Summary consolidated financial statements

These summary consolidated financial statements comprise a summary of the audited consolidated annual financial statements of PSG Group Ltd for the year ended 28 February 2017.

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

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

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 28 February 2017

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

The committee also acted as the statutory audit committee of certain public company wholly-owned subsidiaries that are legally required to have such a committee.

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

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

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

The committee has evaluated the annual financial statements of the company and group for the year ended 28 February 2017, as well as these summary consolidated financial statements and, based on the information provided to the committee, considers that the company and group complies, in all material respects, with the requirements of the Companies Act and International Financial Reporting Standards.

PE Burton
Chairman

12 May 2017
Stellenbosch

DECLARATION BY THE COMPANY SECRETARY

for the year ended 28 February 2017

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

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

12 May 2017
Stellenbosch

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2017

The directors are responsible for the maintenance of adequate accounting records and to prepare annual financial statements that fairly represent the state of affairs and the results of the company and group. The external auditor is responsible for independently auditing and reporting on the fair presentation of the annual financial statements. Management fulfils this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. Such controls provide assurance that the group's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable. The annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"); the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the manner required by the Companies Act; and the JSE Ltd Listings Requirements, and incorporate full and reasonable disclosure. Appropriate and recognised accounting policies are applied consistently.

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

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

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

The annual financial statements, including these summary consolidated financial statements set out on pages 49 to 78, were approved by the board of directors of PSG Group Ltd and are signed on its behalf by:

JF Mouton
Chairman

PJ Mouton
Chief executive officer

WL Greeff
Chief financial officer

12 May 2017
Stellenbosch

DIRECTORS' REPORT

for the year ended 28 February 2017

Nature of business

PSG Group Ltd, being an investment holding company, offers a broad range of goods and services through its various subsidiaries, associates and joint ventures. These goods and services mainly comprise financial services (financial advice, stockbroking, fund management, insurance, financing, banking, investment and advisory services), logistical services, food and related goods and services, and private education services.

Operating results

The operating results and state of affairs of the group are set out in the attached summary consolidated income statement and summary consolidated statements of financial position, comprehensive income, changes in equity and cash flows, as well as the notes thereto. For the year under review, the group's recurring headline earnings amounted to R1 985m (2016: R1 620m), headline earnings amounted to R2 145m (2016: R1 370m) and earnings attributable to owners of the parent amounted to R2 162m (2016: R1 483m). The group's profit for the year amounted to R3 349m (2016: R2 203m).

Stated capital

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

	Number of shares 2017	**Number of shares 2016**
Shares in issue at beginning of the year, gross of treasury shares	**230 778 550**	220 431 723
Less: Treasury shares		
Held by a subsidiary (PSG Financial Services Ltd)	**(13 908 770)**	(13 908 770)
Held by executives through loan funding advanced	**(2 100 000)**	(2 100 000)
Held by the PSG Group Ltd Supplementary Share Incentive Trust	**(534 067)**	(1 994 812)
Shares in issue at beginning of the year, net of treasury shares	**214 235 713**	202 428 141
General issue for cash at R198,00 per share		1 346 827
General issue for cash at R245,00 per share		9 000 000
Movement in treasury shares		
Shares released to participants by the PSG Group Ltd Supplementary Share Incentive Trust	**534 067**	1 460 745
Shares issued to the PSG Group Ltd Supplementary Share Incentive Trust and subsequently released to participants	**660 964**	
Shares issued to the PSG Group Ltd Supplementary Share Incentive Trust and not yet released to participants	**9 890**	
Shares acquired by the PSG Group Ltd Supplementary Share Incentive Trust and not yet released to participants	**(9 890)**	
Shares in issue at end of the year, net of treasury shares	**215 430 744**	214 235 713

Dividends

Details of dividends appear in the summary consolidated statement of changes in equity.

Directors

Details of the company's directors at the date of this report appear on page 21.

Directors' emoluments

The following directors' emoluments were paid by the company and its subsidiaries in respect of the year ended 28 February 2017:

Cash-based remuneration

Audited	Fees R'000	Basic salary R'000	Company contri-butions R'000	Perfor-mance-related R'000	**Total 2017 R'000**	**Total 2016 R'000**
Executive						
WL Greeff		3 484	47	5 297	**8 828**	8 025
JA Holtzhausen		3 392	139	6 667	**10 198**	9 877
PJ Mouton		4 012	12	6 091	**10 115**	8 828
Non-executive						
PE Burton [1]	496				**496**	461
ZL Combi [2]	614				**614**	571
J de V du Toit [3]					**–**	458
MM du Toit [3]					**–**	141
FJ Gouws [6, 9, 10, 12]		4 500	80	16 000	**20 580**	16 607
MJ Jooste [4]	151				**151**	142
B Mathews [3]	219				**219**	
JF Mouton [5]	283	3 191	65		**3 539**	7 734
JJ Mouton [6, 7, 11, 12]	310				**310**	7 794
CA Otto [8]	514				**514**	451
W Theron [3]					**–**	927
	2 587	18 579	343	34 055	**55 564**	62 016

1 *R250 790 (2016: R221 159) was paid in respect of PSG Group Ltd directors' fees; the balance represents fees received at a subsidiary level.*

2 *R141 567 (2016: R132 306) was paid in respect of PSG Group Ltd directors' fees; the balance represents fees received at a subsidiary level.*

3 *Messrs J de V du Toit, MM du Toit and W Theron retired, while Ms B Mathews was appointed, at the annual general meeting held on 24 June 2016 and did not make themselves available for re-election as directors of PSG Group Ltd.*

4 *Paid to Steinhoff International Holdings Ltd.*

5 *Mr JF Mouton is no longer involved in the day-to-day running of PSG Group Ltd. However, he remains a leading strategist and generator of ideas, and plays an integral part in the success of the group. He is accordingly remunerated, albeit that he no longer qualifies for performance bonuses, nor share option awards.*

6 *Mr FJ Gouws was an executive of a subsidiary company during the current and prior year, while Mr JJ Mouton was an executive of a subsidiary company during the prior year.*

7 *R141 567 (2016: R132 306) was paid in respect of PSG Group Ltd directors' fees to the director (2016: fees paid to PSG Asset Management (Pty) Ltd, a subsidiary), the balance represents remuneration received at a subsidiary level.*

8 *R235 442 (2016: R213 872) was paid in respect of PSG Group Ltd directors' fees; the balance represents fees received at a subsidiary level.*

9 *R141 567 (2016: R132 306) was paid in respect of PSG Group Ltd directors' fees to PSG Konsult Management Services (Pty) Ltd, a subsidiary.*

10 *Total performance-related bonus awarded on a subsidiary level was R17m (2016: R15m), of which R11,9m (2016: R10,5m) was paid out. The deferred portion will be paid in two amounts of R2,6m (2016: R2,3m) each, should the director remain in the subsidiary's service for one and two years, respectively.*

11 *A once-off amount of R1,2m was paid to Mr JJ Mouton by a subsidiary during the prior year in recognition of changes made to his terms and conditions of employment.*

12 *In terms of the PSG Konsult Group Share Incentive Scheme, these directors have been awarded PSG Konsult Ltd share options as set out in the table on the opposite page.*

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

Audited	Number of share options as at 29 Feb 2016	Number of share options during year Granted	Vested	Forfeited	Market price per share on vesting date R	Vesting price per share R	Date granted	Number of share options as at 28 Feb 2017
FJ Gouws	10 000 000		(7 500 000)		7,01	1,83	01/07/2012	**2 500 000**
	9 375 000		(3 125 000)		7,06	2,83	01/03/2013	**6 250 000**
	6 350 000		(1 587 500)		7,06	5,06	01/03/2014	**4 762 500**
	895 186					7,27	01/04/2015	**895 186**
		10 335 579				6,81	01/04/2016	**10 335 579**
	26 620 186	10 335 579	(12 212 500)	–				**24 743 265**
JJ Mouton	225 000		(75 000)	(150 000)	7,06	2,83	01/03/2013	**–**
	300 000		(75 000)	(225 000)	7,06	5,06	01/03/2014	**–**
	2 500 000			(2 500 000)		7,27	01/04/2015	**–**
	3 025 000	–	(150 000)	(2 875 000)				**–**
Total	29 645 186	10 335 579	(12 362 500)	(2 875 000)				**24 743 265**

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

Audited	Number of share options as at 29 Feb 2016	Number of share options during year Granted	Vested	Market price per share on vesting date R	Vesting price per share R	Date granted	Number of share options as at 28 Feb 2017
Executive							
WL Greeff	22 678		(22 678)	251,43	47,39	29/02/2012	**–**
	52 089		(26 045)	251,43	61,50	28/02/2013	**26 044**
	451 071		(150 357)	251,43	83,23	28/02/2014	**300 714**
	57 406		(14 352)	251,43	136,84	28/02/2015	**43 054**
	54 871				178,29	29/02/2016	**54 871**
	638 115	–	(213 432)				**424 683**
JA Holtzhausen	24 947		(24 947)	251,43	47,39	29/02/2012	**–**
	51 768		(25 885)	251,43	61,50	28/02/2013	**25 883**
	451 683		(150 561)	251,43	83,23	28/02/2014	**301 122**
	58 986		(14 747)	251,43	136,84	28/02/2015	**44 239**
	52 880				178,29	29/02/2016	**52 880**
	640 264	–	(216 140)				**424 124**
PJ Mouton	28 209		(28 209)	251,43	47,39	29/02/2012	**–**
	64 526		(32 263)	251,43	61,50	28/02/2013	**32 263**
	496 413		(165 471)	251,43	83,23	28/02/2014	**330 942**
	74 693		(18 673)	251,43	136,84	28/02/2015	**56 020**
	83 993				178,29	29/02/2016	**83 993**
		84 203			237,31	28/02/2017	**84 203**
	747 834	84 203	(244 616)				**587 421**
Non-executive							
JF Mouton *	51 014		(51 014)	251,43	47,39	29/02/2012	**–**
	85 582		(42 791)	251,43	61,50	28/02/2013	**42 791**
	482 868		(160 956)	251,43	83,23	28/02/2014	**321 912**
	94 936		(23 734)	251,43	136,84	28/02/2015	**71 202**
	714 400	–	(278 495)				**435 905**
Total	2 740 613	84 203	(952 683)				**1 872 133**

* *Although Mr JF Mouton no longer qualifies for the award of share options, his unvested share options will continue to vest in accordance with the provisions of the PSG Group Ltd Supplementary Share Incentive Trust.*

Prescribed officers

The members of the PSG Group Executive Committee ("Exco") are regarded as being the prescribed officers of the company. The Exco comprises the following PSG Group Ltd directors: Messrs JF Mouton (non-executive chairman), PJ Mouton (chief executive officer), WL Greeff (chief financial officer) and JA Holtzhausen (executive). Their remuneration is detailed above. The duties and responsibilities of the Exco are set out in the chairman's letter (page 2) and corporate governance section (page 38) of this annual report.

Shareholding of directors

The shareholding of directors in the issued share capital of PSG Group Ltd as at 28 February 2017 was as follows:

Audited	Beneficial Direct	Beneficial Indirect [1]	Non-beneficial Indirect	Total shareholding 2017 Number	Total shareholding 2017 %	Total shareholding 2016 Number	Total shareholding 2016 %
PE Burton		193 150	100 000	**293 150**	**0,1**	291 675	0,1
ZL Combi	410 000			**410 000**	**0,2**	490 000	0,2
WL Greeff [2]		1 474 805		**1 474 805**	**0,7**	1 261 373	0,6
JA Holtzhausen [2]	1 030 377	500 000		**1 530 377**	**0,7**	1 314 237	0,6
JF Mouton	44 750	51 281 300		**51 326 050**	**23,6**	50 189 777	23,2
JJ Mouton	119 000	1 405 500		**1 524 500**	**0,7**	1 518 350	0,7
PJ Mouton [2]	54 148	5 603 436		**5 657 584**	**2,6**	5 410 818	2,5
CA Otto	108		3 434 621	**3 434 729**	**1,6**	3 434 729	1,6
Total	1 658 383	60 458 191	3 534 621	**65 651 195**	**30,2**	63 910 959	29,5

[1] *Includes, inter alia, shares held by trusts of which the directors are discretionary beneficiaries.*

[2] *Subsequent to year-end, Mr JA Holtzhausen and related parties of Messrs WL Greeff and PJ Mouton have each disposed of 200 000 PSG Group Ltd ordinary shares to settle PSG Group Ltd Supplementary Share Incentive Trust debt obligations. Save for the aforementioned, there has been no changes in the shareholding of directors between year-end and the date of this report.*

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

to the shareholders of PSG Group Ltd

Opinion

The summary consolidated financial statements of PSG Group Ltd, set out on pages 55 to 78 of this annual report, which comprise the summary consolidated statement of financial position as at 28 February 2017, the summary consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of PSG Group Ltd for the year ended 28 February 2017.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Ltd's ("JSE") requirements for summary financial statements, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act, as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act, as applicable to annual consolidated financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 12 May 2017. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the JSE's requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act, as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised) *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc
Director: D de Jager
Registered auditor

12 May 2017
Stellenbosch

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 28 February 2017

	Notes	2017 Rm	2016 Rm
Assets			
Property, plant and equipment *		**7 703**	6 185
Intangible assets		**3 108**	2 714
Biological assets		**486**	406
Investment in ordinary shares of associates and joint ventures		**13 212**	12 061
Investment in preference shares of/loans granted to associates and joint ventures		**144**	105
Deferred income tax assets		**194**	193
Financial assets linked to investment contracts	6	**22 561**	19 836
Cash and cash equivalents		**14**	115
Other financial assets		**22 547**	19 721
Other financial assets	5.2, 6	**27 035**	21 448
Inventory		**1 667**	1 618
Trade and other receivables *	7	**3 838**	5 204
Current income tax assets		**64**	40
Cash and cash equivalents		**2 035**	1 862
Non-current assets held for sale		**14**	76
Total assets		**82 061**	71 748
Equity			
Ordinary shareholders' equity		**15 900**	13 634
Non-controlling interests		**10 900**	10 127
Total equity		**26 800**	23 761
Liabilities			
Insurance contracts		**544**	607
Financial liabilities under investment contracts	6	**22 561**	19 836
Borrowings		**5 411**	5 604
Other financial liabilities		**156**	102
Third-party liabilities arising on consolidation of mutual funds	5.2, 6	**21 394**	15 729
Deferred income tax liabilities		**857**	617
Trade and other payables and employee benefit liabilities	7	**4 281**	5 287
Current income tax liabilities		**57**	205
Total liabilities		**55 261**	47 987
Total equity and liabilities		**82 061**	71 748
Net asset value per share (R)		**73,81**	63,64
Net tangible asset value per share (R)		**59,38**	50,97

* *Reclassified as set out in note 11.*

SUMMARY CONSOLIDATED INCOME STATEMENT

for the year ended 28 February 2017

	Notes	2017 Rm	2016 Rm
Revenue from sale of goods		**14 429**	12 964
Cost of goods sold		**(12 416)**	(11 215)
Gross profit from sale of goods		**2 013**	1 749
Income			
Changes in fair value of biological assets		**224**	244
Investment income	6	**1 896**	974
Fair value gains and losses *	6	**1 540**	778
Fair value adjustment to investment contract liabilities	6	**(976)**	(1 439)
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds *	6	**(1 239)**	(202)
Commission, school, net insurance and other fee income		**5 718**	5 155
Other operating income		**158**	98
		7 321	5 608
Expenses			
Insurance claims and loss adjustments, net of recoveries		**(581)**	(519)
Marketing, administration and other expenses *		**(6 224)**	(5 507)
		(6 805)	(6 026)
Net income from associates and joint ventures			
Share of profits of associates and joint ventures		**1 827**	1 609
(Loss on impairment)/reversal of impairment of associates		**(6)**	8
Net profit on sale/dilution of interest in associates		**10**	295
		1 831	1 912
Profit before finance costs and taxation		**4 360**	3 243
Finance costs		**(474)**	(456)
Profit before taxation		**3 886**	2 787
Taxation		**(537)**	(584)
Profit for the year		**3 349**	2 203
Attributable to:			
Owners of the parent		**2 162**	1 483
Non-controlling interests		**1 187**	720
		3 349	2 203

* *Reclassified as set out in note 11.*

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2017

	2017 Rm	2016 Rm
Profit for the year	**3 349**	2 203
Other comprehensive loss for the year, net of taxation	**(519)**	(73)
Items that may be subsequently reclassified to profit or loss		
Currency translation adjustments	**(450)**	(105)
Cash flow hedges	**(21)**	22
Share of other comprehensive income and equity movements of associates	**(44)**	2
Recycling of share of other comprehensive income and equity movements of associates upon disposal		(1)
Items that may not be subsequently reclassified to profit or loss		
(Losses)/gains from changes in financial and demographic assumptions of post-employment benefit obligations	**(4)**	9
Total comprehensive income for the year	**2 830**	2 130
Attributable to:		
Owners of the parent	**1 974**	1 516
Non-controlling interests	**856**	614
	2 830	2 130

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2017

	Notes	2017 Rm	2016 Rm
Ordinary shareholders' equity at beginning of the year		**13 634**	9 999
Total comprehensive income		**1 974**	1 516
Issue of shares		**75**	2 455
Share-based payment costs – employees		**60**	51
Net movement in treasury shares		**21**	56
Transactions with non-controlling interests		**832**	55
Dividends paid		**(696)**	(498)
Ordinary shareholders' equity at end of the year		**15 900**	13 634
Non-controlling interests at beginning of the year		**10 127**	9 097
Total comprehensive income		**856**	614
Issue of shares		**1 415**	1 515
Share-based payment costs – employees		**27**	19
Subsidiaries acquired	5.1	**14**	6
Transactions with non-controlling interests		**(1 188)**	(821)
Dividends paid		**(351)**	(303)
Non-controlling interests at end of the year		**10 900**	10 127
Total equity		**26 800**	23 761
Dividend per share (R)			
Interim		**1,25**	1,00
Final		**2,50**	2,00
		3,75	3,00

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2017

	Notes	2017 Rm	2016 Rm
Net cash flow from operating activities			
Cash generated from operations *	4	**257**	900
Interest income *		**1 476**	861
Dividend income *		**1 078**	680
Finance costs		**(433)**	(464)
Taxation paid		**(553)**	(446)
Net cash flow from operating activities before cash movement in policyholder funds		**1 825**	1 531
Cash movement in policyholder funds *		**(101)**	88
Net cash flow from operating activities		**1 724**	1 619
Net cash flow from investing activities		**(1 674)**	(4 181)
Cash flow from subsidiaries acquired	5.1	**(491)**	(274)
Cash flow from consolidation of mutual funds	5.2	**32**	96
Acquisition of ordinary shares in associates		**(147)**	(62)
Proceeds from disposal of ordinary shares in associates		**13**	111
Acquisition of property, plant and equipment		**(1 631)**	(1 504)
Other investing activities		**550**	(2 548)
Net cash flow from financing activities		**76**	2 754
Dividends paid to group shareholders		**(696)**	(498)
Dividends paid to non-controlling interests		**(351)**	(303)
Capital contributions by non-controlling interests		**1 183**	733
Acquisition from non-controlling interests		**(202)**	(229)
Borrowings drawn		**495**	1 134
Borrowings repaid		**(449)**	(632)
Proceeds from delivery of holding company's share incentive trust treasury shares		**21**	94
Shares issued		**75**	2 455
Net increase in cash and cash equivalents		**126**	192
Exchange losses on cash and cash equivalents		**(71)**	(17)
Cash and cash equivalents at beginning of the year		**1 001**	826
**Cash and cash equivalents at end of the year ** **		**1 056**	1 001
Cash and cash equivalents consist of:			
Cash and cash equivalents per the statement of financial position		**2 035**	1 862
Cash and cash equivalents attributable to equity holders		**1 946**	1 696
Other clients' cash and cash equivalents		**89**	166
Cash and cash equivalents linked to investment contracts		**14**	115
Bank overdrafts attributable to equity holders (included in borrowings)		**(993)**	(976)
		1 056	1 001

* *These line items are impacted by linked investment contracts and consolidated mutual funds as detailed in note 6.*

** *Available cash held at a PSG Group-level is invested in the PSG Money Market Fund. As a result of the group's consolidation of the PSG Money Market Fund, the cash invested in same is derecognised and all of the fund's underlying highly liquid debt securities (included in "other financial assets" in the summary consolidated statement of financial position) are recognised. Third parties' cash invested in the PSG Money Market Fund are recognised as a payable and included under "third-party liabilities arising on consolidation of mutual funds". Available cash held at a PSG Group-level and invested in the PSG Money Market Fund amounted to R1,5bn (2016: R2,9bn) at the reporting date.*

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 28 February 2017

1. **Basis of presentation and accounting policies**

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

   The accounting policies applied in the preparation of these summary consolidated financial statements are consistent in all material respects with those used in the prior year's consolidated annual financial statements. The group also adopted the various other revisions to IFRS which were effective for its financial year ended 28 February 2017. These revisions have not resulted in material changes to the group's reported results and disclosures in these summary consolidated financial statements.

2. **PSG Financial Services Ltd**

   PSG Financial Services Ltd is a wholly-owned subsidiary of PSG Group Ltd, except for the 17 415 770 (2016: 17 415 770) perpetual preference shares which are listed on the JSE. These preference shares are included in non-controlling interests in the summary consolidated statement of financial position.

	2017 Rm	Change %	2016 Rm
3. Headline earnings			
Profit for the year attributable to owners of the parent	**2 162**		1 483
Non-headline items			
Gross amounts	**(8)**		(283)
Impairment/(reversal of impairment) of investment in associates	**6**		(8)
Net profit on sale/dilution of investment in associates	**(10)**		(295)
Net loss on sale of investment in subsidiaries			2
Fair value gain on step-up from associate to subsidiary	**(39)**		(4)
Net loss on sale/impairment of intangible assets (including goodwill)	**5**		14
Net loss/(profit) on sale/reversal of impairment of property, plant and equipment	**11**		(18)
Non-headline items of associates	**18**		29
Bargain purchase gain	**(15)**		(4)
Impairment of available-for-sale financial assets and non-current assets held for sale	**16**		1
Non-controlling interests	**(10)**		166
Taxation	**1**		4
Headline earnings	**2 145**		1 370
Earnings per share (R)			
Recurring headline	**9,27**	*18*	7,88
Headline	**10,01**	*50*	6,66
Attributable/basic	**10,09**	*40*	7,21
Diluted headline	**9,79**	*52*	6,46
Diluted attributable/basic	**9,86**	*41*	6,99
Number of shares (m)			
In issue	**231,4**		230,8
In issue (net of treasury shares)	**215,4**		214,2
Weighted average	**214,2**		205,7
Diluted weighted average	**216,7**		208,9

	2017 Rm	2016 Rm
4. Cash generated from operations		
Profit before taxation	**3 886**	2 787
Share of profits of associates and joint ventures	**(1 827)**	(1 609)
Depreciation and amortisation	**433**	380
Investment income	**(1 896)**	(974)
Finance costs	**474**	456
Working capital changes and other non-cash items	**(813)**	(140)
Cash generated from operations	**257**	900

5. Business combinations

5.1 Subsidiaries acquired

The group's subsidiaries acquired during the year under review included:

Windhoek Gymnasium business operations ("Windhoek Gymnasium")
During March 2016, the group, through Curro Holdings Ltd ("Curro"), acquired the business operations of Windhoek Gymnasium for a consideration of R181m, of which R26m has been deferred. Windhoek Gymnasium operates a private school in Windhoek, Namibia, being complementary to Curro's existing operations. Goodwill of R58m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

De Jager Kids (Pty) Ltd and Building Blocks Prep School (Pty) Ltd ("Building Blocks")
During July 2016, the group, through Curro, acquired 100% of the issued share capital of Building Blocks for a cash consideration of R88m. Building Blocks operates preprimary and primary school campuses in Gauteng, South Africa, being complementary to Curro's existing operations. Goodwill of R37m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

St Conrads College business operations ("St Conrads")
During July 2016, the group, through Curro, acquired the business operations of St Conrads for a consideration of R43m, of which R8m is contingent upon learner number targets being met. St Conrads operates a private school in Klerksdorp, South Africa, being complementary to Curro's existing operations. A bargain purchase gain of R15m was recognised in respect of the acquisition.

ITSI Holdings (Pty) Ltd ("ITSI")
During September 2016, the group, through PSG Alpha, increased its shareholding in ITSI from 47% to 61,8% for a consideration of R25m. ITSI is a provider of education solutions predominantly in South Africa. Goodwill of R46m arose in respect of, inter alia, the workforce and the business's growth potential.

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

5.1 Subsidiaries acquired *(continued)*

Dryden Combustion Company (Pty) Ltd ("Dryden")

During January 2017, the group, through PSG Alpha, acquired 100% of the issued share capital of Dryden for a consideration of R60m, of which R20m is contingent upon management remaining in service for a year and certain gross profit targets being met during such period. Dryden provides combustion products and services throughout Southern Africa, being complementary to the products and services of NRGP Holdings (Pty) Ltd (t/a Energy Partners) ("Energy Partners"), an existing subsidiary of PSG Alpha. Goodwill of R28m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

Ref NRG (Pty) Ltd ("Refsols")

During January 2017, the group, through PSG Alpha's investment in Energy Partners, increased its shareholding in Refsols from 26% to 74% for a cash consideration of R45m. Refsols provides refrigeration products and services throughout Southern Africa, being complementary to the products and services of Energy Partners. Goodwill of R52m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

Groot Patrysvlei farming operations ("Groot Patrysvlei")

During September 2016, the group, through Zeder Investments Ltd ("Zeder"), acquired the farming operations of Groot Patrysvlei for a cash consideration of R73m. Groot Patrysvlei operates a citrus farm, being complementary to the operations of Capespan Group Ltd ("Capespan"), an existing subsidiary of Zeder.

Port Services (Pty) Ltd ("Port Stevedores")

During January 2017, the group, through Zeder, acquired the entire issued share capital in Port Stevedores for a consideration of R50m, of which R17m is contingent upon profit targets being met during the next financial year. Port Stevedores provides logistical port services in South Africa, being complementary to the operations of Capespan. Goodwill of R7m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

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

5.1 Subsidiaries acquired *(continued)*

The amounts of identifiable net assets of subsidiaries acquired, as well as goodwill and non-controlling interests recognised from business combinations during the year under review, can be summarised as follows:

	Windhoek Gym-nasium Rm	Building Blocks Rm	St Conrads Rm	ITSI Rm	Dryden Rm	Subtotal Rm
Identifiable net assets acquired	123	51	58	7	32	271
Goodwill recognised	58	37		46	28	169
Gain on bargain purchase			(15)			(15)
Non-controlling interests recognised				(3)		(3)
Derecognition of investment in associates at fair value				(25)		(25)
Purchase consideration	181	88	43	25	60	397
Deferred/contingent consideration	(26)		(8)		(20)	(54)
Cash consideration paid	155	88	35	25	40	343
Cash consideration paid	(155)	(88)	(35)	(25)	(40)	(343)
Cash and cash equivalents acquired	1		10	5	8	24
Cash flow from subsidiaries acquired	(154)	(88)	(25)	(20)	(32)	(319)

5. **Business combinations** *(continued)*
   5.1 Subsidiaries acquired *(continued)*

	Subtotal Rm	Refsols Rm	Groot Patrysvlei Rm	Port Steve-dores Rm	Other Rm	Total Rm
Identifiable net assets acquired	271	24	73	43	23	434
Goodwill recognised	169	52		7	25	253
Gain on bargain purchase	(15)					(15)
Non-controlling interests recognised	(3)	(6)			(5)	(14)
Derecognition of investment in associates at fair value	(25)	(25)			(8)	(58)
Purchase consideration	397	45	73	50	35	600
Deferred/contingent consideration	(54)			(17)		(71)
Cash consideration paid	343	45	73	33	35	529
Cash consideration paid	(343)	(45)	(73)	(33)	(35)	(529)
Cash and cash equivalents acquired	24	3		3	8	38
Cash flow from subsidiaries acquired	(319)	(42)	(73)	(30)	(27)	(491)

Transaction costs relating to the business combinations were insignificant and expensed.

The aforementioned business combinations' accounting have been finalised and do not contain any contingent consideration or indemnification asset arrangements, unless otherwise stated.

5. Business combinations *(continued)*

5.1 Subsidiaries acquired *(continued)*

Had the aforementioned entities been consolidated with effect from 1 March 2016 instead of their respective acquisition dates, the income statement would have reflected additional revenue of R512m and profit for the year of R56m.

Receivables of R61m are included in the identifiable net assets acquired, which are all considered to be recoverable. The fair value of these receivables approximates its carrying value.

5.2 Consolidation of mutual funds

During the year under review, the group commenced consolidation of the PSG Wealth Income Fund of Funds and the PSG Wealth Global Creator Feeder Fund, following an increase in policyholder funds (i.e. financial assets linked to investment contracts) invested in same. These mutual funds are managed by PSG Konsult Ltd ("PSG Konsult"). The consolidation of the aforementioned mutual funds resulted in an additional R4bn of "other financial assets" and R4bn of "third-party liabilities arising on consolidation of mutual funds" being recognised in the statement of financial position. Cash and cash equivalents held by these mutual funds of R32m was recognised upon consolidation.

6. Linked investment contracts and consolidated mutual funds

Linked investment contracts are represented by PSG Life Ltd (an existing subsidiary of PSG Konsult) clients' assets held under investment contracts, which are linked to a corresponding liability. Accordingly, the value of policy benefits payable is directly linked to the fair value of the supporting assets and therefore the group is not exposed to the financial risks associated with these assets and liabilities.

As a result of the group's consolidation of mutual funds which it controls in accordance with IFRS 10 *Consolidated Financial Statements*, the group's investments in these mutual funds have been derecognised and all the funds' underlying assets have been recognised. Third parties' funds invested in the respective mutual funds are recognised as a payable and included under "third-party liabilities arising on consolidation of mutual funds".

6. **Linked investment contracts and consolidated mutual funds** *(continued)*
The summary consolidated income statement impact recognised from the assets and liabilities pertaining to the linked investment contracts and consolidated mutual funds are split from the corresponding income statement line items attributable to the equity holders of the group below:

	2017			2016		
	Linked investment contracts and consolidated mutual funds Rm	Equity holders Rm	Total Rm	Linked investment contracts and consolidated mutual funds Rm	Equity holders Rm	Total Rm
Investment income	**1 398**	**498**	**1 896**	607	367	974
Fair value gains and losses	**957**	**583**	**1 540**	1 092	(314)	778
Fair value adjustment to investment contract liabilities	**(976)**		**(976)**	(1 439)		(1 439)
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds	**(1 239)**		**(1 239)**	(202)		(202)
Various other line items	**(140)**			(58)		
	–			–		

6. **Linked investment contracts and consolidated mutual funds** *(continued)*
The summary consolidated statement of cash flows impact recognised from the assets and liabilities pertaining to the linked investment contracts and consolidated mutual funds are split from the corresponding statement of cash flows line items attributable to the equity holders of the group below:

	2017			2016		
	Linked investment contracts and consolidated mutual funds Rm	Equity holders Rm	Total Rm	Linked investment contracts and consolidated mutual funds Rm	Equity holders Rm	Total Rm
Cash (utilised by)/ generated from operations	**(1 236)**	**1 493**	**257**	(478)	1 378	900
Interest income	**802**	**674**	**1 476**	340	521	861
Dividend income	**375**	**703**	**1 078**	82	598	680
Finance costs		**(433)**	**(433)**		(464)	(464)
Taxation paid	**(50)**	**(503)**	**(553)**	(14)	(432)	(446)
Cash movement in policyholder funds	**(101)**		**(101)**	88		88
Net cash flow from operating activities	**(210)**	**1 934**	**1 724**	18	1 601	1 619
Net cash flow from investing activities	**32**	**(1 706)**	**(1 674)**	96	(4 277)	(4 181)
Net cash flow from financing activities		**76**	**76**		2 754	2 754
Net (decrease)/increase in cash and cash equivalents	**(178)**	**304**	**126**	114	78	192
Exchange losses on cash and cash equivalents		**(71)**	**(71)**		(17)	(17)
Cash and cash equivalents at beginning of the year	**281**	**720**	**1 001**	167	659	826
Cash and cash equivalents at end of the year	**103**	**953**	**1 056**	281	720	1 001

7. Trade and other receivables and payables

Included under trade and other receivables are PSG Online broker and clearing accounts of which R1,2bn (2016: R2,5bn) represents amounts owing by the JSE for trades conducted during the last few days before the reporting date. These balances fluctuate on a daily basis depending on the activity in the markets.

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

8. Corporate actions

Apart from the transactions set out in note 5.1, the group's most significant corporate actions are detailed in the review of operations section of this annual report.

9. Capital commitments, contingencies and suretyships

Curro continues with its expansion and development of new campuses. At the reporting date, authorised and contracted capital expenditure amounted to R128m, while authorised but not yet contracted capital expenditure amounted to R1,9bn.

10. Financial instruments

10.1 Financial risk factors

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

These summary consolidated financial statements do not include all financial risk management information and disclosures set out in the consolidated annual financial statements, and therefore they should be read in conjunction with the group's consolidated annual financial statements for the year ended 28 February 2017. Risk management continues to be carried out by each entity within the group under policies approved by the respective boards of directors.

10.2 Fair value estimation

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

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

Level 1

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

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

10.2 Fair value estimation *(continued)*

Level 2

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

Level 3

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

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

28 February 2017	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Assets				
Derivative financial assets		64		64
Equity securities	2 257	1 606	50	3 913
Debt securities	1 005	1 686		2 691
Unit-linked investments		36 545	1 111	37 656
Investment in investment contracts		16		16
Closing balance	3 262	39 917	1 161	44 340
Liabilities				
Derivative financial liabilities		38	114	152
Investment contracts		21 317	1 099	22 416
Trade and other payables			38	38
Third-party liabilities arising on consolidation of mutual funds		21 394		21 394
Closing balance	–	42 749	1 251	44 000

10. Financial instruments *(continued)*

10.2 Fair value estimation *(continued)*

29 February 2016	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Assets				
Derivative financial assets		92		92
Equity securities	1 747	1 021	69	2 837
Debt securities	846	1 421	23	2 290
Unit-linked investments		28 407	1 311	29 718
Investment in investment contracts		74		74
Closing balance	2 593	31 015	1 403	35 011
Liabilities				
Derivative financial liabilities		32	65	97
Investment contracts		18 173	1 299	19 472
Trade and other payables			5	5
Third-party liabilities arising on consolidation of mutual funds		15 729		15 729
Closing balance	–	33 934	1 369	35 303

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

	2017		**2016**	
	Assets Rm	**Liabilities Rm**	**Assets Rm**	**Liabilities Rm**
Opening balance	**1 403**	**1 369**	1 200	1 184
Additions	**193**	**295**	453	406
Disposals	**(454)**	**(449)**	(790)	(785)
Fair value adjustments	**19**	**36**	540	559
Other movements				5
Closing balance	**1 161**	**1 251**	1 403	1 369

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

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

10.2 Fair value estimation *(continued)*

Derivative financial assets, equity securities, debt securities, unit-linked investments and investment in investment contracts are all included in “other financial assets” in the summary consolidated statement of financial position, while “other financial liabilities” comprises mainly derivative financial liabilities.

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

Instrument	Valuation technique	Main inputs
Derivative financial assets and liabilities	Exit price on recognised over-the-counter platforms	Not applicable
Equity securities	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 and liquidity spreads
Unit-linked investments	Quoted exit price provided by the fund manager	Not applicable – prices available publicly
Investment in investment contracts	Prices are obtained from the insurer of the particular investment contract	Not applicable – prices provided by registered long-term insurers
Investment contracts	Current unit price of underlying unitised financial asset that is linked to the liability, multiplied by the number of units held	Not applicable
Third-party liabilities arising on consolidation of mutual funds	Quoted exit price provided by the fund manager	Not applicable – prices available publicly

11. Reclassification of prior year figures

Presentation in the income statement

PSG Konsult's consolidation of additional mutual funds has resulted in an increase in the fair value adjustments made to the third-party liabilities arising on consolidation of mutual funds. Accordingly, management has decided to disclose same separately on the face of the income statement for the sake of transparency. The comparatives for the year ended 29 February 2016 have been reclassified by removing the relevant amounts from "fair value gains and losses" and "marketing, administration and other expenses", and including same in "fair value adjustment to third-party liabilities arising on consolidation of mutual funds" on the face of the income statement.

This reclassification had no impact on previously reported assets, liabilities, equity, profitability or cash flows, and the results thereof are:

	Previously reported Rm	Now reported Rm	Change Rm
Income statement for the year ended 29 February 2016			
Fair value gains and losses	643	778	135
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds		(202)	(202)
Marketing, administration and other expenses	(5 574)	(5 507)	67
			–

Presentation in the statement of financial position

Leasehold improvements made by Curro have been reclassified from "property, plant and equipment" to "trade and other receivables" in respect of balances reported as at 29 February 2016, since these leasehold improvements are recoverable from the landlord.

This reclassification had no impact on previously reported liabilities, equity, profitability or cash flows, and the results thereof are:

	Previously reported Rm	Now reported Rm	Change Rm
Statement of financial position as at 29 February 2016			
Property, plant and equipment	6 233	6 185	(48)
Trade and other receivables	5 156	5 204	48
			–

12. Segment report

The group's classification into seven reportable segments, namely: Capitec, Curro, PSG Konsult, Zeder, PSG Alpha, Dipeo and PSG Corporate, remains unchanged. These segments represent the major investments of the group. The services offered by PSG Konsult consist of financial advice, stock broking, asset management and insurance, while Curro offers private education services. The other segments offer financing, banking, investment and advisory services. All segments operate predominantly in the Republic of South Africa. However, the group has exposure to operations outside the Republic of South Africa through, inter alia, Curro's investment in Windhoek Gymnasium, Zeder's investments in Capespan, Zaad Holdings Ltd and Agrivision Africa, and PSG Alpha's investment in CA Sales Holdings (Pty) Ltd.

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

Headline earnings comprise recurring and non-recurring headline earnings. Recurring headline earnings are calculated on a proportional basis, and include the proportional headline earnings of underlying investments, excluding marked-to-market adjustments and once-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 once-off gains and losses and marked-to-market fluctuations, as well as the resulting taxation charge on these items.

Sum-of-the-parts ("SOTP") is a key valuation tool used to measure PSG Group Ltd's performance. In determining SOTP, listed assets and liabilities are valued using quoted market prices, whereas unlisted assets and liabilities are valued using appropriate valuation methods. These values will not necessarily correspond with the values per the statement of financial position since the latter are measured using the relevant accounting standards which include historical cost and the equity method of accounting.

12. **Segment report** *(continued)*

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

28 February 2017	Income [2] Rm	Inter-segment income [2] Rm	Recurring headline earnings (segment profit) Rm	Non-recurring headline earnings Rm	Headline earnings Rm	SOTP value [4] Rm
Capitec [1]			1 164		1 164	25 727
Curro	1 834		96		96	11 180
PSG Konsult	3 799		300		300	6 084
Zeder	10 522		275	(4)	271	5 398
PSG Alpha	4 781		133	3	136	1 909
Dipeo	594		(20)	187	167	812
PSG Corporate (including PSG Capital)	155	(102)	29	(26)	3	
Funding	193	(26)	(104)		(104)	(2 299)
Other			112		112	3 586
Total	21 878	(128)	1 985	160	2 145	52 397
Non-headline items					17	
Earnings attributable to non-controlling interests					1 187	
Taxation					537	
Profit before taxation					3 886	

12. **Segment report** *(continued)*

29 February 2016	Income [2, 5] Rm	Inter-segment income [2] Rm	Recurring headline earnings (segment profit) Rm	Non-recurring headline earnings Rm	Headline earnings Rm	SOTP value [4] Rm
Capitec [1]			989		989	16 820
Curro	1 415		58		58	9 773
PSG Konsult	3 385		254	(72)	182	5 441
Zeder	9 606		212	(27)	185	2 815
PSG Alpha	4 210		113	(2)	111	1 367
Dipeo	(310)		(28)	(170)	(198)	557
PSG Corporate (including PSG Capital)	308	(166)	69	21	90	1 510
Funding	136	(12)	(148)		(148)	(2 258)
Other			101		101	4 358
Total	18 750	(178)	1 620	(250)	1 370	40 383
Non-headline items					113	
Earnings attributable to non-controlling interests					720	
Taxation					584	
Profit before taxation					2 787	

12. **Segment report** *(continued)*

	2017 Rm	2016 Rm
Reconciliation of segment revenue to IFRS revenue:		
Segment revenue as stated above:		
Income [5]	**21 878**	18 750
Intersegment income	**(128)**	(178)
Less:		
Changes in fair value of biological assets	**(224)**	(244)
Fair value gains and losses [5]	**(1 540)**	(778)
Fair value adjustment to investment contract liabilities	**976**	1 439
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds [5]	**1 239**	202
Other operating income	**(158)**	(98)
IFRS revenue [3]	**22 043**	19 093
Non-recurring headline earnings comprised the following:		
Non-recurring items from investments	**186**	(271)
Other (losses)/gains	**(26)**	21
	160	(250)

1 *Equity method of accounting applied.*
2 *The total of "income" and "intersegment income" comprise the total of "revenue from sale of goods" and "income" per the summary consolidated income statement.*
3 *IFRS revenue comprises "revenue from sale of goods", "investment income" and "commission, school, net insurance and other fee income" as per the summary consolidated income statement.*
4 *SOTP is a key valuation tool used to measure the group's performance, but does not necessarily correspond to net asset value.*
5 *Reclassified as set out in note 11.*

13. **Events subsequent to the reporting date**
No material event has occurred between the reporting date and the date of approval of these summary consolidated financial statements.

	Shareholders Number	%	Shares held Number	%
14. Ordinary shareholder analysis				
Range of shareholding				
1 – 500	15 826	63,4	3 157 648	1,5
501 – 1 000	3 779	15,1	2 860 646	1,3
1 001 – 5 000	3 987	16,0	8 819 734	4,1
5 001 – 10 000	621	2,5	4 500 465	2,1
10 001 – 50 000	557	2,2	11 800 465	5,4
50 001 – 100 000	62	0,2	4 588 952	2,1
100 001 – 500 000	112	0,4	24 373 018	11,2
500 001 – 1 000 000	16	0,1	10 944 231	5,0
Over 1 000 000	22	0,1	146 485 585	67,3
	24 982	100,0	217 530 744	100,0
Treasury shares				
Employee share scheme	1		9 890	
Shares held by a subsidiary	1		13 908 770	
	24 984		231 449 404	
Non-public and public shareholding				
Non-public				
Directors *	8		65 651 195	30,2
Steinhoff International Holdings N.V. and its subsidiaries	1		55 525 295	25,5
Public	24 973	100,0	96 354 254	44,3
	24 982	100,0	217 530 744	100,0

	Number	%
Individual shareholders (excluding directors) holding 5% or more of shares in issue (net of treasury shares) as at 28 February 2017		
Public Investment Corporation (including Government Employees Pension Fund)	15 328 178	7,0
Steinhoff International Holdings N.V. and its subsidiaries	55 525 295	25,5
	70 853 473	32,5

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

Notice is hereby given of the annual general meeting of shareholders of PSG Group Ltd ("PSG Group" or "the company") to be held at Spier Wine Estate, Baden Powell Drive, Stellenbosch, on Friday, 23 June 2017, at 12:00 ("the AGM").

Purpose

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

Agenda

- Presentation of the audited annual financial statements of the company, including the reports of the directors and the audit and risk committee for the year ended 28 February 2017. The annual report, of which this notice forms part, contains the summary consolidated financial statements and the aforementioned reports. The annual financial statements, including the unmodified audit opinion, are available on PSG Group's website at *www.psggroup.co.za*, or may be requested and obtained in person, at no charge, at the registered office of PSG Group during office hours.

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

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

1. Retirement and re-election of directors

1.1 Ordinary resolution number 1

"Resolved that Mr PE Burton, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr PE (Patrick) Burton

Patrick graduated with a BCom (Hons) Financial Management degree and postgraduate Diploma in Tax Law. He is a founding director of Siphumelele Investments Ltd, a black economic empowerment company, and currently serves on the boards of various companies as a non-executive director.

1.2 Ordinary resolution number 2

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

Summary curriculum vitae of Mr FJ (Francois) Gouws

Francois graduated with a BAcc degree and qualified as Chartered Accountant (SA). He worked for SMK as an insurance and banking analyst, and became a partner of this firm in 1993. He joined UBS Investment Bank in 1995 and held various positions within this business. Alongside the Heads of Fixed Income, he was responsible for the UBS Securities Division until October 2011. He joined PSG Konsult Ltd in July 2012 and continues to serve as chief executive officer.

1.3 Ordinary resolution number 3

"Resolved that Mr MJ Jooste, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

Summary curriculum vitae of Mr MJ (Markus) Jooste

Markus obtained a BAcc degree and a certificate in the Theory of Accounting before qualifying as Chartered Accountant (SA). He is currently the chief executive officer of Steinhoff International Holdings N.V. and also serves on the boards of various other listed and unlisted companies.

The reason for ordinary resolutions numbers 1 to 3 (inclusive) is that the memorandum of incorporation of the company, the Listings Requirements of the JSE Ltd ("JSE") and, to the extent applicable, the South African Companies Act, 71 of 2008, as amended ("the Companies Act"), require that a component of the non-executive directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors.

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

Note:

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

2.1 Ordinary resolution number 4

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

A summary of Patrick's curriculum vitae has been included in paragraph 1.1 above.

2.2 Ordinary resolution number 5

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

Summary curriculum vitae of Ms B (Bridgitte) Mathews

Bridgitte is a Chartered Accountant (SA) and currently serves on the boards of various companies as non-executive director. She has been a member of the African Women Chartered Accountants since 2007 and a member of the Institute of Directors since 2011.

2.3 Ordinary resolution number 6

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

Summary curriculum vitae of Mr CA (Chris) Otto

Chris graduated BComLLB from Stellenbosch University and is a founding director of PSG Group, Capitec Bank Ltd and Zeder Investments Ltd. He also serves on the boards of Kaap Agri Ltd and various other listed and unlisted companies.

The reason for ordinary resolutions numbers 4 to 6 (inclusive) is that the company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each annual general meeting of a company.

3. Re-appointment of auditor

Ordinary resolution number 7

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

The reason for ordinary resolution number 7 is that the company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed, as the case may be, at each annual general meeting of the company as required by the Companies Act.

4. **Non-binding endorsement of PSG Group's remuneration policy**
   Ordinary resolution number 8
   "Resolved that the shareholders endorse, by way of a non-binding advisory vote, the company's remuneration policy as set out on pages 87 to 90 of this annual report."

   The reason for ordinary resolution number 8 is that the *King Code of Governance Principles ("King III")* recommends that the remuneration policy of the company be endorsed through a non-binding advisory vote by shareholders.

5. **General authority to issue ordinary shares for cash**
   Ordinary resolution number 9
   "Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue any of the company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the company's memorandum of incorporation, the Companies Act and the Listings Requirements of the JSE ("Listings Requirements"), provided that:

   - the approval shall be valid until the date of the next annual general meeting of the company, provided it shall not extend beyond 15 months from the date of this resolution;
   - the general issues of shares for cash under this authority may not exceed, in the aggregate, 5% of the company's issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders, shares issued to the PSG Group Ltd Supplementary Share Incentive Trust ("the trust") or options granted by the trust in accordance with the Listings Requirements shall not diminish the number of ordinary shares that comprise the 5% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 5% of the company's issued ordinary share capital (net of treasury shares) amounts to 10 877 031 ordinary shares;
   - in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30 business day period;
   - any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements and not to related parties;
   - any such issue will only be comprised of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
   - in the event that the securities issued represent, on a cumulative basis, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on the Securities Exchange News Services."

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

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

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

  Note:
  For any of the special resolutions numbers 1 to 4 (inclusive) to be adopted, at least 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

6. **Remuneration of non-executive directors**
   Special resolution number 1
   "Resolved, in terms of section 66(9) of the Companies Act, that the company be and is hereby authorised to remunerate its directors for their services as directors on the basis set out below, provided that this authority will be valid until the next annual general meeting of the company:

	Proposed annual remuneration [1]				
		Committee member			
	Board member R	Audit and Risk R	Remune-ration R	PSG Group BEE Education Trust R	Total R
PE Burton [2]	155 000	100 000	10 000	9 000	274 000
ZL Combi	155 000				155 000
FJ Gouws	155 000				155 000
MJ Jooste [3]	155 000		15 000		170 000
B Mathews	155 000	85 000			240 000
JF Mouton [4]	310 000				310 000
JJ Mouton	155 000				155 000
CA Otto	155 000	85 000	10 000	8 000	258 000
Total	1 395 000	270 000	35 000	17 000	1 717 000

Notes:
[1] *With effect from 1 March 2017*
[2] *Chairman of the PSG Group Audit and Risk Committee and the PSG Group BEE Education Trust*
[3] *Chairman of the PSG Group Remuneration Committee*
[4] *Chairman of the PSG Group Board."*

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

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

7. **Inter-company financial assistance**

7.1 Special resolution number 2: Inter-company financial assistance

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

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

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

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

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

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

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

8. Share repurchases by the company and its subsidiaries

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

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

- the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall only be valid until the next annual general meeting of the company, provided that it shall not extend beyond 15 months from the date of this resolution;
- an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the company's issued share capital at the time the authority is granted;
- a resolution has been passed by the board of directors approving the repurchase, that the company has satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the company and its subsidiaries ("the group");
- the general repurchase is authorised by the company's memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the company's securities have not traded in such five business day period;
- the company may at any point in time only appoint one agent to effect any repurchase(s) on the company's behalf; and
- the company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the Listings Requirements."

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

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

9. Other business

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

Information relating to the special resolutions

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

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

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

2. The directors, whose names appear on page 21 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice of AGM contains all information required by the Listings Requirements.

3. Special resolutions numbers 2, 3 and 4 are renewals of resolutions taken at the previous annual general meeting held on 24 June 2016.

Voting

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretary of the company ("the share register") for purposes of being entitled to receive this notice is Friday, 12 May 2017.
2. The date on which shareholders must be recorded in the share register for purposes of being entitled to attend and vote at the AGM is Thursday, 15 June 2017, with the last day to trade being Monday, 12 June 2017.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly bring a copy of their identity document, passport or driver's licence to the AGM. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretary for guidance.
4. Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.
5. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretary of the company at the postal address provided on the inside back cover of this annual report by not later than 12:00 on Wednesday, 21 June 2017, provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the chairman of the AGM at any time prior to the commencement of the AGM.
6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person, will need to request their central securities depository participant ("CSDP") or broker to provide them with the necessary authority (i.e. letter of representation) in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
7. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.
8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

By order of the board

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

12 May 2017
Stellenbosch

PSG GROUP LIMITED

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

PSG GROUP'S REMUNERATION POLICY

The PSG Group Remuneration Committee is primarily responsible for overseeing the remuneration and incentives of PSG Group's executive directors and key management (collectively "executives"), as well as providing strategic guidance to the other remuneration committees in the wider group.

To assist the achievement of PSG Group's business goals, the PSG Group Remuneration Committee has put a remuneration policy in place. Each major underlying investee company has its own remuneration committee and policy specific to its business and the industry in which it operates.

The remuneration policy aims to align remuneration practices with PSG Group's business strategies and objectives. The PSG Group Remuneration Committee takes cognisance of both local and international best remuneration practices in order to ensure that remuneration is responsible, fair and reasonable to both the company (i.e. shareholders and other stakeholders) and the executive/employee.

EXECUTIVES AND EMPLOYEES

The remuneration of the executives is reviewed annually by the PSG Group Remuneration Committee, which seeks to ensure that balance is maintained between the fixed (base salary) and variable (discretionary bonus and share options) elements of remuneration, as well as between short-term (base salary and discretionary bonus) and longer-term (share options) financial performance objectives.

Total remuneration incorporates the following elements:

Base salary

Base salary is guaranteed annual pay on a cost-to-company basis. It is subject to annual review and adjustments are effective 1 March of each year, coinciding with the commencement of PSG Group's financial year. Benchmarking is performed with reference to companies comparable in size, industry, business complexity and the level of responsibility that the individual assumes.

Benefits, forming part of total cost-to-company, are limited to group life cover (providing death, disability and dread disease benefits) and memberships to a retirement fund and medical aid scheme.

Discretionary bonus

For the year ended 28 February 2017, qualifying executives and employees received a discretionary cash bonus dependent on meeting both personal and company performance objectives. Personal and company performance objectives are aimed at ensuring sustainable long-term value creation to the benefit of all stakeholders.

With PSG Group being an investment holding company, the executives' key performance objectives include, inter alia:

- Providing strategic guidance and direction throughout the group, including problem solving if needed;
- Identifying suitable investment opportunities with high growth prospects;
- Implementation of investment/disinvestment decisions taken by the PSG Group Executive Committee/Board;
- Ensuring good corporate governance are entrenched throughout the group;
- Financial reporting and shareholder communication in an accurate, concise and timely manner; and
- Managing PSG Group's capital structure and treasury function in a responsible manner, while enhancing returns to shareholders.

Company performance objectives are determined with reference to the two key benchmarks in terms of which PSG Group as investment holding company measures performance, being its growth in the *sum-of-the-parts ("SOTP") value* and *recurring headline earnings* per share, as long-term growth in PSG Group's *SOTP value* and accordingly its share price will depend on, inter alia, sustained growth in the *recurring headline earnings* per share of the underlying investments.

For the year ended 28 February 2017, the discretionary bonus was calculated as a percentage of the executive/employee's base salary according to seniority and the level of responsibility assumed, and considering the level of his/her performance measured against the key performance objectives outlined, with the total base salary and bonus paid considered fair to both the company and the executive/employee.

However, having reviewed the existing remuneration policy and given the nature of PSG Group's operations as an investment holding company, the PSG Group Remuneration Committee has concluded that no discretionary bonuses be paid to select key executives in future in order to better align the interests of management with those of shareholders and other stakeholders (also refer to the discussion under *share options* below). This should help drive long-term decision-making with the ultimate objective of shareholder wealth creation. The change in remuneration policy has necessitated a thorough review and benchmarking of these individuals' base salaries to ensure competitive remuneration packages so to attract and retain the best talent. To introduce an additional retention mechanism, the payment of 30% of the executive's base salary will be deferred for 12 months, with payment of same subject to the executive being in PSG Group's service 12 months later.

All other PSG Group head office employees will continue to be considered for a discretionary cash bonus payment dependent on meeting both personal and company performance objectives. Such personal objectives are aligned with the respective employee's job function, be it investment management, finance, legal and compliance, information technology, or the like.

Share options

PSG Group shareholders adopted a share incentive scheme at PSG Group's annual general meeting held on 19 June 2009. In terms of the scheme, PSG Group share options are awarded to qualifying executives/employees with the primary objectives of retaining their services and aligning their interests with those of shareholders, being sustainable value creation through a combination of share price appreciation and the payment of dividends.

A key feature of PSG Group's share incentive scheme is that participating executives/employees will only realise value if there is long-term share price appreciation, which will ultimately depend on, inter alia, sustained *recurring headline earnings* per share growth by the group and management's ability to continuously invest in and build new businesses with attractive long-term growth prospects. The share incentive scheme also ensures a rolling long-term focus for executives/employees, given the annual vesting and top-up of share options awarded. Such executives/employees will consequently share in the results of any good or bad decisions.

Below table summarises the number of PSG Group shares that may be utilised *for the share incentive scheme* as approved by PSG Group shareholders at the annual general meeting held on 19 June 2009, as well as the number of shares already utilised until 28 February 2017:

Maximum number of shares that may be utilised	17 287 099
Number of shares utilised (i.e. already vested)	6 119 753

Until 28 February 2017, the number of shares utilised for purposes of the share incentive scheme amounted to 35,4% of the maximum number of shares that may be utilised.

Below table summarises the number of PSG Group shares that may be utilised *for any one participant* as approved by PSG Group shareholders at the annual general meeting held on 19 June 2009, as well as the number of shares already utilised for any one participant until 28 February 2017:

Maximum number of shares that may be utilised for any one participant during his/her participation to the share incentive scheme	3 457 420
Highest number of shares utilised (i.e. already vested) to date for any one participant during his/her participation to the share incentive scheme	1 391 548

Until 28 February 2017, the number of shares utilised *for any one participant* during his/her participation to the share incentive scheme amounted to 40,2% of the maximum number of shares that may be utilised.

At 28 February 2017, the number of share options that had already been awarded but remain unvested amounted to 2 524 389, being 1,16% of PSG Group's number of shares in issue (net of treasury shares). At 28 February 2017, the share incentive scheme had 29 participants, being qualifying executives/employees at a PSG Group head office level.

Mechanics of the share incentive scheme

Award

Share options are awarded annually at the discretion of the PSG Group Remuneration Committee. The number of share options to be awarded is calculated based on the respective executive/employee's base salary and a multiple of between 1x and 10x applied thereto, depending on the executive/employee's seniority and accordingly the level of responsibility assumed within the organisation, as well as the level of his/her performance measured against the key performance objectives outlined above. In determining the annual share option award top-up calculations, the value of unvested past share option awards and where applicable funded investments is taken into account. All share options are awarded at a strike price equal to PSG Group's 30-day volume weighted average price immediately preceding such award date.

Vesting

The vesting of share options is solely dependent on the executive/employee remaining in service, with 25% vesting on each of the 2nd, 3rd, 4th and 5th anniversary of the award date. In the case of resignation or dismissal of an executive/employee (i.e. bad leaver), unvested share options are generally forfeited. In the case of the death, retirement or retrenchment of an executive/employee (i.e. good leaver), any share options capable of being exercised within a period of 12 months thereafter, will generally continue to be exercisable provided it is exercised during such 12 months. However, in the case of the termination of employment for any reason other than dismissal, the PSG Group Remuneration Committee may in its discretion permit the exercise of any unexercised share options upon such additional terms and conditions as it may determine.

Loan funding

Loan funding is available to executives/employees to assist them in exercising their share options and to remain invested in PSG Group, on the following terms:

- Maximum loan funding of 90% of the strike price and section 8C income tax payable in respect of the vesting of share options (i.e. a cash deposit of 10% is required from the executive/employee);
- The PSG Group shares acquired through the exercise of share options are pledged and ceded in security and need to cover the outstanding loan by at least 1,3x at all times;
- Interest accrues on the outstanding loan at the South African Revenue Service fringe benefit rate; and
- Loans are repayable in full after seven years (executives) and three years (other participants), respectively.

NON-EXECUTIVE DIRECTORS

The remuneration of non-executive directors is reviewed annually by the PSG Group Executive Committee and thereafter referred to the PSG Group Remuneration Committee, which seeks to ensure that fees are market related, considering the nature of PSG Group's operations, for approval by shareholders. Changes to the fee structure are generally effective 1 March, subject to approval by shareholders at PSG Group's annual general meeting held in June of each year. The annual fees payable to non-executive directors are, as in the past, fixed and not subject to the attendance of meetings. In the event of non-attendance on a regular basis, same may be reviewed. The proposed fee structure for PSG Group's financial year ending 28 February 2018 is set out in the table below:

	Annual fee	
	Feb 2017 R	Feb 2018 R
PSG Group Board		
Chairman	283 134	310 000
Member	141 567	155 000
PSG Group Audit and Risk Committee		
Chairman	92 072	100 000
Member	77 922	85 000
PSG Group Remuneration Committee		
Chairman	9 926	15 000
Member	9 354	10 000

PSG Group also pays all reasonable travelling and accommodation expenses incurred to attend board and committee meetings.

Non-executive directors do not have any employment contracts, nor receive any benefits associated with permanent employment and do not participate in PSG Group's share incentive scheme. Mr JF Mouton, however, remains a strategic advisor to PSG Group and will accordingly receive a fixed fee of R3 490 000 for such services to be rendered in respect of PSG Group's financial year ending 28 February 2018. Mr JF Mouton no longer qualifies for the payment of a discretionary bonus, nor the award of further share options. His unvested share options, the last of which were awarded to him on 28 February 2015, will vest in terms of the *mechanics of the share incentive scheme* detailed above.

PSG GROUP LIMITED

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

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

For use at the annual general meeting of ordinary shareholders of the company to be held at 12:00 at Spier Wine Estate, on Friday, 23 June 2017 ("the AGM").

I/We (full name in print) ______________________________

of (address) ______________________________

being the registered holder of ______________________________ ordinary shares hereby appoint:

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. the chairman of the AGM,

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

		Number of shares		
		In favour of	Against	Abstain
1.1	Ordinary resolution number 1: To re-elect Mr PE Burton as director			
1.2	Ordinary resolution number 2: To re-elect Mr FJ Gouws as director			
1.3	Ordinary resolution number 3: To re-elect Mr MJ Jooste as director			
2.1	Ordinary resolution number 4: To re-appoint Mr PE Burton as a member of the audit and risk committee			
2.2	Ordinary resolution number 5: To re-appoint Ms B Mathews as a member of the audit and risk committee			
2.3	Ordinary resolution number 6: To re-appoint Mr CA Otto as a member of the audit and risk committee			
3.	Ordinary resolution number 7: To re-appoint PricewaterhouseCoopers Inc as the auditor			
4.	Ordinary resolution number 8: Non-binding endorsement of PSG Group's remuneration policy			
5.	Ordinary resolution number 9: General authority to issue ordinary shares for cash			
6.	Special resolution number 1: Remuneration of non-executive directors			
7.1	Special resolution number 2: Inter-company financial assistance			
7.2	Special resolution number 3: Financial assistance for acquisition of shares in a related or inter-related company			
8.	Special resolution number 4: Share buy-back by PSG Group and its subsidiaries			

Please indicate your voting instruction by way of inserting the number of shares or by a cross in the space provided should you wish to vote all of your shares.

Signed at ______________________ on this __________ day of ______________________ 2017.

Signature(s) ______________________________

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

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

Notes

1. A PSG Group shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the AGM". The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A PSG Group shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided or by the insertion of a cross if all shares should be voted on behalf of that shareholder. Failure to comply with the above will be deemed to authorise the chairman of the AGM, if he/she is the authorised proxy, to vote in favour of the resolutions at the AGM, or any other proxy to vote or to abstain from voting at the AGM as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the AGM in respect of such shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at any AGM, that one of the said persons whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder, in whose name any shares stand, shall be deemed joint holders thereof.
4. Forms of proxy must be completed and returned to be received by the transfer secretary of the company, Computershare Investor Services (Pty) Ltd (PO Box 61051, Marshalltown, 2107), by not later than 12:00 on Wednesday, 21 June 2017, provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the chairman of the AGM at any time prior to the commencement of the AGM.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretary or waived by the chairman of the AGM.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.