318 335	**12 143**	10 905	323 223
Telecommunications	**45 830**	39 775	39 920	**63**	1 241	875	**45 893**	41 016	40 795
Travel & leisure	**20 216**	14 597	10 183				**20 216**	14 597	10 183
	600 250	981 144	865 352	**268 870**	33 818	370 487	**869 120**	1 014 962	1 235 839

46. **FINANCIAL RISK MANAGEMENT** *(continued)*

Price risk (continued)

Included in unit-linked investments are investments linked to investment contracts amounting to approximately R9 859 013 000 (2013: R6 493 114 000) (2012: R5 230 813 000) of which the price risk is also carried by the policyholders of the linked investment contracts. Therefore a movement in the individual share prices of the aforementioned investments would not have an impact on the group's profit after taxation but would decrease or increase the corresponding liabilities with the same amount. Short-term insurance liabilities are not directly exposed to equity price risk.

The table below summarises the sensitivity of the group's post-tax net profit for the year as a result of market price fluctuations. The analysis is based on the assumption that marked-to-market prices increase/decrease by 20% (2013: 20%) (2012: 20%) at the reporting date, with all other variables (e.g. effective tax rate) held constant.

GROUP	**2014 20% increase R'000**	2013 20% increase R'000	2012 20% increase R'000	**2014 20% decrease R'000**	2013 20% decrease R'000	2012 20% decrease R'000
Impact on post-tax profit	**95 770**	74 911	86 071	**(95 770)**	(74 911)	(86 071)
Impact on post-tax other comprehensive income	**611**		2 257	**(611)**		(2 257)

Foreign exchange risk

The group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Management monitors this exposure and cover is used where appropriate. The group's financial assets and liabilities denominated in foreign currency are analysed in the following table:

GROUP	**African currencies R'000**	**British pound sterling R'000**	**United States dollar R'000**	**Euro R'000**	**Asian currencies R'000**	**Total R'000**
At 28 February 2014						
Financial assets						
Unit-linked investments *	**1 327**	**3 603**	**753 273**	**5 451**		**763 654**
Debt securities *		**2 865**	**8 875**	**2 459**		**14 199**
Investment in investment contracts *		**3 406**	**62 674**	**2 044**		**68 124**
Loans and advances		**3 179**	**36**			**3 215**
Trade and other receivables	**357 522**	**212 165**	**185 166**	**207 963**	**63 325**	**1 026 141**
Cash and cash equivalents (including money market funds)	**160 124**	**47 942**	**213 059**	**63 411**	**44 789**	**529 325**
Financial liabilities						
Borrowings	**(290 663)**	**(29 269)**	**(228 599)**	**(153 814)**		**(702 345)**
Trade and other payables	**(338 234)**	**(70 566)**	**(123 151)**	**(65 437)**	**(10 167)**	**(607 555)**
	(109 924)	**173 325**	**871 333**	**62 077**	**97 947**	**1 094 758**

46. FINANCIAL RISK MANAGEMENT *(continued)*

Foreign exchange risk (continued)

GROUP	African currencies R'000	British pound sterling R'000	United States dollar R'000	Euro R'000	Asian currencies R'000	Total R'000
At 28 February 2013						
Financial assets						
Unit-linked investments *	5 535	28 247	383 821	30 500	14	448 117
Equity securities *		3 483	8 019	4 727		16 229
Debt securities *			19	4		23
Loans and receivables	239	6 451				6 690
Trade and other receivables	337 450	1 818	23 377	992		363 637
Cash and cash equivalents (including money market funds)	50 838	30	41 555	1 931	1	94 355
Financial liabilities						
Borrowings	(293 082)		(145 686)			(438 768)
Trade and other payables	(212 613)		(90 469)	(3 673)	(5 943)	(312 698)
	(111 633)	40 029	220 636	34 481	(5 928)	177 585
At 29 February 2012						
Financial assets						
Unit-linked investments *	338	20 619	178 211	24 456	5 326	228 950
Equity securities *		1 624	1 157	1 067		3 848
Debt securities *			1 459	332	12 305	14 096
Loans and receivables		2 021				2 021
Trade and other receivables		9 662	2 805	305		12 772
Cash and cash equivalents (including money market funds)		175	789	276		1 240
Financial liabilities						
Borrowings	(1 002)					(1 002)
Trade and other payables	(15)	(169)	(1 651)	(250)		(2 085)
	(679)	33 932	182 770	26 186	17 631	259 840

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

The table below shows the sensitivity of post-tax profits of the group to a 20% (2013: 20%) (2012: 20%) appreciation/depreciation in the South African rand exchange rate at year-end, with all other variables (e.g. effective tax rate) held constant.

GROUP	**2014 20% appreciation R'000**	2013 20% appreciation R'000	2012 20% appreciation R'000	**2014 20% depreciation R'000**	2013 20% depreciation R'000	2012 20% depreciation R'000
Impact on post-tax profit	**740 235**	(26 050)	2 919	**(740 235)**	26 050	(2 919)
Impact on post-tax other comprehensive income	**111 993**	64 503		**(111 993)**	(64 503)	

The company had no exposure to foreign exchange risk.

Cash flow and fair value interest rate risk

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

46. FINANCIAL RISK MANAGEMENT *(continued)*

Cash flow and fair value interest rate risk (continued)

	GROUP		
	2014 R'000	2013 R'000	2012 R'000
Loans to and preference share investments in associates			
Floating rate	**284 461**	307 463	419 791
Fixed rate (including interest-free)	**32 070**	5 257	26 330
	316 531	312 720	446 121
Debt securities *			
Floating rate	**144 007**	478 652	449 833
Fixed rate	**1 819 154**	1 394 110	1 416 288
	1 963 161	1 872 762	1 866 121
Loans and advances			
Floating rate	**329 784**	232 348	74 543
Fixed rate (including interest-free)	**25 697**	14 112	217
	355 481	246 460	74 760
Cash and cash equivalents (including money market funds) **			
Floating rate	**2 139 708**	2 218 321	725 657
Fixed rate (including interest-free)	**10 164**		
	2 149 872	2 218 321	725 657
Borrowings			
Floating rate	**(2 440 806)**	(973 091)	(475 026)
Fixed rate	**(825 581)**	(1 232 244)	(415 870)
	(3 266 387)	(2 205 335)	(890 896)
Total			
Floating rate	**457 154**	2 263 693	1 194 798
Fixed rate	**1 061 504**	181 235	1 026 965
	1 518 658	2 444 928	2 221 763

* Debt securities of R1 521 456 000 (2013: R1 745 724 000) (2012: R1 836 866 000) are linked to policyholder investments and as such do not directly expose the group to interest rate market risk.

** Cash and cash equivalents of R51 334 000 (2013: R65 096 000) (2012: R97 218 000) are linked to policyholder investments and as such does not directly expose the group to interest rate market risk.

The group manages its cash flow interest rate risk by monitoring interest rates on a regular basis. Consideration is given to hedging options which will be utilised if viable. The variable rate preference shares are classified as equity and therefore excluded from the table above and sensitivity analysis below. In order to mitigate the cash flow interest rate risk, management has entered into interest rate swap agreements, with a nominal value of R440 000 000 (2013: R440 000 000) (2012: R440 000 000) hedged at 8.87% p.a. NACS until 31 August 2016 and R780 000 000 (2013: R780 000 000) (2012: R780 000 000) hedged at 8.56% p.a. NACS until 31 August 2020. This means that the preference dividend rate, which is calculated on a daily basis as 83.33% (2013: 83.33%) (2012: 75%) of the prime interest rate, on R1 220 000 000 (2013: R1 220 000 000) (2012: R1 220 000 000) out of the R1 741 577 000 (2013: R1 341 948 000) (2012: R1 341 948 000) preference shares in issue is fixed at 8.67% (2013: 8.67%) (2012: 8.67%) p.a. NACS. In addition, the group has preference share investments in associated companies as shown in the above table with coupons linked to prime interest rates, thus creating a further natural hedge. The combination of the aforementioned means that the group's listed perpetual preference shares are fully hedged against interest rate fluctuations.

Short-term insurance liabilities are not directly exposed to interest rate risk, as they are undiscounted and contractually non-interest-bearing.

The table below summarises the sensitivity of the group's post-tax net profit for the year to interest rate fluctuations. The analysis is based on the assumption that interest rates were 1% (2013: 1%) (2012: 1%) higher/lower for the full year, with all other variables (e.g. effective tax rate, interest carrying balances) held constant. The sensitivity analysis includes the effect of the interest rate hedge:

46. FINANCIAL RISK MANAGEMENT *(continued)*

Cash flow and fair value interest rate risk (continued)

GROUP	**2014 1% increase R'000**	2013 1% increase R'000	2012 1% increase R'000	**2014 1% decrease R'000**	2013 1% decrease R'000	2012 1% decrease R'000
Impact on post-tax profit	**14 397**	17 850	6 399	**(14 397)**	(17 850)	(6 399)

The company had no exposure to interest rate risk.

Credit risk

The table below reflects the group's maximum exposure to credit risk (being carrying value) by class of asset:

	2014		2013		2012	
GROUP	**Carrying value R'000**	**Collateral fair value R'000**	Carrying value R'000	Collateral fair value R'000	Carrying value R'000	Collateral fair value R'000
Investment in preference shares of/loans granted to associates	**316 531**		312 720		446 121	91 756
Investment in preference shares of/loans granted to joint ventures	**4 838**					
Unit-linked investments	**10 308 873**		6 790 713		5 422 475	
Debt securities	**1 963 161**	**1 149 084**	1 872 762	1 095 705	1 866 121	554 420
Investment in investment contracts	**507 818**		850 152		1 003 885	
Loans and advances	**355 481**	**284 580**	246 460	176 101	85 726	18 197
Trade and other receivables	**3 639 784**		2 224 004		2 481 411	
Derivative financial assets	**30 130**		15 955		10 159	
Reinsurance assets	**67 273**	**16 977**	51 993	18 778		
Cash and cash equivalents (including money market funds)	**2 149 872**		2 218 321		725 657	
	19 343 761	**1 450 641**	14 583 080	1 290 584	12 041 555	664 373

Investment in preference shares of/loans granted to associates and joint ventures

These instruments are impaired by reference to the net asset value of the debtor and/or discounted cash flow calculations. No material impairments were made during the current or prior years in respect of investments in preference shares of/loans granted to associates and joint ventures. The vast majority of these balances are unsecured (refer notes 4.1 and 4.2). Preference share investments consist mainly of R275 million (2013: R248.8 million) (2012: R225.1 million) receivable from Thembeka Capital Ltd (RF), being an investment holding company, its main investments at the reporting date were JSE-listed equity securities in Capitec Bank Holdings Ltd, Curro Holdings Ltd and Pioneer Foods Group Ltd with a market value of R1 556.4 million (2013: R1 241.7 million) (2012: R640.6 million).

Unit-linked investments

Policyholder assets comprises 95.6% (2013: 95.6%) (2012: 96.5%) of these instruments and thus the relevant credit risk is carried by the policyholders of the linked investment contracts. The remainder of the balance relates mainly to the consolidation of mutual funds, where the third-parties invested in the mutual funds carry the relevant credit risk.

Debt securities

Policyholder assets comprises 77.5% (2013: 93.2%) (2012: 98.4%) of these instruments and thus the relevant credit risk is carried by the policyholders of the linked investment contracts. As part of the structured product offering to policyholders, promissory notes are held with Propell Group Holdings (Pty) Ltd, PSG Private Equity (Pty) Ltd and Thembeka Capital (RF) Ltd. Based on the risk profile of these entities collateral was offered in the form of cash, securities and guarantees.

Investment in investment contracts

Policyholder assets comprises 99.5% (2013: 99.8%) (2012: 100%) of these instruments and thus the relevant credit risk is carried by the policyholders of the linked investment contracts.

Loans and advances

In the case of loans and advances, management would take or insist on collateral or other form of securitisation as they deem fit. Collateral comprises mainly equity securities in PSG Konsult Ltd (over-the-counter traded) and Curro Holdings Ltd (JSE-listed).

46. FINANCIAL RISK MANAGEMENT *(continued)*

Credit risk *(continued)*

Trade and other receivables

Trade and other receivables are tested for impairment using a variety of techniques, including assessing credit risk and monthly monitoring of individual debtors. At 28 February 2014, receivables with a carrying value of approximately R26.4 million (2013: R10.1 million) (2012: R1.9 million) were found to be impaired and accordingly fully provided for.

Derivative financial assets

Derivative counterparties are limited to high-credit-quality financial institutions.

Reinsurance assets

Collateral relates to reinsurers' reserve deposits.

Reinsurance is used to manage short-term insurance risk. However, this does not discharge the group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the group remains liable for the payment to the policyholder. The group has some exposure to concentration risk with individual reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The creditworthiness of reinsurers is considered annually by reviewing their financial strength prior to finalisation of any contract. The group's largest reinsurance counterparties are disclosed in the table below. These counterparties constitute the majority of the non-rated reinsurance assets reported on below.

	2014		2013		2012	
Reinsurer	**R'000**	**%**	R'000	%	R'000	%
African RE	**31 242**	**46%**	37 777	73%		
Santam RE	**31 242**	**46%**				
Other	**4 789**	**8%**	14 216	27%		
Reinsurance assets	**67 273**	**100%**	51 993	100%	–	0%

Cash and cash equivalents (including money market funds)

Derivative counterparties are limited to high-credit-quality financial institutions.

Other

During the 2013 year, PSG Financial Services Ltd (the company's sole subsidiary) provided an irrevocable undertaking ("the credit enhancement") in favour of PSG Life Ltd ("PSGL") whereby it agreed to stand in for any loss incurred by PSGL on promissory notes it subscribed for in Thembeka Market Holdings (Pty) Ltd (a subsidiary of Thembeka Capital Ltd (RF), an associate of the group). The promissory notes' redemption amount of R105.4 million is to be settled during November 2015. As part of the arrangement, Thembeka Market Holdings (Pty) Ltd has pledged JSE-listed Curro Holdings Ltd shares with a market value of R593 million (2013: R403.4 million). In order to further limit the company's credit risk in terms of the credit enhancement, Thembeka Capital Ltd (RF) has indemnified the company against any loss it might suffer as a result thereof.

The credit quality of financial assets can be further assessed by reference to external credit ratings (Moody's ratings are used to the extent possible) and historical information about counterparty default rates, as set out in the tables below:

GROUP	**Investment in preference shares of/ loans to associated companies R'000**	**Investment in preference shares of/ loans to joint ventures R'000**	**Unit-linked investments R'000**	**Debt securities R'000**	**Investment in investment contracts R'000**	**Loans and advances R'000**	**Sub-total R'000**
Government stock				**40 606**			**40 606**
Aa1				**2 628**			**2 628**
Aa2				**64 353**			**64 353**
Aa3				**50 432**			**50 432**
A1				**8 160**			**8 160**
A2				**36 672**			**36 672**
A3				**121**			**121**
P1				**238 507**			**238 507**
P2				**510 245**			**510 245**
P3				**2 421**			**2 421**
Unit-linked			**10 218 630**				**10 218 630**
Other non-rated assets	**316 531**	**4 838**	**90 243**	**1 009 016**	**507 818**	**336 473**	**2 264 919**
Past due but not impaired assets						**19 008**	**19 008**
	316 531	**4 838**	**10 308 873**	**1 963 161**	**507 818**	**355 481**	**13 456 702**

46. FINANCIAL RISK MANAGEMENT *(continued)*
Credit risk *(continued)*

GROUP	Sub-total R'000	Trade and other receivables R'000	Derivative financial assets R'000	Re-insurance assets R'000	Cash and cash equivalents (including money market funds) R'000	Total 2014 R'000	Total 2013 R'000	Total 2012 R'000
Government stock	**40 606**					**40 606**	134 243	50 234
Aa1	**2 628**					**2 628**		3 252
Aa2	**64 353**					**64 353**	908	223 623
Aa3	**50 432**					**50 432**	105	139 960
A1	**8 160**					**8 160**	168 415	463 727
A2	**36 672**					**36 672**		729 823
A3	**121**					**121**	103	354 207
Baa1					**808 846**	**808 846**	94 566	
P1	**238 507**	**400**	**1 299**		**511 394**	**751 600**	1 240 587	511
P2	**510 245**				**2 266**	**512 511**	5 549	339 681
P3	**2 421**					**2 421**	3 196	
Unit-linked	**10 218 630**				**195 291**	**10 413 921**	6 829 073	5 422 475
Other non-rated assets	**2 264 919**	**3 639 384**	**28 831**	**67 273**	**632 075**	**6 632 482**	6 081 508	4 308 697
Past due but not impaired assets	**19 008**					**19 008**	24 827	5 365
	13 456 702	**3 639 784**	**30 130**	**67 273**	**2 149 872**	**19 343 761**	14 583 080	12 041 555

The credit risk associated with 66.8% (2013: 65.8%) (2012: 66.8%) of non-rated and unit-linked financial assets are assessed by reference to the investment mandates of linked policyholder investments which specifies what type of underlying investments can be purchased. The holders of these contracts bear the credit risk (as well as all other financial risks) arising from these assets.

Other non-rated assets consists mainly of investments in preference shares of/loans granted to associates and joint ventures, secured and unsecured loans to external parties (refer note 11 for details of the security provided) and trade and other receivables. All trade and other receivables are payable on demand. The group assesses all counterparties for creditworthiness before transacting, and monitors creditworthiness on a regular basis.

The non-rated cash and cash equivalents relate mainly to the group's investment in PSG Money Market Fund of which the underlying instruments are rated in terms of the Collective Investment Schemes Control Act. The mandate of the fund is to invest in cash deposits and highly liquid, fixed-interest securities with a weighted average maturity of less than 90 days. A spread of investments in top-quality financial instruments and institutions (mainly the five largest retail banks in South Africa) moderates the risk through diversification.

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

	Total R'000	0 – 2 months R'000	2 – 6 months R'000	6 – 12 months R'000
At 28 February 2014	**188 842**	**99 388**	**55 395**	**34 059**
At 28 February 2013	24 827	2 258	2	22 567
At 29 February 2012	5 365	2 088	1 959	1 318

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

With regard to the linked investment policy business it is the group's policy to pay a policyholder only once the amount disinvested has been collected. The investment contracts listed in the table below do not expose the group to significant liquidity risk. The investment policy and mandates take the expected liability cash flow into account. By limiting the cash flow mismatch the risk of premature realisation of assets or reinvestment of excess cash is mitigated. In addition, investment guidelines and limits are used to limit exposure to illiquid assets.

46. **FINANCIAL RISK MANAGEMENT** *(continued)*

Liquidity risk *(continued)*

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

GROUP	Carrying value R'000	Less than 1 year R'000	Between 1 and 5 years R'000	Over 5 years R'000
At 28 February 2014				
Insurance contracts	**493 163**	**466 304**	**26 859**	
Third-party liabilities arising on consolidation of mutual funds	**372 169**	**372 169**		
Investment contracts	**12 692 768**	**1 931 398**	**10 761 370**	
Borrowings	**3 266 387**	**1 469 291**	**1 923 710**	**52 228**
Derivative financial liabilities	**99 528**	**52 379**	**116 233**	**21 274**
Trade and other payables	**3 469 057**	**3 468 701**	**356**	
Reinsurance liabilities	**2 842**	**2 842**		
	20 395 914	**7 763 084**	**12 828 528**	**73 502**
At 28 February 2013				
Insurance contracts	378 084	347 665	30 419	
Third-party liabilities arising on consolidation of mutual funds	25 103	25 103		
Investment contracts	10 272 444	2 816 614	7 455 830	
Borrowings	2 205 335	832 714	1 339 125	321 558
Derivative financial liabilities	140 050	45 160	141 405	42 724
Trade and other payables	2 365 184	2 359 184	6 000	
Reinsurance liabilities	2 889	2 889		
	15 389 089	6 429 329	8 972 779	364 282
At 29 February 2012				
Third-party liabilities arising on consolidation of mutual funds	16 008		16 008	
Investment contracts	9 144 681	1 713 541	7 431 140	
Borrowings	890 896	196 825	694 071	
Derivative financial liabilities	45 261	33 569	26 100	(14 408)
Trade and other payables	2 691 012	2 673 889	17 123	
	12 787 858	4 617 824	8 184 442	(14 408)

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

COMPANY	Carrying value R'000	Less than 1 year R'000
At 28 February 2014		
Trade and other payables	**2 476**	**2 476**
At 28 February 2013		
Trade and other payables	2 260	2 260
At 29 February 2012		
Trade and other payables	2 092	2 092

Liquidity risk also arises from an irrevocable undertaking provided by PSG Financial Services Ltd, as further disclosed under "credit risk" above.

46. FINANCIAL RISK MANAGEMENT *(continued)*

Fair value estimation

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

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. These instruments are included in level 1 and comprise primarily JSE-listed equity securities classified as "fair value through profit or loss" or "available-for-sale".

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. Since 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.

Unit-linked investments included in level 2 relate to units held in Collective Investment Schemes that are priced monthly. The prices are obtained from the respective Collective Investment Scheme management company and are based on quoted prices that are publically available. Investments in investment contracts included in level 2 relates to units held in investment contracts or market linked insurance policies issued by a registered long-term insurer. These prices are obtained from the insurer of the particular investment contract. Debt securities included in level 2 relate to JSE-listed instruments that are benchmarked against RSA bonds. The value is determined using a valuation model that uses the observable input (i.e. yield of benchmark bond).

These unit-linked investments, investments in investment contracts and debt securities are mostly held to match investment contract liabilities, and as such any change in measurement would result in a similar adjustment to investment contract liabilities. The group's overall profit or loss is therefore not sensitive to the inputs of the models applied to derive fair value.

Valuation techniques used in determining the fair value of financial assets and liabilities classified as level 2 include:

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	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

46. FINANCIAL RISK MANAGEMENT *(continued)*

Fair value estimation *(continued)*

Level 3

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

Unit-linked investments and debt securities included in level 3 relate to units and debentures held in hedge funds. These are priced monthly and the prices are obtained from the asset managers of the particular hedge funds. These are held to match investment contract liabilities, and as such any change in measurement would result in a similar adjustment to investment contract liabilities. The group's overall profit or loss is therefore not sensitive to the inputs of the models applied to derive fair value.

Equity securities included in level 3 relate to stock exchange rights and other rights owned. As these rights are unquoted, the valuation technique is based on the fact that the variability in the range of reasonable fair value estimates is not significant for this instrument and that the fair value of these rights is estimated to be equal to the guaranteed amount receivable for these rights, thus equalling the cost.

Other derivative liabilities included in level 3 relate to put options held by non-controlling interests against the group. These fair values are calculated by applying the contractually agreed price/earnings multiple to the relevant subsidiary's board-approved budgeted profits and discounting it at a market-related interest rate.

Trade and other payables (consisting of purchase consideration payable) classified in level 3 have significant unobservable inputs, as the valuation technique used to determine the fair values takes into account the probability, at the reporting date, that the acquiree will achieve the profit guarantee as stipulated in the sale of business agreement for each business combination.

The following financial instruments are measured at fair value:

GROUP	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
At 28 February 2014				
Assets				
Financial assets at fair value through profit or loss				
Unit-linked investments		**8 058 408**	**2 250 465**	**10 308 873**
Equity securities	**767 827**	**101 293**	**41 729**	**910 849**
Debt securities	**32 898**	**804 750**	**237 341**	**1 074 989**
Investment in investment contracts		**260 397**	**1 435**	**261 832**
Trading derivatives	**990**	**29 140**		**30 130**
Available-for-sale				
Equity securities			**845**	**845**
	801 715	**9 253 988**	**2 531 815**	**12 587 518**
Liabilities				
Third-party liabilities arising on consolidation of mutual funds		**372 169**		**372 169**
Financial liabilities at fair value through profit or loss				
Investment contracts		**9 056 872**	**2 487 811**	**11 544 683**
Trading derivatives	**15 236**	**38 626**		**53 862**
Other derivatives			**45 666**	**45 666**
Trade and other payables			**10 640**	**10 640**
	15 236	**9 467 667**	**2 544 117**	**12 027 020**
At 28 February 2013				
Assets				
Financial assets at fair value through profit or loss				
Unit-linked investments		4 832 604	1 958 109	6 790 713
Equity securities	1 014 962	94 474		1 109 436
Debt securities		338 468	250 136	588 604
Investment in investment contracts		264 804	61 703	326 507
Trading derivatives		15 955		15 955
Available-for-sale				
Equity securities		3 031	821	3 852
	1 014 962	5 549 336	2 270 769	8 835 067
Liabilities				
Third-party liabilities arising on consolidation of mutual funds		25 103		25 103
Financial liabilities at fair value through profit or loss				
Investment contracts		6 152 545	2 266 522	8 419 067
Trading derivatives		94 384		94 384
Other derivatives			45 666	45 666
Trade and other payables			6 288	6 288
	–	6 272 032	2 318 476	8 590 508

46. FINANCIAL RISK MANAGEMENT *(continued)*

Fair value estimation *(continued)*

GROUP	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
At 29 February 2012				
Assets				
Financial assets at fair value through profit or loss				
Unit-linked investments	13 873	3 425 503	1 983 099	5 422 475
Equity securities	1 235 860	174 160		1 410 020
Debt securities		793 463		793 463
Investment in investment contracts		535 385		535 385
Trading derivatives		10 159		10 159
Available-for-sale				
Equity securities			821	821
	1 249 733	4 938 670	1 983 920	8 172 323
Liabilities				
Third-party liabilities arising on consolidation of mutual funds				
Financial liabilities at fair value through profit or loss		16 008		16 008
Investment contracts		5 498 287	1 981 494	7 479 781
Trading derivatives		45 261		45 261
Trade and other payables			66 809	66 809
	–	5 559 556	2 048 303	7 607 859

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

	Unit-linked investments R'000	Equity securities R'000	Debt securities R'000	Investment in investment contracts R'000	Total R'000
Assets					
Balance at 1 March 2011	1 304 597	345			1 304 942
Additions	1 790 167	476			1 790 643
Disposals	(1 236 400)				(1 236 400)
Gains recognised in profit or loss	124 735				124 735
Balance at 29 February 2012	1 983 099	821	–	–	1 983 920
Additions	669 679		291 213	67 100	1 027 992
Disposals	(884 388)		(70 352)	(15 020)	(969 760)
Subsidiaries sold	(3 695)				(3 695)
Gains recognised in profit or loss	193 414		29 275	9 623	232 312
Balance at 28 February 2013	1 958 109	821	250 136	61 703	2 270 769
Additions	**1 511 227**	**24**	**45 047**	**1 435**	**1 557 733**
Disposals	**(1 459 808)**		**(43 855)**		**(1 503 663)**
Transfers	**61 692**	**41 729**		**(61 703)**	**41 718**
Gains recognised in profit or loss	**179 245**		**(13 987)**		**165 258**
Balance at 28 February 2014	**2 250 465**	**42 574**	**237 341**	**1 435**	**2 531 815**

46. FINANCIAL RISK MANAGEMENT *(continued)*

Fair value estimation *(continued)*

	Investment contracts R'000	Other derivatives R'000	Trade and other payables R'000	Total R'000
Liabilities				
Balance at 1 March 2011	1 304 597		71 848	1 376 445
Investment contract receipts and additions	1 762 109		65 109	1 827 218
Investment contract benefits paid and disposals	(1 210 192)		(63 537)	(1 273 729)
Gains recognised in profit or loss	124 980		(2 750)	122 230
Interest accrued and other movements not through profit or loss			(3 861)	(3 861)
Balance at 29 February 2012	1 981 494	–	66 809	2 048 303
Put option written to non-controlling interest		45 666		45 666
Investment contract receipts and additions	687 315		15 123	702 438
Investment contract benefits paid and disposals	(634 274)		(73 479)	(707 753)
Gains recognised in profit or loss	231 987		(1 433)	230 554
Interest accrued and other movements not through profit or loss			(732)	(732)
Balance at 28 February 2013	2 266 522	45 666	6 288	2 318 476
Investment contract receipts and additions	**1 556 279**			**1 556 279**
Investment contract benefits paid and disposals	**(1 501 602)**			**(1 501 602)**
Transfers			**4 191**	**4 191**
Gains recognised in profit or loss			**161**	**161**
Interest accrued and other movements not through profit or loss	**166 612**			**166 612**
Balance at 28 February 2014	**2 487 811**	**45 666**	**10 640**	**2 544 117**

Non-financial assets and liabilities measured at fair value consist of biological assets (refer note 9). These assets are all classified as level 3 and their respective fair values are determined based on the assumptions set out in note 9.

Non-current assets held for sale consist mainly of JSE-listed equity securities (refer note 17).

Insurance risk

The group's insurance risk emanates from PSG Life Ltd ("PSGL") and Western Group Holdings Ltd ("Western"). PSGL exposes the group to longevity risk (risk of loss should annuitants live longer than expected) on an annuity book with 74 (2013: 76) policies and a value of R26.9 million (2013: R30.4 million). This annuity book is in process of being run-off. Western issues contracts that transfer insurance risk to the group, with the risk under any one insurance contract being the possibility that the insured event occurs and the resulting claim exceeding the insurance liability. By the very nature of an insurance contract, the materialisation of risk is random and therefore unpredictable.

47. CAPITAL RISK MANAGEMENT

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

PSG Group Ltd's capital management is performed at a group level, giving consideration to, inter alia, group gearing levels calculated as a percentage of net asset value and the group's sum-of-the-parts value, as well as interest cover. When funding is required management will consider the various forms of paper available for issue taking into account current market conditions, anticipated trends in market indicators and the financial position of the group at the time. Management will accordingly consider issuing ordinary shares by the group's holding company, perpetual preference shares, short, long or medium-term borrowings with variable or fixed rates. Historically the group's long and medium-term paper have been issued at fixed rates of interest. The directors have authority to issue ordinary shares up to 5% of the number of shares in issue as at the previous reporting date.

The group's gearing ratio (calculated based on debt at a head office level, including PSG Financial Services Ltd perpetual preference shares at its JSE-listed market value) equates to 29.3% (2013: 33.5%) (2012: 34.7%) of the group's net asset value. Calculated as a percentage of the group's sum-of-the-parts value, gearing at a head office level amounts to 11.1% (2013: 14.5%) (2012: 16.0%).

47. CAPITAL RISK MANAGEMENT *(continued)*

Certain subsidiaries have regulatory capital adequacy requirements as a result of the respective industries in which they operate. Details regarding the compliance to same are set out below:

PSG Life Ltd ("PSGL")

PSGL is required to hold a minimum amount of capital in order to reduce the policyholders' exposure to the company's liquidity risk. The Financial Services Board regularly reviews compliance with these minimum capital requirements as the regulatory authority. PSGL must maintain shareholders' funds that will be sufficient to meet obligations in the event of substantial deviations from the main assumptions affecting their business. At year-end, capital adequacy requirements were covered 2.4 times (2013: 1.6 times) (2012: 1.9 times). This ratio is determined in accordance with regulations and the guidelines issued by the Actuarial Society of South Africa.

Western Group Holdings Ltd ("Western")

Western is required to hold a minimum amount of capital in order to meet the requirements set out by the various regulators of the jurisdictions, being South Africa and Namibia, in which they operate. At year-end, the South African and Namibian operations' capital adequacy requirements were covered 1.2 times (2013: 2 times) and 6.8 times (2013: 4.1 times), respectively. Furthermore, the South African and Namibian operations' solvency ratios were 35.7% (2013: 55.5%) and 102.4% (2013: 66%), respectively.

48. RESTATEMENT

Group

During the 2014 year, the group acquired a controlling interest in Capespan Group Ltd ("Capespan") (refer note 43.3), which have significant employee benefit liabilities. Previously the group included its employee benefit liabilities under "accruals for other liabilities and charges" in the statement of financial position, however, following Capespan's acquisition, employee benefits were separated out into a separate note (refer note 25).

The restatement had no impact on the group's previously reported results, financial position or cash flows.

Company

The 2013 year standalone results have been updated to correctly reflect previously unaccounted for dividend income of R220.8 million from the company's wholly-owned subsidiary, PSG Financial Services Ltd. The amount was debited to the subsidiary's loan account (refer note 3).

PSG GROUP LIMITED

ANNEXURE A – MATERIAL SUBSIDIARIES

for the year ended 28 February 2014

Set out below is a voluntarily provided analysis of the group's subsidiaries and to what extent they contribute to the non-controlling interests' carrying value reported in the statement of financial position. In the opinion of the directors, only PSG Financial Services Ltd, Curro Holdings Ltd, PSG Konsult Ltd, PSG Private Equity (Pty) Ltd and Zeder Investments Ltd are considered material to the group.

	Country		Interest held [2]			Carrying value of non-controlling interest	
Subsidiary [10]	**of incorporation [1]**	**Nature of business**	**2014 %**	**2013 %**	**2012 %**	**2014 R'000**	**2013 R'000**
PSG Financial Services Ltd [3]	South Africa	Investment holding	**100.0**	100.0	100.0	**1 564 713**	1 254 247
Curro Holding Ltd	South Africa	Private Education	**57.1**	57.5	63.1	**706 720**	399 575
Ou Kollege Beleggings Ltd	South Africa	Financial services	**100.0**	100.0	100.0		
PSG Africa Holdings (Pty) Ltd	South Africa	Investment holding	**98.0**	94.2		**6 003**	17 660
CA Sales Holdings (Pty) Ltd	South Africa [5]	FMCG distributor	**51.9**	60.0		**157 181**	119 432
PSG Corporate Services (Pty) Ltd	South Africa	Financial services	**100.0**	100.0	100.0		
PSG Konsult Ltd	South Africa	Financial services	**64.7**	65.4	71.3	**474 100**	323 208
PSG Private Equity (Pty) Ltd	South Africa	Private equity	**100.0**	100.0	100.0		
Impak Onderwysdiens (Pty) Ltd	South Africa	Correspondence learning	**76.9**	80.5		**14 637**	10 064
Precrete Holding (Pty) Ltd [9]	South Africa	Mine safety and support services	**52.8**	44.9		**67 356**	
Zeder Investments Ltd [4]	South Africa	Investment holding	**42 4**	42.4	42.4	**2 069 449**	1 889 717
Zaad Holdings Ltd (previously Agricol Holdings Ltd)	South Africa [6]	Agricultural	**92.0**	92.0		**76 400**	24 045
Capespan Group Ltd	South Africa [7]	Fruit procurement/export	**72.1**	37.1		**318 964**	
Chayton Africa (previously Chayton Atlas Investments)	Mauritius [8]	Agricultural	**76.7**	73.4		**140 594**	85 064
Other						**(4 522)**	36 667
Total						**5 591 595**	4 159 679

1) Principle place of business is the country of incorporation, unless otherwise stated.

2) Ownership interest equal voting rights.

3) Non-controlling interest relates to PSG Financial Services Ltd's JSE-listed cumulative, non-redeemable, non-participating preference shares (refer note 20).

4) The group exercises control over Zeder Investments Ltd through its shareholding, board representation and a management agreement in terms of which PSG Corporate Services (Pty) Ltd provides management and administration services to the Zeder Investments Ltd group.

5) Operating through associates and subsidiaries in Southern Africa (mainly Botswana).

6) Operating through subsidiaries in Southern Africa, Europe and the Middle East.

7) Operating through an associate in the People's Republic of China and various subsidiaries in the rest of the world. The group obtained control over Capespan Group Ltd during the 2014 year (refer note 43.3).

8) Operating through subsidiaries in Zambia.

9) The group obtained control over Precrete Holdings (Pty) Ltd during the 2014 year (refer note 43.3).

10) Curro Holdings Ltd, PSG Konsult Ltd, PSG Private Equity (Pty) Ltd (including PSG Africa Holdings (Pty) Ltd) and Zeder Investments Ltd represent four of the seven operating segments (refer Annexure C). PSG Financial Services Ltd, Ou Kollege Beleggings Ltd and PSG Corporate Services (Pty) Ltd all form part of the PSG Corporate operating segment, while the remaining two segments each comprises an associate (Capitec Bank Holdings Ltd and Thembeka Capital Ltd (RF)).

ANNEXURE A – MATERIAL SUBSIDIARIES *(continued)*
for the year ended 28 February 2014

	Dividends paid				Dividends paid			
Subsidiary	**To non-controlling interest 2014 R'000**	**To owners of the parent 2014 R'000**	**Total 2014 R'000**	**Profit attributable to non-controlling interest 2014 R'000**	To non-controlling interest 2013 R'000	To owners of the parent 2013 R'000	Total 2013 R'000	Profit/(loss) attributable to non-controlling interest 2013 R'000
PSG Financial Services Ltd	**101 369**		**101 369**	**116 002**	94 133		94 133	93 356
Curro Holdings Ltd			**–**	**18 197**			–	5 683
PSG Konsult Ltd	**48 574**	**89 365**	**138 977**	**104 508**	35 949	82 695	119 468	10 227
PSG Private Equity (Pty) Ltd		**5 883**	**13 269**			73 000	76 446	
Zeder Investments Ltd	**22 447**	**16 677**	**52 294**	**167 210**	22 517	16 607	39 124	294 518
Other	**21 594**			**50 321**	4 270			(30 383)
	193 984			**456 238**	156 869			376 401

	Assets					
Subsidiary	**Non-current 2014 R'000**	**Current 2014 R'000**	**Total 2014 R'000**	Non-current 2013 R'000	Current 2013 R'000	Total 2013 R'000
Curro Holdings Ltd	**2 633 913**	**117 573**	**2 751 486**	1 544 829	57 520	1 602 349
PSG Konsult Ltd	**12 001 245**	**5 374 495**	**17 375 740**	8 428 520	5 376 770	13 805 290
PSG Private Equity (Pty) Ltd	**1 576 081**	**164 425**	**1 740 506**	1 086 774	307 399	1 394 173
Zeder Investments Ltd	**3 638 042**	**3 166 754**	**6 804 796**	2 838 505	1 346 966	4 185 471

	Liabilities					
Subsidiary	**Non-current 2014 R'000**	**Current 2014 R'000**	**Total 2014 R'000**	Non-current 2013 R'000	Current 2013 R'000	Total 2013 R'000
Curro Holdings Ltd	**888 618**	**195 942**	**1 084 560**	334 883	301 409	636 292
PSG Konsult Ltd	**11 720 451**	**4 480 526**	**16 200 977**	8 013 136	4 838 951	12 852 087
PSG Private Equity (Pty) Ltd	**120 872**	**106 639**	**227 511**	145 657	93 386	239 043
Zeder Investments Ltd	**1 013 190**	**1 648 719**	**2 661 909**	544 912	247 969	792 881

	Profitability (100%)							
Subsidiary	**Profit from continuing operations 2014 R'000**	**Other comprehensive (loss)/income 2014 R'000**	**Total comprehensive income for the year 2014 R'000**	**Revenue 2014 R'000**	Profit from continuing operations 2013 R'000	Other comprehensive income 2013 R'000	Total comprehensive income for the year 2013 R'000	Revenue 2013 R'000
Curro Holdings Ltd	**39 721**	**(489)**	**39 232**	**659 128**	14 677		14 677	365 749
PSG Konsult Ltd	**265 960**	**985**	**266 945**	**2 617 786**	53 371	408	53 779	1 869 297
PSG Private Equity (Pty) Ltd	**305 327**	**1 247**	**306 574**	**258 468**	181 075	620	181 695	44 821
Zeder Investments Ltd	**334 204**	**118 138**	**452 342**	**6 075 054**	509 563	44 619	554 182	341 215

Consequences of changes in a parent's ownership interest in a subsidiary that do not result in a loss of control

- The impact on equity attributable to owners of the parent resulting from transactions with non-controlling interests, as disclosed in the statement of changes in equity, relates mainly to the group, through PSG Konsult Ltd, increasing its interest in Western Group Holdings Ltd ("Western"), being a short-term insurer, from 75% to 90%. Following approval from the Financial Services Board, the group acquired the remaining 10% minority shareholding in Western and then subsequently sold 40% of its shareholding to Santam.
- The 2013 year's impact relates mainly to a dilution in the group's shareholding in PSG Konsult Ltd, upon same issuing shares to acquire the aforementioned interest in Western.

Restrictions

There are no significant statutory, contractual or regulatory restrictions on the company's ability to access or use the assets and settle the liabilities of the group, nor are there significant protective rights relating to non-controlling interests that can significantly restrict the company's ability to access or use the assets and settle the liabilities of the group.

ANNEXURE B – MATERIAL ASSOCIATES AND JOINT VENTURES

for the year ended 28 February 2014

Set out below is a voluntarily provided analysis of the group's associates and to what extent they contribute to the investment in associates carrying value reported in the statement of financial position. In the opinion of the directors, only Capitec Bank Holdings Ltd, Thembeka Capital Ltd, Kaap Agri Ltd and Agri Voedsel Ltd are considered material to the group. None of the group's joint ventures are considered to be material to an understanding of the group's interest in same.

			Interest held [2]			Carrying value		
Associate	**Country of Incorporation**[1]	**Nature of business**	**2014 %**	2013 %	2012 %	**2014 R'000**	2013 R'000	2012 R'000
Listed								
Capitec Bank Holdings Ltd	South Africa	Retail banking	**28.3**	28.5	32.5	**3 451 212**	3 058 904	2 432 275
CSG Holdings Ltd (previously M&S Holdings Ltd	South Africa	Personnel support services	**15.7**	38.9	29.1	**35 898**	1 681	
Poynting Holdings Ltd	South Africa	Antenna related products	**27.9**			**48 424**		
Erbacon Investment Holdings Ltd [8]	South Africa	Construction		10.8	26.9			
Petmin Ltd [8]	South Africa	Construction			12.4			220 290
						3 535 534	3 060 585	2 643 565
Unlisted								
Thembeka Capital Ltd	South Africa	Private Equity	**49.0**	49.0	49.0	**757 971**	624 252	464 198
Zeder Investments Ltd's investments								2 567 104
Zaad Holdings Ltd (previously Agricol Holdings Ltd) [11]	South Africa [7]	Agricultural			25.1			
Capevin Holdings Ltd [9]	South Africa	Investment company with an effective interest of 15% in Distell			39.8			
Kaap Agri Ltd	South Africa [5]	Agricultural	**39.9**	34.9	33.4	**412 961**	271 555	
NKW Ltd	South Africa	Agricultural		19.9	19.9		220 027	
Agri Voedsel	South Africa	Investment company with a voting and economic interest in Pioneer Foods Group Ltd of 25% and 30% respectively	**48.0**	45.0	44.7	**1 159 375**	1 063 537	
Capespan Group Ltd	South Africa [6]	Fruit procurement / distribution		37.1	40.9		298 255	
Golden Wing Man	China	Fruit procurement / distribution	**25.0**			**231 759**		
Suidwes Investments Ltd	South Africa	Agricultural		24.1	23.7		101 405	
Thembeka OVB Holdings (Pty) Ltd	South Africa	Investment company with an effective interest of 20% in Overberg Agri Ltd		49.0	49.0		79 389	
Klein Karoo Seed Marketing (Pty) Ltd [4]	South Africa	Agricultural		49.0			90 851	
PSG Private Equity's investments								
Precrete Holdings (Pty) Ltd [4] [10]	South Africa	Mining services		44.9	21.2		132 522	61 495
Propell Group Holdings (Pty) Ltd	South Africa	Bridge financing	**30.0**	30.0	34.5	**19 683**	17 851	17 913
Sub-total carried forward						**2 580 749**	2 899 644	3 110 710

ANNEXURE B – MATERIAL ASSOCIATES AND JOINT VENTURES *(continued)*
for the year ended 28 February 2014

Associate	Country of Incorporation 1)	Nature of business	Interest held 2) 2014 %	2013 %	2012 %	Carrying value 2014 R'000	2013 R'000	2012 R'000
Sub-total carried forward						**2 580 749**	2 899 644	3 110 710
GRW Holdings (Pty) Ltd	South Africa	Tank container manufacturer	**37.7**	37.7	39.6	**57 378**	51 680	49 124
NRGP Holdings (Pty) Ltd (t/a Energy Partners)	South Africa	Energy saving solutions	**39.2**	39.2	45.0	**11 627**	10 001	11 575
Friedshelf 903 (Pty) Ltd (t/a Protea Foundry)	South Africa	Non-ferrous casting	**49.9**	49.9	49.9	**26 339**	22 776	23 233
African Unity Insurance Ltd	South Africa	Insurance	**47.5**	47.5	43.2	**43 719**	39 408	21 218
Spirit Capital (Pty) Ltd	South Africa	Corporate finance	**28.0**	28.0	28.0	**43 072**	35 297	28 286
Stellenbosch Nanofiber Company (Pty) Ltd 8)	South Africa	Nanofiber technology	**24.4**	19.0	21.5			8 171
Impak Onderwysdiens (Pty) Ltd 11)	South Africa	Distance learning			50.0			21 222
Logico Unlimited (Pty) Ltd	South Africa 3)	FMCG distributor	**35.0**	35.0		**24 645**	23 634	
SMC Brands SA (Pty) Ltd	South Africa	FMCG distributor	**49.0**			**62 517**		
Pack 'n Stack Investment Holdings (Pty) Ltd	South Africa	FMCG distributor	**40.0**			**62 438**		
IT School Innovation (Pty) Ltd	South Africa	Education solutions	**47.0**			**2 389**		
Other (including eliminations)						**80 628**	50 598	8 418
						2 995 501	3 133 038	3 281 957
Total						**6 531 035**	6 193 623	5 925 522

1) Principle place of business is the country of incorporation, unless otherwise stated.
2) Ownership interest equal voting rights.
3) Operating in Swaziland.
4) The group obtained control over these companies during the 2014 year (refer note 43.3).
5) Operating through various subsidiaries in Southern Africa.
6) Operating through an associate in the People's Republic of China and various subsidiaries in the rest of the world. The group obtained control over Capespan Group Ltd during the year (refer note 43.3).
7) Operating through subsidiaries in Southern Africa, Europe and the Middle East.
8) Significant influence exercised through, inter alia, board representation.
9) Capevin Holdings listed during the 2013 year, whereafter a significant portion of the group's interest was disposed of. The group's remaining interest for 2013, being 5.3% is classified as held-for-sale at the 2013 reporting date (refer note 17).
10) The preference share funding arrangement with Thembeka Crete Holdings was settled during the 2013 year whereby the group obtained the underlying investment in Precrete.
11) The group obtained control over these companies during the 2013 year (refer note 43.3).

Associate	Dividends received 2014 R'000	2013 R'000
Listed		
Capitec Bank Holdings Ltd	**198 170**	151 557
Unlisted		
Thembeka Capital Ltd	**5 883**	5 090
Kaap Agri Ltd	**13 984**	8 766
Agri Voedsel Ltd	**34 320**	27 590
Other	**27 173**	107 878
Total	**279 530**	300 881

Dividends received during the prior year included amounts from Capevin Holdings Ltd, Capespan Group Ltd, Overberg Agri Ltd, NWK Ltd and Suidwes Investments Ltd. These investments were either disposed of (refer note 4.1) or, in Capespan Group Ltd's instance, became a subsidiary (refer note 43.3).

ANNEXURE B – MATERIAL ASSOCIATES AND JOINT VENTURES *(continued)*

Associates	Assets						
	Non-current 2014 R'000	**Current 2014 R'000**	**Total 2014 R'000**	Non-current 2013 R'000	Current 2013 R'000	Total 2013 R'000	Total 2012 R'000
Listed							
Capitec Bank Holdings Ltd	**1 310 956**	**44 880 010**	**46 190 966**	909 654	37 437 070	38 346 724	23 621 844
Unlisted							
Thembeka Capital (RF) Ltd	**2 785 583**	**154 727**	**2 940 310**	2 317 812	131 081	2 448 893	2 007 627
Kaap Agri Ltd	**454 567**	**1 664 015**	**2 118 582**	408 381	1 464 031	1 872 412	
Agri Voedsel Ltd	**2 067 645**	**6 203**	**2 073 848**	1 963 249	4 758	1 968 007	

Associate	Liabilities						
	Non-current 2014 R'000	**Current 2014 R'000**	**Total 2014 R'000**	Non-current 2013 R'000	Current 2013 R'000	Total 2013 R'000	Total 2012 R'000
Listed							
Capitec Bank Holdings Ltd	**14 615 373**	**21 593 482**	**36 208 855**	13 101 238	16 732 492	29 833 730	18 436 494
Unlisted							
Thembeka Capital (RF) Ltd	**867 721**	**97 286**	**965 007**	798 957	84 261	883 218	846 948
Kaap Agri Ltd	**24 907**	**1 097 787**	**1 122 694**	21 723	955 746	977 469	
Agri Voedsel Ltd		**4 177**	**4 177**		4 811	4 811	

Associate	Profitability (100%)									
	Profit for the year 2014 R'000	**Other compre-hensive income 2014 R'000**	**Total compre-hensive income for the year 2014 R'000**	**Revenue 2014 R'000**	Profit/ (loss) for the year 2014 R'000	Other compre-hensive (loss)/ income 2013 R'000	Total compre-hensive income/ (loss) for the year 2013 R'000	Revenue 2013 R'000	Profit/ for the year 2012 R'000	Revenue 2012 R'000
Listed										
Capitec Bank Holdings Ltd	**2 037 554**	**96 790**	**2 134 344**	**13 526 094**	1 604 581	(14 005)	1 590 576	10 929 926	1 094 340	7 583 584
Unlisted										
Thembeka Capital (RF) Ltd	**498 177**		**498 177**	**649 410**	455 347		455 347	634 088	132 042	
Kaap Agri Ltd	**129 054**	**76**	**129 130**	**4 007 807**	102 658	(572)	102 086	3 211 637		
Agri Voedsel Ltd	**139 380**	**29 954**	**169 334**		(131 109)	43 011	(88 098)			

Associate	Profitability (group's interest)					
	Profit for the year 2014 R'000	**Other compre-hensive income 2014 R'000**	**Total compre-hensive income for the year 2014 R'000**	Profit for the year 2013 R'000	Other compre-hensive (loss)/ income 2013 R'000	Total compre-hensive income for the year 2013 R'000
Listed						
Capitec Bank Holdings Ltd	**570 666**	**29 705**	**600 371**	499 932	(26 392)	473 540
Unlisted						
Thembeka Capital (RF) Ltd	**244 107**		**244 107**	223 120		223 120
Kaap Agri Ltd	**48 879**	**30**	**48 909**	32 620	(191)	32 429
Agri Voedsel Ltd	**72 488**	**21 835**	**94 323**	75 137	19 217	94 354
Other	**5 945**	**10 582**	**16 527**	205 811	13 724	219 535
	942 085	**62 152**	**1 004 237**	1 036 620	6 358	1 042 978

The 2013 year's equity accounted earnings included contributions from Capevin Holdings Ltd, Capespan Group Ltd, Overberg Agri Ltd, NWK Ltd and Suidwes Investments Ltd. These investments were either disposed of (refer note 4.1) or, in Capespan Group Ltd's instance, became a subsidiary (refer note 43.3).

ANNEXURE C – SEGMENT REPORT

for the year ended 28 February 2014

The group is organised into seven reportable segments, namely: Capitec, Curro, PSG Konsult, PSG Private Equity, Thembeka Capital, Zeder and PSG Corporate. These segments represent the major investments of the group and their respective businesses entail:

Capitec

Capitec is a JSE-listed South African retail bank focused on providing easy and affordable banking services to its clients via the use of innovative technology.

Curro

Curro is a JSE-listed provider of private school education.

PSG Konsult

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 Private Equity

PSG Private Equity invests in sectors other than agribusiness. Details of businesses forming part of this segment are disclosed in Annexures A and B.

Thembeka Capital

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

Zeder

Zeder is a JSE-listed investment holding company focused on the broad agribusiness industry. Details of businesses forming part of this segment are disclosed in Annexures A and B.

PSG Corporate (including PSG Capital)

PSG Corporate (including PSG Capital) offers investment management, treasury and corporate finance services.

Segments operate mainly in the Republic of South Africa, while PSG Private Equity and Zeder operate to a lesser extent elsewhere (refer Annexures A and B for further details). Additional geographical information has not been presented since same is not reviewed by the chief operating decision-maker (being PSG Group's Executive Committee) ("CODM"), nor is the information available and the cost to develop it would be excessive.

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. The majority of the segmental income comprises intergroup management fees charged in terms of the respective management agreements.

Headline earnings comprise recurring and non-recurring headline earnings. Recurring headline earnings (being a measure of segment profit) 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 the group'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. SOTP 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 equity accounting methods.

ANNEXURE C – SEGMENT REPORT *(continued)*

The CODM evaluates the following information to assess the segments' performance:

Year ended 28 February 2014	Income *** R'000	Inter-segment income *** R'000	Recurring headline earnings (segment profit) R'000	Non-recurring headline earnings R'000	Headline earnings R'000	Sum-of-the-parts value **** R'000
Capitec *			570 682		570 682	5 989 099
Curro	662 930		20 584		20 584	4 659 689
PSG Konsult	2 488 755		162 670	(4 312)	158 358	4 003 782
PSG Private Equity	2 189 078		51 413	5 722	57 135	948 700
Thembeka Capital *			23 169	100 286	123 455	1 242 841
Zeder	6 374 332		124 458	(16 890)	107 568	1 698 072
PSG Corporate (including PSG Capital)	301 123	(123 502)	48 388	51 963	100 351	1 370 462
Net fee income **			7 011	42 496	49 507	383 190
Cash, unit trust and share investments			15 137	9 467	24 604	712 192
BEE investments			26 240		26 240	275 080
Reconciling items						
Funding	42 186	(18 463)	(181 208)	54 234	(126 974)	(2 008 285)
Other			(2 323)		(2 323)	135 039
Total	12 058 404	(141 965)	817 833	191 003	1 008 836	18 039 399
Non-headline earnings					43 198	
Earnings attributable to non-controlling interests					456 238	
Taxation					287 892	
Profit before taxation					1 796 164	

Year ended 28 February 2013	Income *** R'000	Inter-segment income *** R'000	Recurring headline earnings (segment profit) R'000	Non-recurring headline earnings R'000	Headline earnings R'000	Sum-of-the-parts value **** R'000
Capitec *	410 148		499 871		499 871	6 127 622
Curro	367 251		8 149		8 149	2 606 551
PSG Konsult	1 672 977		118 825	(115)	118 710	2 236 815
PSG Private Equity	1 690 896		75 030	(9 181)	65 849	680 700
Thembeka Capital *			27 951	140 000	167 951	898 836
Zeder	755 533		106 582	(23 239)	83 343	1 411 601
PSG Corporate (including PSG Capital)	190 654	(61 030)	48 263	85 910	134 173	1 855 166
Net fee income **			15 556	13 929	29 485	383 190
Cash, unit trust and share investments +				71 981	71 981	1 223 136
BEE investments			32 707		32 707	248 840
Reconciling items						
Funding +	39 041	(8 160)	(168 247)	(33 304)	(201 551)	(2 008 151)
Other			(1 500)		(1 500)	34 380
Total	5 126 500	(69 190)	714 924	160 071	874 995	13 843 520
Non-headline earnings					264 794	
Earnings attributable to non-controlling interests					376 401	
Taxation					248 075	
Profit before taxation					1 764 265	

PSG GROUP LIMITED

ANNEXURE C – SEGMENT REPORT *(continued)*

for the year ended 28 February 2014

Year ended 29 February 2012	Income *** R'000	Inter-segment income *** R'000	Recurring headline earnings (segment profit) R'000	Non-recurring headline earnings R'000	Headline earnings R'000	Sum-of-the-parts value **** R'000
Capitec *	182 443		362 405		362 405	5 978 269
Curro	170 335		(5 171)		(5 171)	1 118 006
PSG Konsult	1 461 315		107 855	7 825	115 680	1 482 888
PSG Private Equity	17 216		32 017	(32 374)	(357)	727 737
Thembeka Capital *			18 718	4 420	23 138	570 284
Zeder	55 962		115 425	11 557	126 982	1 067 004
PSG Corporate (including PSG Capital)	212 274	(60 426)	41 032	68 555	109 587	1 070 939
Net fee income **			20 424		20 424	338 250
Cash, unit trust and share investments				68 555	68 555	507 566
BEE investments			20 608		20 608	225 123
Reconciling items						
Funding	14 294	(1 503)	(134 435)	(29 771)	(164 206)	(1 650 228)
Other			(1 342)	420	(922)	(49 156)
Total	2 113 839	(61 929)	536 504	30 632	567 136	10 315 743
Non-headline earnings					135 949	
Earnings attributable to non-controlling interests					322 238	
Taxation					104 051	
Profit before taxation					1 129 374	

Reconciliation of segment revenue to IFRS revenue	GROUP 2014 R'000	2013 R'000	2012 R'000
Segment revenue as stated above			
Income	**12 058 404**	5 126 500	2 113 839
Intersegment income	**(141 965)**	(69 190)	(61 929)
Less:			
Changes in fair value of biological assets	**(90 510)**	(28 703)	
Fair value gains and losses on financial instruments	**(1 453 597)**	(1 023 923)	(533 729)
Fair value adjustment to investment contract liabilities	**1 342 712**	1 186 618	624 103
Other operating income	**(99 274)**	(830 147)	(226 818)
IFRS revenue *****	**11 615 770**	4 361 155	1 915 466
Non-recurring headline earnings			
One-off items	**84 806**	107 465	(8 572)
Net fair value gains	**9 467**	42 863	41 824
Other ++	**96 730**	9 743	(2 620)
	191 003	160 071	30 632

* Equity accounted.

** Net fee income is presented after the deduction of salaries, operating expenses and taxation.

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

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

***** Comprises "revenue from sale of goods", "investment income" and "commission and other fee income" per the income statement.

\+ Non-recurring headline losses of R29.1 million pertaining to the group's interest rate hedge has been reclassified from PSG Corporate to Funding.

\+\+ Consists mainly of marked-to-market movements on the group's interest rate hedge.

INDEPENDENT EXPERT'S REPORT

6 October 2014
The Independent Board of Directors
PSG Group Limited
1st Floor
Ou Kollege
35 Kerk Street
Stellenbosch
7600

ATTENTION: The independent board of directors

INDEPENDENT EXPERT OPINION IN RESPECT OF THE REPURCHASE BY PSG GROUP LIMITED ("PSG") OF PSG SHARES HELD BY THEMBEKA CAPITAL (RF) LIMITED ("THEMBEKA"), STELLENBOSCH BEE EDUCATION TRUST ("SBET") AND CLUSTEN 52 PROPRIETARY LIMITED ("CLUSTEN")

INTRODUCTION AND SCOPE

As was announced by PSG and Thembeka on 10 September 2014, Thembeka wishes to unwind its investment portfolio in a manner that realises value for its shareholders ("the Unwinding").

The Unwinding will be implemented in consecutive transaction steps, which includes the specific repurchase by PSG of 9 902 349 ordinary PSG shares from Thembeka and 1 785 850 ordinary PSG shares from SBET and Clusten (which is a wholly owned subsidiary of SBET) (being, collectively 5.3% of the issued PSG share capital), at a repurchase price of R97.56 per PSG ordinary share ("the Repurchase").

In terms of section 48(8)(b) of the Companies Act, No. 71 of 2008 ("the Act"), a decision by the board of a company to repurchase its shares is subject to the requirements of sections 114 and 115 of the Act if, considered alone, or together with other transactions in an integrated series of transactions, it involves the acquisition by a company of more than 5% of the issued shares of any particular class of the company's shares. Accordingly, in terms of section 114(2) of the Act, read together with Regulation 90 of the Companies Regulations, 2011 ("the Companies Regulations"), the independent board of directors of PSG ("the Independent Board") must retain an independent expert to compile a report on whether the terms and conditions of the Repurchase are fair and reasonable as far as the shareholders are concerned.

As a consequence of the above, Questco (Pty) Limited ("Questco") has been appointed by the Independent Board as the independent expert to advise on whether the terms and conditions of the Repurchase are fair and reasonable as far as the PSG shareholders are concerned ("our Opinion").

DEFINITION OF THE TERMS "FAIR" AND "REASONABLE"

For the purposes of our Opinion, fairness is primarily based on a quantitative assessment. Therefore the Repurchase may be considered to be fair if the aggregate effective price per share repurchased is equal to or less than an arm's length market related price per PSG share, as determined in accordance with an accepted valuation approach, or unfair if the opposite would hold true.

More relevantly, the Repurchase may be considered fair if the per share value attributable to PSG and its shareholders immediately following the Repurchase exceeds or is equal to the attributable value immediately prior to the Repurchase. Those factors that are difficult to quantify, or are quantifiable but nonetheless may affect a shareholder's assessment of the Repurchase, are taken into account in forming our Opinion in respect of fairness.

In accordance with Regulation 110(9) of the Companies Regulations, the assessment of reasonableness is determined with reference to the traded security price at the time of the Repurchase. The Repurchase will therefore be considered reasonable if the effective price per share repurchased is not materially greater than the prevailing traded security price. In addition, qualitative factors were also considered in evaluating the reasonability of the Repurchase.

It is therefore conceivable that if the Repurchase consideration exceeds either the estimated fair value per security or current traded price per PSG share, but not both, the Repurchase could therefore be considered fair but not reasonable or reasonable but not fair.

Even though the Repurchase consideration may differ from the market value of the PSG shares being repurchased, a transaction may still be fair and reasonable after considering other significant qualitative factors.

RESPONSIBILITY

Compliance with the Act is the responsibility of the Independent Board. Our responsibility is to report on whether the terms of the Repurchase are fair and reasonable as they relate to the shareholders of PSG.

We confirm that our Opinion has been provided to the Independent Board for the sole purpose of assisting the Independent Board in forming and expressing an opinion for the benefit of PSG shareholders.

We accept no responsibility to any party other than to the Independent Board.

INFORMATION AND SOURCES OF INFORMATION

In the course of our analysis, we relied upon financial and other information obtained from PSG executive management ("Management") and/or its advisors together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects and accordingly we cannot express any opinion on the financial and other information used in arriving at our Opinion. The principal sources of information used in formulating our Opinion regarding the Repurchase include:

- a draft circular to be sent to shareholders of PSG setting out, amongst other things, the terms of the Repurchase;
- the sum of the components valuation of PSG as prepared by Management;
- the audited annual financial statements of PSG for the three consecutive financial years up to and including the 2014 financial year ("PSG Historical Financial Information");
- in respect of the companies in which PSG has an equity holding ("PSG Group Companies"):
  - the audited annual financial statements for the PSG Group Companies for the three most recent consecutive financial years and, where available, the interim financial results for the latest interim period ("PSG Group Company Historical Financial Information"); and
  - where available, budgets, forecasts, management accounts;
- consensus analysts' forecasts for PSG and the PSG Group Companies, where available;
- historical traded security prices in respect of PSG and those PSG Group Companies that are listed on an appropriate stock exchange;
- publicly available information relating to PSG and the PSG Group Companies that we deemed to be relevant, including company announcements, circulars, investor presentations and analyst reports;
- comparative financial and market information on appropriate peer issuers;
- economic outlooks prepared by leading South African banks; and
- on-line and subscription databases covering financial markets, share prices, volumes traded and news.

Where practical and where possible, we have corroborated the reasonability of the information provided to us for the purpose of forming our Opinion, including publicly available information, whether in writing or obtained in discussions with Management and/or their advisors.

PROCEDURES PERFORMED

We have undertaken, *inter alia*, the following procedures in evaluating the fairness of the Repurchase:

- considered the terms and conditions of the Repurchase;
- analysed and reviewed the PSG Historical Financial Information and the PSG Group Company Historical Financial Information;
- reviewed certain publicly available information relating to PSG and the PSG Group Companies that we deemed relevant, including analyst reports;
- considered the prevailing economic and market conditions; and
- considered other facts and information relevant to concluding this Opinion.

We have satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions underlying the forecasts and used to formulate our Opinion by:

- considering the historical trends of such information and assumptions; and
- comparing and corroborating such information and assumptions with external sources of information if such information is available.

VALUATION APPROACH

Questco performed valuations following a sum of the components approach on PSG so as to determine the intrinsic value per PSG share and accordingly whether the Repurchase consideration represents fair value to PSG shareholders.

Valuation methodologies employed included high-level price to earning valuations, comparable transactions and comparisons with similar listed companies (if any) by applying multiples which included Enterprise Value ("EV") to Earnings, EV to Revenue, EV to Net Asset Value and/or other appropriate ratios.

Key internal value drivers included, where relevant, the maintainable earnings and earnings margins of PSG and the PSG Group Companies. A sensitivity analysis was conducted where practical, utilising existing and forecast key value drivers.

In addition, we analysed the volume-weighted average share trading history, share trading liquidity and free float of PSG and those PSG Group Companies that are listed on an appropriate stock exchange, over a 24 month period ended 19 September 2014 and confirmed that no indications exist in the market of an anomaly in the respective share prices.

VALUATION RESULTS

In undertaking the valuation exercise above, we determined that the value per PSG share is within a range of R88.65 to R105.49 prior to, and after the Repurchase, with a core value dissecting this range of R97.07 per share.

The valuation range above is provided solely in respect of this Opinion and should not be used for any other purposes.

Based on consideration of the valuation range detailed above we are of the opinion that the terms and conditions of the Repurchase are fair to shareholders of PSG.

REASONABILITY

In arriving at our Opinion with respect to the reasonability of the Repurchase, we considered, *inter alia*, the following:

- the consideration per share repurchased represents a premium of 1.9% to the volume weighted average traded price ("VWAP") of PSG as at Friday, 19 September 2014;

- the consideration per share repurchased is within the range of the lowest JSE traded price and highest JSE traded price per PSG share for the preceding three months of R92.01 and R101.25 respectively;
- the Repurchase will not have any material adverse effect on PSG or on the business and prospects of PSG;
- the rights and interests of PSG shareholders will not be impaired as a result of the implementation of the Repurchase; and
- the rationale for the Repurchase and the Unwinding;

Accordingly, the consideration per share repurchased is considered to be reasonable.

OPINION

We have considered the terms and conditions of the Repurchase as set out above and based on the aforementioned, we are of the opinion, subject to the limiting conditions as set out below, that the terms and conditions of the Repurchase are fair to the PSG shareholders.

After consideration of the traded security prices of the respective investments, together with qualitative factors, we are of the opinion that the proposed terms and conditions of the Repurchase are reasonable from the perspective of PSG shareholders.

Accordingly, based upon and subject to the conditions set out herein, Questco is of the opinion that the Repurchase is both fair and reasonable to shareholders of PSG.

Our Opinion is necessarily based upon the information available to us up to 26 September 2014.

Accordingly, it should be understood that subsequent developments may affect this Opinion, which we are under no obligation to update, revise or re-affirm.

LIMITING CONDITIONS

This Opinion is provided to the Independent Board in connection with and for the purpose of the Repurchase. This Opinion is prepared solely for the Independent Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights. This Opinion does not purport to cater for each individual shareholder’s perspective or circumstances, but rather that of the general body of shareholders. Should a shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

An individual shareholder’s decision as to whether to vote in favour of the Repurchase may be influenced by his or her particular circumstances. Our Opinion does not purport to cater for each shareholder’s circumstances, but rather the general body of shareholders taken as a whole.

We confirm that, although our Opinion has been provided to the Independent Board for the purpose of assisting the Independent Board in forming and expressing an opinion for the benefit of shareholders, the ultimate assessment as to whether or not the Independent Board decides to recommend the Repurchase is the responsibility of the Independent Board.

We have relied upon and assumed the accuracy of the information used by us in deriving our Opinion. Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our Opinion, whether in writing or obtained through discussion with Management and/or advisors to PSG, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards.

We have also assumed that the Repurchase will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, representatives and advisors of PSG and we express no opinion on such consequences. We have assumed that all agreements that will be entered into in terms of the Repurchase will be legally enforceable.

We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals required in connection with the Repurchase have been or will be properly fulfilled.

INDEPENDENCE, COMPETENCE AND FEES

We confirm that we have no direct or indirect interest in PSG or the Repurchase. We also confirm that we have the necessary competence to provide the Opinion on the Repurchase. Furthermore, we confirm that our professional fees are not contingent upon the success of the Repurchase. The fee payable to us for compiling this Opinion is R100 000 (excluding VAT), payable in cash.

CONSENT

We hereby consent to the inclusion of this Opinion, in whole or in part, and any references thereto, in the form and context in which they appear in any required regulatory announcement or document relating to the Repurchase.

Yours faithfully

TIM THACKWRAY
Director

Questco (Pty) Limited
The Pivot
No 1 Montecasino Boulevard
Fourways
2055

COPIES OF SECTIONS 115 AND 164 OF THE COMPANIES ACT

"Section 115 : Required approval for transactions contemplated in Part A

(1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless–

(a) the disposal, amalgamation or merger, or scheme of arrangement–

(i) has been approved in terms of this section; or

(ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and

(b) to the extent that Parts B and C of this Chapter and the Takeover Regulations, apply to a company that proposes to–

(i) dispose of all or the greater part of its assets or undertaking;

(ii) amalgamate or merge with another company; or

(iii) implement a scheme of arrangement,

the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119 (4)(b), or exempted the transaction in terms of section 119(6).

(2) A proposed transaction contemplated in subsection (1) must be approved –

(*a*) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64(2); and

(b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if–

(i) the holding company is a company or an external company;

(ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and

(iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and

(c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).

(3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if–

(a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or

(b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

(4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights–

(a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or

(b) required to be voted in support of a resolution, or actually voted in support of the resolution.

(4A) In subsection (4), 'act in concert' has the meaning set out in section 117(1)(b).

(5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either–

(a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or

(b) treat the resolution as a nullity.

(6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant–

(a) is acting in good faith;

(b) appears prepared and able to sustain the proceedings; and

(c) has alleged facts which, if proved, would support an order in terms of subsection (7).

(7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if–

(a) the resolution is manifestly unfair to any class of holders of the company's securities; or

(b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.

(8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person–

(a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and

(b) was present at the meeting and voted against that special resolution.

(9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect–

(a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;

(b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;

(c) the transfer of shares from one person to another;

(d) the dissolution, without winding-up, of a company, as contemplated in the transaction;

(e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or

(f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

Section 164 : Dissenting shareholders appraisal rights

(1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.

(2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to–

(a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or

(b) enter into a transaction contemplated in section 112, 113, or 114,

that notice must include a statement informing shareholders of their rights under this section.

(3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.

(4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who–

(a) gave the company a written notice of objection in terms of subsection (3); and

(b) has neither–

(i) withdrawn that notice; or

(ii) voted in support of the resolution.

(5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if–

(a) the shareholder–

(i) sent the company a notice of objection, subject to subsection (6); and

(ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;

(b) the company has adopted the resolution contemplated in subsection (2); and

(c) the shareholder–

(i) voted against that resolution; and

(ii) has complied with all of the procedural requirements of this section.

(6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.

(7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within–

(a) 20 business days after receiving a notice under subsection (4); or

(b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.

(8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state–

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder seeks payment; and

(c) a demand for payment of the fair value of those shares.

(9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless–

(a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);

(b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or

(c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.

(10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.

(11) Within five business days after the later of–

(a) the day on which the action approved by the resolution is effective;

(b) the last day for the receipt of demands in terms of subsection (7)(a); or

(c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.

(12) Every offer made under subsection (11)–

(a) in respect of shares of the same class or series must be on the same terms; and

(b) lapses if it has not been accepted within 30 business days after it was made.

(13) If a shareholder accepts an offer made under subsection (12)–

(a) the shareholder must either in the case of–

(i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or

(ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and

(b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and–

(i) tendered the share certificates; or

(ii) directed the transfer to the company of uncertificated shares.

(14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has–

(a) failed to make an offer under subsection (11); or

(b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.

(15) On an application to the court under subsection (14)–

(a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;

(b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and

(c) the court–

(i) may determine whether any other person is a dissenting shareholder who should be joined as a party;

(ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);

(iii) in its discretion may–

(aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or

(bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;

(iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and

(v) must make an order requiring–

(aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and

(bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.

(15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case–

(a) that shareholder must comply with the requirements of subsection 13(a); and

(b) the company must comply with the requirements of subsection 13(b).

(16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.

(17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pays its debts as they fall due and payable for the ensuing 12 months–

(a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and

(b) the court may make an order that–

(i) is just and equitable, having regard to the financial circumstances of the company; and

(ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.

(18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.

(19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to–

(a) the provisions of that section; or

(b) the application by the company of the solvency and liquidity test set out in section 4.

(20) Except to the extent–

(a) expressly provided in this section; or

(b) that the Panel rules otherwise in a particular case,

a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."

PSG GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration Number 1970/008484/06)
Share code: PSG ISIN: ZAE000013017
("**PSG**" or "**the Company**")

NOTICE OF GENERAL MEETING

The definitions and interpretations on pages 4 to 6 of this Circular, which Circular also contains this notice of General Meeting apply throughout, unless the context may so otherwise require.

Shareholders are reminded that:

- **a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the General Meeting in the place of the Shareholder. In this regard, Shareholders are referred to the attached Form of Proxy (*yellow*);**
- **an appointed proxy need not also be a Shareholder of the Company;**
- **in terms of section 63(1) of the Companies Act, any person attending and/or participating in a meeting of Shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as Shareholder or as proxy for a Shareholder) has been reasonably verified.**

In terms of section 59 of the Companies Act, the last date to trade in Shares in order to be eligible to attend, participate in and vote at the General Meeting is Friday, 31 October 2014 and the General Meeting Record Date is Friday, 7 November 2014.

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of Shareholders will be held at the Grand Ballroom, Asara Wine Estate & Hotel, Polkadraai Road, Stellenbosch at 10:00 on Thursday, 13 November 2014, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

1. Special Resolution Number 1 (the Thembeka Specific Repurchase)

"Resolved that, in terms of sections 48(8), as read with sections 114 and 115, of the Companies Act, the Company proceed with the specific repurchase of 9 902 349 Shares from Thembeka Fin Holdings, at a purchase consideration of R97.56 per Share upon the terms, conditions and timeframes as are contained in the Circular, be and is hereby approved."

The reasons for Special Resolution Number 1 is that (i) the Companies Act requires shareholders to approve, by way of special resolution, the repurchase by a company of more than 5% of its issues share capital whether in one transaction or together with other transactions in an integrated series of transactions; and (ii) the Listings Requirements require shareholders to approve, by way of special resolution, any specific repurchase by the company of its issued share capital. The effects of Special Resolution Number 1 will be that the Company will be authorised to implement the Thembeka Specific Repurchase as described in detail in the Circular, which Circular also contains this Notice of General Meeting.

Quorum requirement for Special Resolution Number 1 to be adopted: sufficient persons being present to exercise, in aggregate, at least 25% of all of the voting rights entitled to be exercised on the Special Resolution.

Percentage of voting rights required for Special Resolution Number 1 to be adopted: at least 75% of all of the voting rights exercised in support of the Special Resolution excluding the votes of Thembeka Fin Holdings and its associates.

2. Special Resolution Number 2 (the SBET Specific Repurchase)

"Resolved that, in terms of sections 48(8), read with sections 114 and 115, of the Companies Act, the Company proceed with the specific repurchase of 1 785 850 Shares from SBET and Clusten (which is a wholly owned subsidiary of SBET), at a purchase consideration of R97.56 per Share upon the terms, conditions and timeframes as are contained in the Circular, be and is hereby approved."

The reasons for Special Resolution Number 2 is that (i) the Companies Act requires shareholders to approve, by way of special resolution, the repurchase by a company of more than 5% of its issues share capital whether in one transaction or together with other transactions in an integrated series of transactions; and (ii) the Listings Requirements require shareholders to approve, by way of special resolution, any specific repurchase by the company of its issued share capital. The effects of Special Resolution Number 2 will be that the Company will be authorised to implement the SBET Specific Repurchase as described in detail in the Circular, which Circular also contains this Notice of General Meeting.

Quorum requirement for Special Resolution Number 2 to be adopted: sufficient persons being present to exercise, in aggregate, at least 25% of all of the voting rights entitled to be exercised on the Special Resolution.

Percentage of voting rights required for Special Resolution Number 2 to be adopted: at least 75% of all of the voting rights exercised in support of the Special Resolution Number 2 excluding the votes of SBET and its associates.

3. Ordinary Resolution Number 1 (Authority of Directors)

"Resolved that the Directors of the Company be and are hereby authorised to do all such things and sign all such documents and take all such actions as they consider necessary to implement the Special Resolutions set out in this notice of general meeting."

VOTING AND PROXIES

A Shareholder entitled to attend, speak and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his or her stead. A proxy need not be a Shareholder of the Company.

For the convenience of Certificated Shareholders and Own-Name Dematerialised Shareholders, a Form of Proxy (*yellow*) is attached. Duly completed Forms of Proxy must be lodged with the Transfer Secretaries, at Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) no later than 10:00 on Tuesday, 11 November 2014 (or any adjournment of the General Meeting) or handed to the chairperson of the General Meeting before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting); provided that should a Shareholder lodge a Form of Proxy with the Transfer Secretaries not less than 48 hours before the General Meeting, such Shareholder will also be required to furnish a copy of such Form of Proxy to the chairperson of the General Meeting before the appointed proxy exercises any of such Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).

Dematerialised Shareholders without Own-Name Registration who wish to attend the General Meeting in person should request their CSDP or Broker to provide them with the necessary letter of representation in terms of their Custody Agreement with their CSDP or Broker. Dematerialised Shareholders without Own-Name Registration who do not wish to attend but wish to be represented at the General Meeting must advise their CSDP or Broker of their voting instructions. Dematerialised Shareholders without Own-Name Registration should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

By order of the board

PSG Corporate Services Proprietary Limited
Company Secretary

Registered address
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

PSG GROUP LIMITED

(Incorporated in the Republic of South Africa)
(Registration Number 1970/008484/06)
Share code: PSG ISIN: ZAE000013017
("**PSG**" or "**the Company**")

FORM OF PROXY

TO BE COMPLETED BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH "OWN-NAME" REGISTRATION ONLY

I/We ____
(print names in full)

of (address) ____

telephone number ____

cellphone number ____

e-mail address ____

being a shareholder of PSG and entitled to ______________________ votes, hereby appoint

1. ____ or failing him/her,

2. ____ or failing him/her,

3. the chairperson of the meeting,

as my/our proxy to vote for me/us and on my/our behalf at the general meeting of PSG to be held at 10:00 on Thursday, 13 November 2014 at the Grand Ballroom, Asara Wine Estate & Hotel, Polkadraai Road, Stellenbosch, and at any adjournment thereof, as follows:

	In favour of	Against	Abstain
Special Resolution Number 1 (the Thembeka Specific Repurchase)			
Special Resolution Number 2 (the SBET Specific Repurchase)			
Ordinary Resolution Number 1 (Authority of Directors)			

Please indicate with an "X" in the appropriate space above how you wish your vote to be cast in respect of the above resolutions should you wish to vote all PSG Shares held or insert the actual number of Shares should you wish to vote only part of your PSG Shares held.

If you return this form duly signed without any specific directions the proxy holder will vote or abstain at his/her discretion.

Signed at ______________________ on this ________ day of ______________________ 2014.

Signature ____

Please read the notes on the reverse side hereof

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a Shareholder may, and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, the General Meeting on behalf of such Shareholder;
- any appointed proxy of a Shareholder may delegate authority to act on behalf of that Shareholder to another person, subject to any restriction set out in the instrument appointing such proxy (see note 15 below);
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant Shareholder chooses to act directly and in person at the General Meeting in the exercise of any of such Shareholder's rights as a Shareholder (see note 5 below);
- any appointment by a Shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a Shareholder may revoke the proxy appointment by: (i) cancelling it in writing or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and the Company; and
- a proxy appointed by a Shareholder is entitled to exercise, or abstain from exercising, any voting right of such Shareholder without direction, except to the extent that the Company's MOI, or the instrument appointing the proxy, provides otherwise (see note 3 below).

Notes to this Form of Proxy:

1. Each Shareholder is entitled to appoint one or more proxies (none of whom need be a Shareholder of the Company) to attend, speak and vote in place of that Shareholder at the General Meeting.

2. A 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 chairperson of the General Meeting" but the Shareholder must initial any such deletion. The person whose name stands first on this 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.

3. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the relevant boxes provided. Failure to comply with the above will be deemed to authorise and direct the chairperson of the General Meeting, if the chairperson is the authorised proxy, to vote in favour of the resolution, or any other proxy to vote or abstain from voting at the General Meeting as such proxy deems fit, in respect of all of the Shareholder's votes exercisable at the General Meeting.

4. Completed Forms of Proxy and the authority (if any) under which they are signed must be lodged with or posted to the Transfer Secretaries, at Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by the Transfer Secretaries by no later than 10:00 on Tuesday, 11 November 2014.

5. 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.

6. The chairperson of the General Meeting may accept or reject any Form of Proxy not completed and/or received in accordance with these notes or with the MOI.

7. Any alteration or correction made to this Form of Proxy must be initialled by the signatory/ies.

8. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this Form of Proxy, unless previously recorded by PSG or the Transfer Secretaries.

9. Where this Form of Proxy is signed under power of attorney, such power of attorney must accompany this Form of Proxy, unless it has been previously recorded by PSG or the Transfer Secretaries or waived by the chairperson of the General Meeting.

10. Where Shares are held jointly, all joint holders are required to sign this Form of Proxy.

11. A minor Shareholder must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been previously recorded by PSG or the Transfer Secretaries.

12. Dematerialised Shareholders who do not own Shares with Own-Name Registration and who wish to attend the General Meeting, or to vote by way of proxy, must contact their CSDP or Broker who will furnish them with the necessary letter of representation to attend the General Meeting or to be represented thereat by proxy. This must be done in terms of the Custody Agreement between the Shareholder and such Shareholder's CSDP or Broker.

13. This Form of Proxy shall be valid at any resumption of an adjourned General Meeting to which it relates, although this Form of Proxy shall not be used at the resumption of an adjourned General Meeting if it could not have been legally used at the General Meeting from which it was adjourned. This Form of Proxy shall, in addition to the authority conferred by the Companies Act except insofar as it provides otherwise, be deemed to confer the power generally to act at the General Meeting in question, subject to any specific direction contained in this Form of Proxy as to the manner of voting.

14. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received timeously by the Transfer Secretaries.

15. Any proxy appointed pursuant to this Form of Proxy may not delegate his/her authority to act on behalf of the relevant Shareholder.

16. In terms of section 58 of the Companies Act, unless revoked, an appointment of a proxy pursuant to this Form of Proxy remains valid only until the end of the General Meeting or any adjournment of the General Meeting.

Registered address
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
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