



**ANNUAL REPORT**

**2017**

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PSG GROUP LIMITED



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# Chairman's letter

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Dear Shareholder

It gives me great pleasure to reflect on the 2017 financial year, and to provide you with our thoughts on PSG Group Ltd ("PSG" or "PSG Group") and the future.

With South Africa's much deliberated recent downgrade of its sovereign debt rating in mind, we acknowledge that there are challenges facing South Africa, and at times our fellow citizens may think it is insurmountable. Although one is concerned about the downgrade and the effect thereof on all walks of life, we believe that:

***"South Africa continues to offer significant rewarding opportunities, despite its challenges. At PSG, we will aspire to achieve continued success through hard work and a positive attitude."***

The famous inventor Thomas A. Edison once said: *"Opportunity is missed by most people because it is dressed in overalls and looks like work."*

Since PSG's establishment in November 1995, our aim has been to create value for our shareholders and for the people of South Africa. We believe in conducting sustainable business that makes a positive contribution to society. Our investments continue to provide solutions to some of the challenges experienced in our country, such as education, energy and low-cost banking. Such solutions improve people's lives, reduce the burden on government, and benefit our country as a whole.

## WHO WE ARE

PSG is an investment holding company consisting of underlying investments that operate across a diverse range of industries including banking, education, financial services and food and related business, as well as early-stage investments in growth sectors. Our market capitalisation (net of treasury shares) is approximately R55bn, while we have influence over companies with a combined market capitalisation of approximately R160bn.

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

- Capitec (retail banking)
- Curro (private education)
- PSG Konsult (wealth management, asset management and insurance)
- Zeder (investment in food and related business)
- PSG Alpha [*previously known as PSG Private Equity*] (early-stage investments in growth sectors)
- Dipeo (BEE investment holding company)
- PSG Corporate (investment management and treasury services), including PSG Capital (corporate finance)

## OUR OBJECTIVE

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



## OUR INVESTMENT PHILOSOPHY

The investment universe is complex with a myriad of variables. Good investors base their decisions on sound fundamentals and proven investment principles. PSG aims to be a disciplined investor, remaining committed to its philosophy:

- We invest in:
  - Enterprises with uncomplicated business models, operating in industries that we understand;
  - Industries and businesses with attractive growth prospects and high barriers to entry;
  - Focused, talented, hard-working and passionate management.
- We are long-term investors with no predetermined exit strategy.
- Sound corporate governance is non-negotiable – we believe in accurate, transparent and succinct information.
- A key tenet of success is trust – without trust, companies lose clients and leaders lose their teams. We advocate trust through our philosophy of ultimate empowerment. We employ smart, competent individuals, and empower them through trust.
- We believe in co-investing with management. Management as co-owners are generally more focused and dedicated to growing their businesses. This also applies to PSG – the board of directors owns 30,2% of the company.

## OUR STRATEGY

PSG has always excelled at early-stage investing by building businesses alongside entrepreneurs from the development stage. Both Capitec and PSG Konsult were started from within PSG's offices, and the investment in Curro was made when they only had three schools:

- We acquire large influential stakes in businesses we believe in and offer investees our strategic input, helping them establish and drive ambitious plans.
- We provide access to capital that helps expedite future growth, both organically and through acquisitions.
- We participate actively at board level, and often also at an executive committee ("exco") level.
- We either serve on or attend audit and risk committee meetings as a measure of ensuring good corporate governance.

PSG historically employed various strategies in response to ever-changing circumstances:

- PSG grew substantially during its early years from 1995 to 1998, essentially striving to build a financial services business.
- Following the Asian crisis in 1999, and the South African A2 banking crisis and dot-com collapse of the early 2000s, PSG employed a strategy called *Project Unlock Value*, whereby surplus capital was used to repurchase approximately 38m PSG shares at attractive prices representing a then 27% interest, and to pay special dividends.
- By 2004, we had suitably positioned PSG and embarked on *Project Growth*. This strategy comprised various arbitrage investments, e.g. acquiring and subsequently disposing of 15% of the JSE rights in issue (effectively representing a 15% interest in what is today the JSE Ltd), and the creation of Zeder and PSG Alpha.
- Since the financial crisis in 2008/9, we have been operating in accordance with *Project Internal Focus*, a strategy whereby our focus has primarily been directed at the optimisation, refinement and growth of PSG's existing investment portfolio.

Looking back, all these strategies were ultimately focused on the continued creation of wealth for shareholders. So where does this leave us?



Albert Einstein said: *"Compound interest is the eighth wonder of the world."* PSG has historically achieved superior returns (i.e. 49,5% compound annual growth rate ("CAGR") since establishment). Given our current size, it is highly unlikely, if not impossible, to achieve similar returns going forward. We will, however, be satisfied with compound growth of at least 15% per annum going forward, but will always strive for more.

Our core investments are all among the best in their respective industries with quality management and attractive growth prospects given, inter alia, their relatively low market shares. I am therefore confident that these investments should provide us with strong "base" growth going forward, even in a low GDP growth environment. We simply must be better than the competition:

- Capitec currently has a 2,7% share of the South African consumer credit book. Although Capitec has a large share of the primary banking clients market, substantial growth remains possible from clients in the higher income brackets. Capitec has an 11% market share of clients earning between R10 000 and R30 000 per month and only a 2% market share of clients earning more than R30 000 per month.
- PSG Konsult has gained significant traction in recent years and we are confident that they will be able to increase their respective core industry market shares, being 5% of wealth management, 2% of asset management and 1% of short-term insurance.
- The Curro opportunity remains significant being the leading provider of private education in South Africa with a mere 0,4% share of the schooling learner market.

In addition, the PSG Exco and our management team will continue to help build select smaller investments in the PSG Alpha and Zeder portfolios into sizeable businesses, thereby adding growth to the "base". *Shareholders should, however, bear in mind it generally takes many years to build a successful business – PSG Konsult and Curro each took more than 15 years before making its first R100m in profit!*

## EVALUATING OUR PERFORMANCE

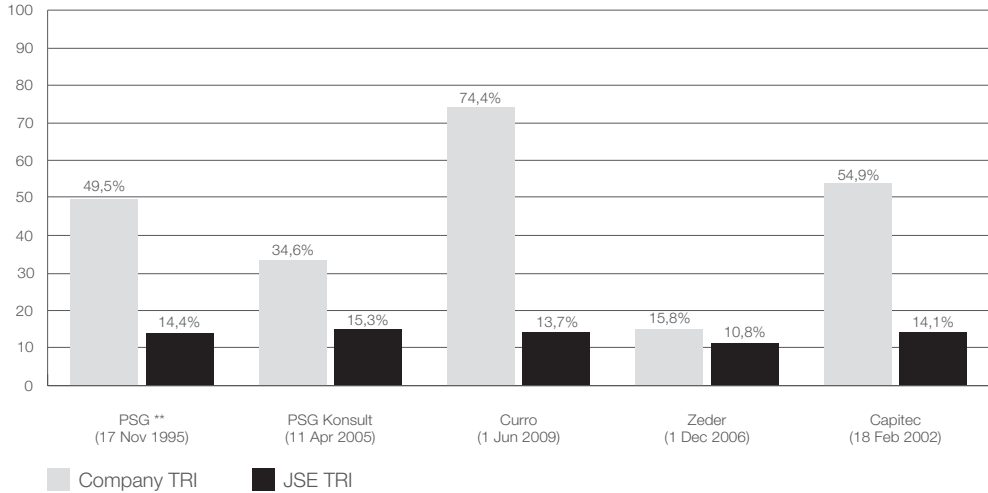
We believe that performance should be measured in terms of the return that an investor receives over time, with a focus on *per share* wealth creation.

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

PSG's TRI as at 28 February 2017 was 49,5% per annum over the approximately 21-year period since establishment. Had you purchased R100 000 worth of PSG shares in November 1995 and reinvested all your dividends, your investment would be worth around R524m today. The same investment in the JSE All Share Index over this period would only be worth R1,8m. We are proud of the wealth we have created for our shareholders.



**PSG Group companies TRI vs JSE All Share Index TRI \***



\* Measured since the respective dates set out above until 28 February 2017.  
 \*\* Capitec unbundling in November 2003 treated as a dividend.

With foreign investors now owning approximately 11% of PSG, of which the majority is institutional investors, it is useful to benchmark the *TRI* (expressed in US dollar terms) of PSG and its core investments with that of the MSCI Emerging Markets Index (“MSCI EM Index”) over one, three and five years, respectively.

**TRI**

Company	1 year *	3 years *	5 years *
PSG Group	<b>78%</b>	<b>34%</b>	<b>27%</b>
Capitec	<b>86%</b>	<b>51%</b>	<b>21%</b>
Curro	<b>28%</b>	<b>16%</b>	<b>28%</b>
PSG Konsult	<b>30%</b>	<b>(4%)</b>	<b>10%</b>
Zeder	<b>70%</b>	<b>15%</b>	<b>12%</b>
Pioneer Foods	<b>53%</b>	<b>19%</b>	<b>10%</b>
MSCI EM Index	<b>30%</b>	<b>2%</b>	<b>0%</b>

\* CAGR

**Ranking**

Company	1 year *	3 years *	5 years *
PSG Group	<b>2</b>	<b>2</b>	<b>2</b>
Capitec	<b>1</b>	<b>1</b>	<b>3</b>
Curro	<b>7</b>	<b>4</b>	<b>1</b>
PSG Konsult	<b>5</b>	<b>7</b>	<b>5</b>
Zeder	<b>3</b>	<b>5</b>	<b>4</b>
Pioneer Foods	<b>4</b>	<b>3</b>	<b>6</b>
MSCI EM Index	<b>6</b>	<b>6</b>	<b>7</b>



It is evident from the table above that the group has performed well in US dollar terms with most of our companies outperforming the MSCI EM Index over the various periods (taking cognisance of the approximately 17% appreciation of the rand against the US dollar during the year ended 28 February 2017). We have consequently provided our foreign investors with attractive returns when compared to the benchmark.

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

PSG share price vs SOTP value per share



At 28 February 2017, the *SOTP value* per PSG share was R240,87, amounting to a 34% CAGR over the last five years.

*Recurring headline earnings* per share for the year ended 28 February 2017 increased by 18% to R9,27, following resilient performance from the majority of PSG's core investments.





## THE ECONOMY

The belaboured point that general trading conditions are tough, serves little purpose. We would all prefer to operate in an environment with GDP growth of 5%+, low inflation and unemployment, as well as political stability. But these are the cards we have been dealt, so PSG will continue to seek growth opportunities that such conditions present. No one knows how long the current circumstances will prevail, so you may just miss the boat by doing nothing until such time there is improvement. In the words of Warren Buffett: "*Be fearful when others are greedy. Be greedy when others are fearful.*" I certainly do not see a lot of people/businesses being "greedy" at present!

The downgrade of South Africa's sovereign debt rating to sub-investment grade will have a negative effect on our economy following foreign disinvestment from South Africa, resulting in a devaluation of the rand over time. Higher import prices, especially on fuel, will result in rising inflation. Should inflation exceed the South African Reserve Bank's target band of 3% to 6%, interest rates will inevitably increase, putting further pressure on the consumer, corporate South Africa and the economy as a whole. Highly geared individuals and companies will suffer most.

PSG is well positioned to weather any storm with approximately R1,4bn in cash and conservative gearing levels with a *debt to SOTP value* ratio of only 4,4%, and a healthy *interest cover* ratio of 4,4x. The majority of PSG's interest rate exposure has been fixed and there is significant capacity to introduce further debt, if required in the event of significant new investment.

PSG's core investments too are well positioned with low gearing levels:

- *Capitec*  
A conservative 34% capital adequacy ratio, as well as R31bn in cash and other liquid assets on its balance sheet
- *PSG Konsult*  
0,2% debt to equity ratio
- *Curro*  
33% debt to equity ratio
- *Pioneer Foods*  
12% debt to equity ratio (should reduce as the high commodity price cycle unwinds)

## CAPITEC IS OUR LARGEST INVESTMENT

We often get asked the question whether we are concerned that Capitec forms such a large part of our portfolio.

It remains PSG's largest investment comprising 47% (2016: 39%) of the *SOTP value's* total assets as at 28 February 2017. While this is significant exposure to a single company, we remain confident that Capitec will continue gaining market share and deliver impressive results. One of the advantages of being an investment holding company is that we are not bound by prudential limits and can therefore have unlimited exposure to a single company, unlike the asset management industry. This has produced significant returns for us as we have been able to hold on to our winners, such as Capitec.

## OUR THOUGHTS ON INTERNATIONAL EXPANSION

This has been a heavily debated subject given the current economic and political climate in South Africa, and these are our thoughts on the matter:

PSG has significant competitive advantages in South Africa:

- We are born and bred South Africans and understand the fundamentals of the country from a political, economic and cultural perspective.
- We have well-established relationships with key role players, including financial institutions, regulators, and the like.
- PSG is a large player in a South African context, but relatively small in international terms.
- PSG has a good reputation in South Africa and is well respected.



In addition, the PSG Exco may not necessarily have in-depth knowledge of all sectors, but fundamentally understand banking, education, financial services, the food and related business, as well as the energy sector. Therefore, as generalists, it is imperative that we operate in an environment that we understand and are familiar with.

There are always exceptions, but investment companies have expressed how difficult they are finding investments abroad not being country/sector experts, and not having reliable contacts in those countries. They are also not able to effectively assist management in those countries should the need arise since they are simply too far removed from the action.

That said, we do encourage our underlying companies (Capitec, PSG Konsult, etc.) who are specialists in their respective industries to continue investigating *sensible* overseas expansion opportunities that will enhance their business. They are able to eliminate sector risk by integrating acquired overseas businesses into their existing operations. Capitec's recently announced move into Eastern Europe through the acquisition of an interest in Creamfinance fits perfectly into this strategy, the acquisition being small and containing optionality in the case of success.

According to the international asset management community, at least part of our higher market rating can be explained by the "pure" South African focus of our investments. They do not approve of "ignorant" diversification strategies. A deal should always be earnings enhancing rather than to simply earn hard currency, which often results in dividing management's focus. Asset managers rightly so argue they can do the diversification themselves at a fund level, if desired.

## OUR INVESTMENTS

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

### Capitec (30,7%)

- *Simple and focused business model*
  - lending and transaction banking
- *High barriers to entry*
  - regulatory requirements and funding
- *High growth potential*
  - increase in transaction banking clients and growth in loan book
  - significant growth potential given its current market share:
    - ~2% market share of > R30 000 p.m. earners
    - ~11% market share of R10 000 – R30 000 p.m. earners
    - ~2,7% of the consumer credit book

Capitec has consistently stayed true to its core fundamentals of delivering simplified banking that is both affordable and easy to access through personal service. This resonates with most South Africans, especially in the current tough economic climate, giving them a sense of value and control over their money. Capitec received recognition for this when the brand was awarded the top position in the retail banking category at the *Sunday Times Top Brands Awards* in August 2016.



Capitec delivered strong financial results with an 18% increase in *headline earnings* per share for the year ended 28 February 2017. It again saw a record increase in client numbers, taking on more than 100 000 new active clients per month and converting roughly 50% into primary banking clients (those clients who make regular deposits, mainly salaries). This resulted in the number of active clients increasing by 18% to 8,6m and primary banking clients increasing by 17% to 3,9m. Primary banking clients are less likely to move their banking elsewhere and, on average, do five times more transactions than a regular banking client.

The past financial year also saw Capitec expand their product offering with the successful launch of their credit card, which will assist in attracting higher-income earners and ultimately help increase its market share. We have always believed that Capitec's offering would be well received across borders and, while we remain confident that it will, time will tell with its acquisition of Creamfinance. This is a leading online technology-driven lender, offering multiple credit products across international markets. The acquisition is small by Capitec's standards (interest of 40% for €21m), but will allow Capitec to deliver cutting-edge financial solutions to people across the globe and, if successful, could yield promising returns.

Capitec is a phenomenal success story with significant growth potential, both locally and abroad. We remain proud shareholders as Capitec continues to pursue its strategy to be the best retail bank. Together with its management, we are excited to introduce Capitec and what it has to offer to the rest of the world.

#### **Curro (56,1%)**

- *Simple and focused business model*
  - private education
- *High barriers to entry*
  - capital intensive
- *High growth potential*
  - Curro has less than 10% of the private school market and 0,4% of the total schoolgoing learner market in South Africa
  - the local private school market will grow substantially in the next 10 years
  - global trends indicate that independent schools are evolving towards representing 20% of the total number of schools

Curro has been another success story for PSG. It established itself as the first truly national brand in the private school sector, now operating 54 campuses with 127 schools and 47 589 learners across the country and in Namibia.

With its origin in schooling, a natural progression for Curro is to move into higher education, being the next phase in the education cycle of a learner. Consequently, Stadio Holdings was created to help meet the demand for higher education in South Africa. To keep the two education businesses focused on their respective market segments, a decision has been taken to list Stadio Holdings on the JSE, and to unbundle it from Curro.

Dr Chris van der Merwe recently decided to step down as Curro CEO to become the chairman of Stadio Holdings, and in time also the chairman of Curro. This way he will be able to provide strategic direction to both businesses. I would like to thank Chris for his tenure as Curro CEO. He is one of the best CEOs we have had the pleasure working with, and has helped build a great business that will make an everlasting contribution to both South Africa and its youth.

Curro reported strong results for its financial year ended 31 December 2016 with *headline earnings* per share having increased by 55% to 43,9 cents.

With more schools exiting the J-curve phase following increased capacity utilisation, the business now generates strong cash flows and for the first year since its listing, Curro has not planned for a rights issue to fund further growth. Curro plans to invest R1,8bn in 2017 by building nine new schools and expanding 11 schools through the addition of 204 classrooms.

We remain excited about Curro and Stadio Holdings's growth prospects.



### PSG Konsult (61,7%)

- *Simple and focused business model*
  - the provision of financial advisory and insurance services
- *Key competitive advantage*
  - an extensive distribution platform across the country
- *High growth potential*
  - significant growth potential given its current market share:
    - less than 5% of the wealth management market
    - ~2% of the asset management market
    - ~1% of the short-term insurance market

PSG Konsult supports advisors through its open architecture, stable systems, and risk and regulatory compliance, allowing them to focus on client interaction. With the legal and regulatory environment within the industry becoming increasingly onerous, PSG Konsult saw a 5% increase in the number of financial advisors during the year under review.

PSG Konsult reported strong results with a 16% increase in *recurring headline earnings* per share for the financial year ended 28 February 2017. This was achieved amid challenging trading conditions and considering PSG Konsult's equity market dependence. The *Asset Management* and *Insure* divisions in particular reported good results with a 57% and 70% increase in *recurring headline earnings*, respectively. PSG Konsult continues to attract assets in tough market conditions with total assets under management having increased by 14% to R175bn, underpinned by top-quartile performance from all its core managed funds.

PSG Konsult is a rising star in the financial services industry and we are optimistic about its growth prospects.

### Zeder (42,1%)

- *Simple and focused business model*
  - investment in food and related business
- *Strong and focused management throughout the underlying investments*

The past financial year saw Zeder's share price increase by 39% to R7,44 as at 28 February 2017. This was due to a 23% increase in its *SOTP value* per share, coupled with the discount between its *SOTP value* per share and share price reducing from 33% at 29 February 2016 to 13% at 28 February 2017 following the internalisation of the PSG management fee.

A tough trading environment caused primarily by the severe drought and heat conditions, resulted in weaker earnings performance from the majority of Zeder's investments. Zeder's consolidated *recurring headline earnings* per share consequently increased by only 0,5% for the year under review.

Zeder will continue to drive platform growth. New and adjacent investment opportunities are reviewed on an ongoing basis as Zeder aims to expand its portfolio.



### **PSG Alpha (100%)**

- *High growth potential*
  - early-stage investments in high-growth sectors

PSG Alpha is not a private equity investor as defined, serving as incubator to find the businesses of tomorrow and having no exit strategy. To avoid any misconception, we have changed its name from PSG Private Equity to PSG Alpha.

PSG Alpha reported promising results for the year under review with a 25% increase in *recurring headline earnings* per share. Its investment portfolio currently consists of 11 companies spanning across various industries and in different stages of maturity. Currently, energy (*Energy Partners*) and education (*FutureLearn* and *ITS!*) are considered priority industries as we believe they offer significant growth prospects. The listing of CA Sales on the Botswana Stock Exchange later this year will add further excitement to the portfolio.

PSG Alpha's portfolio companies are well capitalised, have good management in place and are positioned to deliver on its growth potential.

### **Dipeo (49%)**

The Dipeo BEE Education Trust (of which all beneficiaries are black individuals) owns 51% of Dipeo, with PSG owning the remaining 49%. PSG originally provided Dipeo with approximately R800m in preference share funding to acquire select investments, the most significant being interests of 5,3% in Curro, 4,3% in Pioneer Foods, 4% in Quantum Foods and 20% in Kaap Agri. These investments, except for Kaap Agri, are subject to Black Economic Empowerment ("BEE") lock-in periods. The Dipeo BEE Education Trust will use its share of the value created from these investments to fund black students' education. As at 28 February 2017, Dipeo's *SOTP value* amounted to R1,6bn.

## **OUR CONTRIBUTION TO SOCIETY**

PSG subscribes to the notion that a great company can never be a burden on society. We contribute to the development and upliftment of South Africans by creating jobs and contributing financially by way of paying our taxes, donations and sponsorships. The group's contribution to society through the payment of salaries, taxes and dividends amounted to approximately R15bn during the past financial year.

We also embrace the principle that companies should contribute additionally to the success of the country as a whole. The *corporate social investment ("CSI")* section of the annual report deals with PSG's CSI projects. It is by no means a comprehensive list, but illustrates our dedication to making South Africa a better place.

BEE remains integral to the continued success of our country. To date, we have created approximately R20bn in net value for thousands of broad-based BEE shareholders through various BEE transactions undertaken by us (e.g. Arch Equity, Thembeka Capital and Dipeo) and our underlying companies (e.g. Pioneer Foods and Capitec).

However – and here is the "catch" – the success of these BEE transactions can only be ascribed to the phenomenal success of our underlying investee companies.

## **BOARD OF DIRECTORS AND PSG EXCO**

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

PSG's day-to-day operations are managed by the senior executives, namely Piet Mouton (CEO), Wynand Greeff (CFO) and Johan Holtzhausen (CEO: PSG Capital). Combined, they have nearly 50 years of service with PSG and understand the business fundamentally and the direction it requires to ensure PSG keeps delivering on its aforementioned objective of shareholder wealth creation.



The PSG Exco is a subcommittee of the board and the chief operating decision-maker. It comprises the aforementioned three senior executives and myself, with Piet acting as chairman. Our non-executive directors and Chemus Taljaard, our in-house tax advisor, are permanent invitees. The PSG Exco:

- Is responsible for determining and implementing the PSG strategy, as approved by the PSG board of directors;
- Acts as the PSG investment committee;
- Acts as the social and ethics committee;
- Serves on the Zeder Exco;
- Manages PSG Alpha;
- Acts as PSG treasurer by monitoring and managing the capital requirements, gearing and liquidity of PSG, and it allocates and invests PSG's resources;
- Monitors the group's performance and provides strategic input and direction to the underlying companies;
- Is the custodian of good corporate governance; and
- Assumes overall responsibility for the growth and performance of PSG.

## OUR FUTURE

These are exciting times for PSG with potential entry into new sectors and a few listings in the pipeline, hopefully to be concluded in the next year or two. Since my early days, I have always loved a listing and cannot help but get excited.

PSG is proudly South African – we remain positive about the future of this great country and will continue to play our part in its development.

## A WORD OF THANKS

The main driver of PSG's success has always been its people. I would therefore like to thank all the individuals within the broader group for their contribution. We have been fortunate enough to attract the best and the brightest talent that our country has to offer.

To my fellow directors and members of the PSG Exco – thank you for creating such an enjoyable atmosphere to work in. I am having such fun fulfilling my passion!

To all our clients, shareholders, family members and other stakeholders – thank you for believing in PSG and for walking this journey with us.

In the words of Steve Jobs: *"Everyone here has the sense that right now is one of those special moments when we are influencing the future."* I invite you to join PSG in shaping the future!

**Jannie Mouton**

12 May 2017  
Stellenbosch

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# Corporate social investment

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As a good corporate citizen with the best interest of our country and its people at heart, PSG contributes significantly to society. Herewith follows some of the corporate social investment (“CSI”) initiatives undertaken by PSG and its underlying companies. Although this is not a comprehensive list, it illustrates our dedication to making South Africa a better place.

## PSG

***“Education is the most powerful weapon which you can use to change the world.” – Nelson Mandela***

As we believe in the multiplier effect of investing in and supporting *education*, we are involved in the following education-related initiatives:

- *The PSG Group Bursary Loan Scheme at the University of Stellenbosch*
  - We started this initiative in 2007 when PSG and Jannie Mouton each donated 100 000 PSG shares, with a present combined market value of approximately R50m, to provide financial support to gifted but needy students. To date, 73 students have been funded through this scheme, with bursaries totalling R4,1m. Their fields of study include medicine, law, actuarial science, accounting and investment management.
- *Akkerdoppies*
  - PSG has financially supported this preprimary school since its inception. Akkerdoppies is part of the Sibusisiwe charity and is committed to early childhood development through providing essential education and skills to children from the disadvantaged communities of Stellenbosch. The school is attended by 160 children and now employs 19 people. We are committed to a long-term relationship with this initiative and anticipate a significant positive contribution to the community.
- *Curro*
  - PSG has invested R2,4bn cash in Curro, which plays an important part in educating the South African youth. Our business model is centred on assisting the government in that we carry part of the significant capital burden of building new schools. To date, we have saved the government more than R12bn in capital investment and our running costs to educate 50 000 learners save the country approximately R1bn annually. Given government’s current budget constraints, we believe this is a major benefit for them. Curro has also offered extensive bursaries of approximately R88m to its learners.
- *FutureLearn (previously known as Impak)*
  - This company provides fully integrated learning solutions to schools, parents, tutors and learners with a focus on improving academic outcomes and/or improving efficiencies (lower cost to serve). There are over 500 support centres and 40 registered schools across the country currently making use of FutureLearn’s products, and with this investment we look to further contribute to education in South Africa while also creating business opportunities for entrepreneurs and educators who wish to open a support centre. We embrace their passion for education while building a profitable business. We are excited about the growth prospects for this alternative form of education.
- *Dipeo BEE Education Trust (previously known as Stellenbosch BEE Education Trust)*
  - We established and initially funded the Dipeo BEE Education Trust with R102m, which was subsequently repaid in full. The trust owns 51% in Dipeo, which in turn holds interests in various investments associated with PSG. The net worth of Dipeo BEE Education Trust is R813m. We look forward to seeing this trust assist previously disadvantaged learners in obtaining a quality education. The Trust has identified the Ruta Sechaba Foundation as its key partner in education to assist in achieving this objective.





## Corporate social investment continued

- *PSG Group BEE Education Trust*
  - This trust owns 2,5m PSG shares valued at over R600m. Future PSG dividends from these shares will be used to grant bursaries to previously disadvantaged learners. As with the Dipeo BEE Education Trust, the Ruta Sechaba Foundation is its key partner in education.
- *Ruta Sechaba Foundation*
  - The foundation was established in 2016 to provide academic and sport-related scholarships, bursaries and awards to qualifying learners at Curro and Curro-managed schools. The Dipeo BEE Education Trust and PSG Group BEE Education Trust are the initial donors to the foundation and collectively committed R5m for the 2017 academic year. Approximately 120 bursaries have been awarded from these funds in 2017, with the hope of reaching over 500 bursaries per annum in three to four years' time.
  - Curro will carry all the costs and the administration burden associated with managing the foundation, thereby ensuring that all donations can be utilised in full for education purposes.
  - PSG, together with Curro and the Multiply Titans cricket team, recently launched the biggest ever bursary scheme for talented previously disadvantaged cricketers in South Africa. Our objective is to improve transformation and representation within South African cricket.
  - The foundation is open to all corporates/individuals wishing to contribute to education in South Africa on a structured basis.

## OTHER GROUP COMPANIES

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

- *Kaap Agri*
  - Kaap Agri's CSI projects focus on training and skills development. Through the Kaap Agri Academy, the company runs a farmer development programme that trains approximately 25 students per year who are emerging farmers in the Western and Northern Cape. Since its inception, the academy has already catered for more than 240 students, and produced three AgriSETA award winners for Best Performing Learner of a Skills Programme. The top student for 2015 was selected as the vice chairperson of Grain SA. The academy also trains farm workers in various practical skills including welding, chemical handling, equipment maintenance and productivity management.
  - The company also offers bursaries to students studying agricultural sciences, with 37 learners currently benefiting from this programme.
  - Kaap Agri's Care & Grow initiative is aimed at making a difference in the communities within which it conducts its business. This outreach by its various business outlets and employees is shared with stakeholders in a company newsletter called "Care & Grow".
  - The Kaap Agri Employee and Farmworker Trust makes funds available to qualifying employees of the designated group through a revolving housing loan fund. During 2016, 47 employees were beneficiaries of this fund of which 32% were female. The trust also supported another eight projects in rural areas catering mainly for women and children of farmworkers. The total number of beneficiaries for the year were 2 925 of which 51% were female.
  - In 2014, Media24 recognised Kaap Agri's contributions to society by awarding them the top prize in the Unlisted Company Corporate Social Responsibility Investment Awards.



- *Capespan*
  - Capespan follows an integrated approach in developing its CSI initiatives, based on its assessment of the socio-economic, health and educational requirements of communities in need. CSI initiatives are developed in partnership with local communities, local government and industry stakeholders. CSI projects include support to:
    - Place of Mercy Preschool Centre, Eastern Cape Province.
    - Thembalethu HIV/Aids Trust, Eastern Cape Province (providing community preventative health and educational programmes to high school learners).
    - Capespan Blue Hand Health Programme in partnership with local export fruit producers and local government (occupational and community primary health care services delivered at clinic rooms on eight farms).
    - Partners for Possibility (#P4P500) (an education leadership development programme in partnership with Symphonia for South Africa).
    - Early language and literacy development of children from previously disadvantaged communities in South Africa, in partnership with Wordworks and SmartStart.
    - Financial support to schools located in key fruit production and needy rural areas.
    - Northern Cape Province Occupational and Primary Health Care Programme, in partnership with the local government department.
    - School Aid UK and RSA, in partnership with Capespan (UK) and Maersk Shipping Line.
    - Various community life-skills, sport and socio-economic development projects in rural areas and/or needy communities.
  - Employees volunteering are supported with funding allocations based on welfare/NGO projects nominated or sufficiently motivated for, but not covered by the company's CSI mandate. This expands the reach of Capespan beyond what can be done at a corporate level.
  - In 2016, approximately 5 000 people benefited from projects developed and supported as part of Capespan's CSI initiatives.
- *Zaad*
  - Zaad, in partnership with black empowerment partner the Trisano Trust, operates the Klein Karoo Academy which is dedicated to the training of previously disadvantaged farmers in horticultural and agronomical farming. These courses have official SAQA accreditations and are done on-site where farmers are housed and trained both theoretically and practically for several weeks. On completion of these courses, farmers get the opportunity to buy their own tunnel with a soft loan to allow them the opportunity to produce successfully. Approximately 150 farmers are trained and empowered each year, ready to enter the market. Current approved projects for the coming year amounts to 260 farmers (200 in South Africa and 60 in Angola) with a further 130 in an advanced stage of approval.
- *Pioneer Foods*
  - Pioneer Foods is involved in various community projects in education, environment and food security. These projects focus on vulnerable groups, such as women and youth in township and rural communities. Pioneer Foods also invests in feeding schemes. Pioneer Foods distributed approximately R9,3m to beneficiaries during the past year. Below are a few of the CSI projects:
    - Mbekweni Youth Centre (financial assistance of R2,3m for the construction of the Mbekweni Youth Centre).
    - PFECT Bursary Programme (the bursaries support previously disadvantaged black students in high school and tertiary institutions. In 2016, approximately 36 students were bursary recipients in this programme).



## Corporate social investment

continued

- School Breakfast Nutrition Programme (breakfast cereals are provided to over 21 450 learners in five provinces daily).
- The African Children's Feeding Scheme (more than 30 000 children benefited from milk purchased during 2016 to support 13 feeding centres in Soweto and the surrounding informal settlements).
- Responsible Me Programme (this intervention provides HIV/Aids training to high school learners, educators and parents in KwaZulu-Natal, where there is high prevalence of teenage pregnancy and HIV/Aids).
- *Capitec*
  - Capitec's primary CSI focus is on improving financial literacy and education through the Capitec Foundation, an independent non-profit organisation.
  - The foundation operates a bursary fund that targets public school learners in grades 10 to 12, with mathematics as a matric subject. The bursaries cover tuition fees for one year and 413 learners from 67 schools currently qualify for bursaries across the country.
  - The foundation granted 23 bursaries to school principals, studying for a Management Development Programme certificate through the UCT Graduate School of Business this year.
  - A major project sponsored by the foundation is the Ikamva Youth initiative. This is a volunteer-based group that gives high school learners access to skills, networks and resources that enable them to reach tertiary education and employment opportunities post-matriculation. While more than half of the volunteers are ex-learners, Capitec employees also volunteer their time to this initiative.
  - The eduCate Revision Programme for grade 12 learners provides learners from previously disadvantaged backgrounds revision tutoring in mathematics and science in the run-up to exams. During 2016, 6 118 learners from 116 public schools participated in the programme.
  - The foundation held financial life skills workshops and presentations as part of its educational programmes. A total of 2 296 participants were reached through face-to-face workshops and presentations were conducted to 468 people on various topics.
  - Through Capitec's five-week training programme, approximately 260 employees (mostly matriculants from humble backgrounds) are trained each month. Given Capitec's rapid growth, more than 19 000 people have been trained to date.
- *PSG Konsult*
  - PSG Konsult invests in educational and social programmes that create future employment and economic empowerment prospects. Below are a few of the CSI projects:
    - Adopt-a-School Project (during the year under review, PSG Konsult adopted three schools and has committed to increase the contribution towards more schools during the 2018 financial year).
    - Childcare and children homes (centres and homes are provided with monthly food parcels and funding).
    - ASISA Enterprise Development Fund (initiative aimed at driving job creation and economic growth, PSG Konsult has invested R10m to date in this fund).
    - Graduate and bursary programme (this programme is open to students from previously disadvantaged backgrounds, PSG Konsult currently has 23 graduates and 11 bursary students in this programme).
    - Santam Industry Development Programme (aims to train previously disadvantaged individuals in the short-term insurance environment. As part of this programme, PSG Konsult is providing training to 11 individuals within its short-term administration and Western business units).
- *PSG Alpha*
  - The investee companies under PSG Alpha run various projects and make a wide range of contributions in the communities and areas in which they operate. The prevalent themes relate to early childhood development and care, education (particularly preschool and primary) and youth development.



PSG GROUP LIMITED

## Invitation

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### **Annual general meetings (AGMs) and investor presentations**

You are invited to our PSG Group Investor Day during which the various AGMs will be held and presentations made by our group companies on Friday, 23 June 2017, at Spier Wine Estate, Baden Powell Drive, Stellenbosch.

The timetable is as follows:

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**08:30** Zeder Investments Ltd

**09:20** Curro Holdings Ltd

**10:30** Tea

**11:00** PSG Konsult Ltd

**12:00** PSG Group Ltd

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Lunch will be served after the PSG Group Ltd presentation.

Kindly confirm your attendance with Sharon October at:

E-mail: [sharono@psggroup.co.za](mailto:sharono@psggroup.co.za)

Telephone: +27 21 887 9602

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# Board of directors

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

#### EXECUTIVE

**WL (Wynand) Greeff (47)**<sup>1,2</sup>  
BCompt (Hons), CA(SA)  
*Chief financial officer*  
*Appointed 13 October 2008*

**JA (Johan) Holtzhausen (46)**<sup>1,2</sup>  
Bluris, LLB, HDip Tax  
*Chief executive officer – PSG Capital*  
*Appointed 13 May 2010*

**PJ (Piet) Mouton (40)**<sup>1,2</sup>  
BCom (Mathematics)  
*Chief executive officer*  
*Appointed 16 February 2009*

#### NON-EXECUTIVE

**JF (Jannie) Mouton (70)**<sup>1,2</sup>  
BCom (Hons), CA(SA), AEP  
*Non-executive chairman*  
*Appointed 25 November 1995*

**FJ (Francois) Gouws (52)**  
BAcc, CA(SA)  
*Chief executive officer – PSG Konsult Ltd*  
*Appointed 25 February 2013*

**MJ (Markus) Jooste (56)**<sup>4</sup>  
BAcc, CA(SA)  
*Chief executive officer – Steinhoff International Holdings N.V.*  
*Appointed 25 February 2002*

**AB (Ben) la Grange (42)**  
BCom (Law), BCom (Hons), CTA, CA(SA)  
*Chief financial officer – Steinhoff International Holdings N.V.*  
*Alternate director to Markus Jooste*  
*Appointed 30 July 2012*

**JJ (Jan) Mouton (42)**  
BAcc (Hons), CA(SA), MPhil (Cantab)  
*Investment professional*  
*Appointed 18 April 2005*

#### INDEPENDENT NON-EXECUTIVE

**PE (Patrick) Burton (64)**<sup>3,4,5</sup>  
BCom (Hons), PG Dip Tax  
*Director of companies*  
*Appointed 19 March 2001*

**ZL (KK) Combi (65)**  
Diploma in Public Relations  
*Director of companies*  
*Appointed 14 July 2008*

**B (Bridgitte) Mathews (47)**<sup>3</sup>  
BCom (Hons), CA(SA), HDip Tax  
*Consultant and director of companies*  
*Appointed 3 May 2016*

**CA (Chris) Otto (67)**<sup>2,3,4</sup>  
BComLLB  
*Director of companies*  
*Appointed 25 November 1995*

<sup>1</sup> Member of executive committee

<sup>2</sup> Member of social and ethics committee

<sup>3</sup> Member of audit and risk committee

<sup>4</sup> Member of remuneration committee

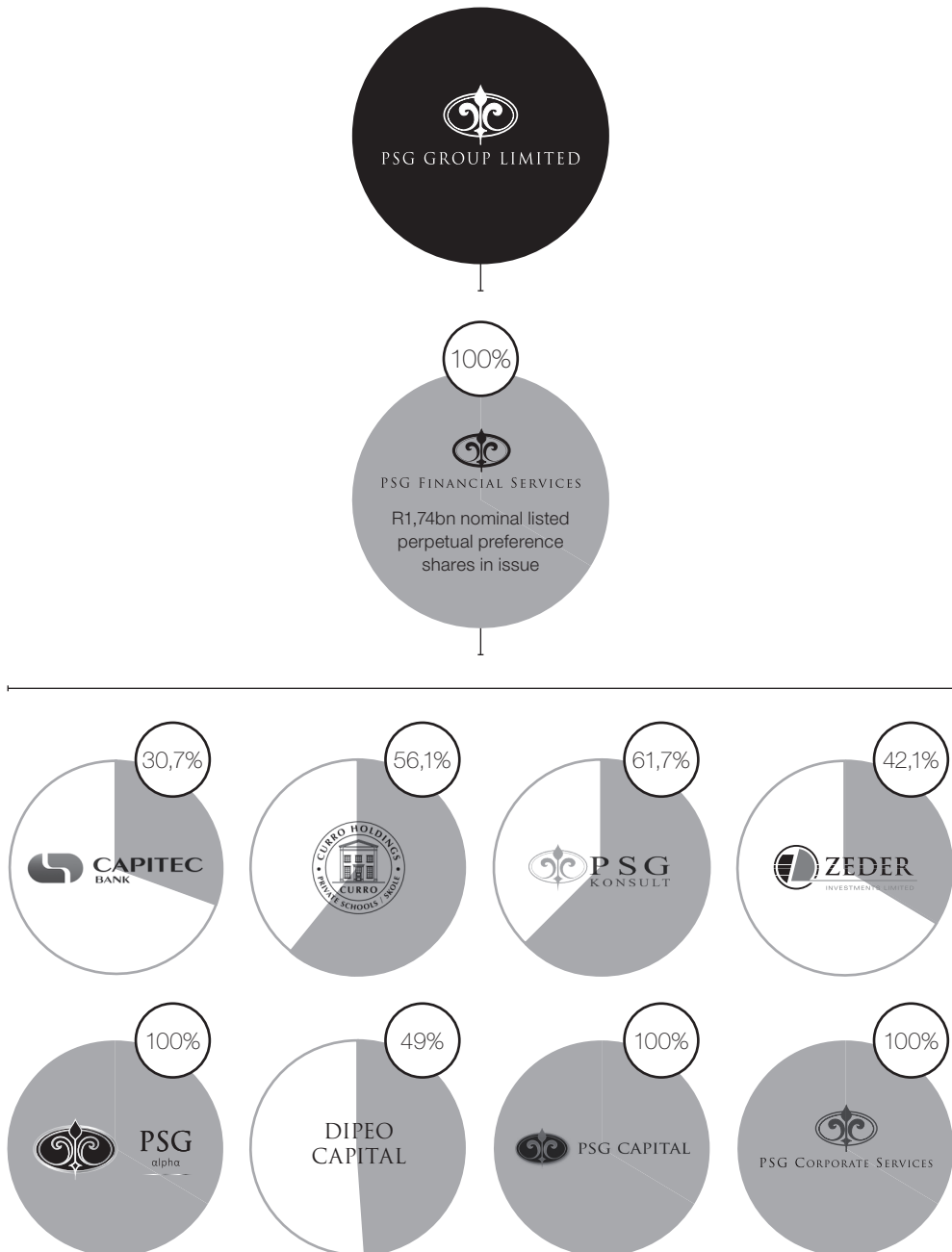
<sup>5</sup> Lead independent director

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# Group structure

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# Review of operations

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## SOTP VALUE AND RECURRING HEADLINE EARNINGS

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

### SOTP VALUE

The calculation of the SOTP value is simple and requires limited subjectivity as approximately 90% of the value is calculated using JSE-listed share prices, while other investments are included at market-related valuations. At 28 February 2017, the SOTP value per PSG share was R240,87 (2016: R186,67), representing a 29% increase for the year under review. PSG's SOTP value per share has increased by 34% per annum on average over the last five years.

Asset/liability	29 Feb 2012 Rm	29 Feb 2016 Rm	28 Feb 2017 Rm	Share of total	5-yr CAGR
Capitec *	5 978	16 820	<b>25 727</b>	47%	34%
Curro *	1 118	9 773	<b>11 180</b>	20%	58%
PSG Konsult *	1 483	5 441	<b>6 084</b>	11%	33%
Zeder *	1 067	2 815	<b>5 398</b>	10%	38%
PSG Alpha (previously known as PSG Private Equity) *	728	1 367	<b>1 909</b>	3%	21%
Dipeo (previously Thembeke) *	570	557	<b>812</b>	2%	7%
PSG Corporate (including PSG Capital) **	338	1 510			n/a
Other investments ^					
(Overdraft)/cash	(139)	2 895	<b>1 513</b>	3%	n/a
Pref investments and loans receivable	335	1 335	<b>2 002</b>	4%	43%
Other	488	128	<b>71</b>		(32%)
<b>Total assets</b>	<b>11 966</b>	<b>42 641</b>	<b>54 696</b>	<b>100%</b>	<b>36%</b>
Perpetual pref funding *	(1 188)	(1 309)	<b>(1 350)</b>		3%
Other debt ^	(463)	(949)	<b>(949)</b>		15%
<b>Total SOTP value</b>	<b>10 315</b>	<b>40 383</b>	<b>52 397</b>		<b>38%</b>
<b>Shares in issue (net of treasury shares) (m)</b>	<b>184,5</b>	<b>216,3</b>	<b>217,5</b>		<b>3%</b>
<b>SOTP value per share (R)</b>	<b>55,92</b>	<b>186,67</b>	<b>240,87</b>		<b>34%</b>

\* Listed on the JSE Ltd   + SOTP value   \*\* Valuation   ^ Book value

Note: PSG's live SOTP is available at [www.psggroup.co.za](http://www.psggroup.co.za).

Capitec remains PSG's largest investment comprising 47% of the SOTP value's total assets as at 28 February 2017 (2016: 39%), and also the major contributor to PSG's *recurring headline earnings* comprising 59% of the total for the year ended 28 February 2017 (2016: 61%).



## RECURRING HEADLINE EARNINGS

Consolidated *recurring headline earnings* is the sum of PSG's effective interest in that of each of its underlying investments. The result is that investments in which PSG holds less than 20% and are generally not equity accountable in terms of accounting standards, are included in the calculation of consolidated *recurring headline earnings*, while once-off (i.e. *non-recurring*) income and expenses are excluded. This provides management and investors with a more realistic and transparent way of evaluating PSG's earnings performance.

	29 Feb 2012 Rm	29 Feb 2016 Rm	28 Feb 2017 Rm	5-yr CAGR
Capitec	362	989	<b>1 164</b>	26%
Curro	(5)	58	<b>96</b>	n/a
PSG Konsult	108	254	<b>300</b>	23%
Zeder	115	212	<b>275</b>	19%
PSG Alpha ( <i>previously known as PSG Private Equity</i> )	32	113	<b>133</b>	33%
Dipeo ( <i>previously Thembeka</i> )	19	(28)	<b>(20)</b>	n/a
PSG Corporate ( <i>including PSG Capital</i> )	20	69	<b>29</b>	8%
Other ( <i>mainly pref div income</i> )	19	101	<b>112</b>	43%
<b>Recurring headline earnings before funding</b>	670	1 768	<b>2 089</b>	26%
Funding ( <i>net of interest income</i> )	(134)	(148)	<b>(104)</b>	(5%)
<b>Recurring headline earnings</b>	536	1 620	<b>1 985</b>	30%
Non-recurring items	31	(250)	<b>160</b>	39%
<b>Headline earnings</b>	567	1 370	<b>2 145</b>	30%
Non-headline items	136	113	<b>17</b>	(34%)
<b>Attributable earnings</b>	703	1 483	<b>2 162</b>	25%
<b>Weighted average number of shares in issue (net of treasury shares) (m)</b>	173,9	205,7	<b>214,2</b>	4%
<b>Earnings per share (R)</b>				
– Recurring headline	3,09	7,88	<b>9,27</b>	25%
– Headline	3,26	6,66	<b>10,01</b>	25%
– Attributable	4,04	7,21	<b>10,09</b>	20%
<b>Dividend per share (R)</b>	0,82	3,00	<b>3,75</b>	36%

The year under review saw resilient performance from the majority of PSG's core investments:

- *Recurring headline earnings* per share increased by 18% to R9,27.
- *Headline earnings* per share increased by 50% to R10,01. This increase was higher than that of *recurring headline earnings* per share mainly due to marked-to-market profits achieved on Dipeo's investment portfolio, as opposed to marked-to-market losses incurred in the prior year.
- *Attributable earnings* per share increased by a smaller margin than *headline earnings* per share mainly due to the non-recurrence of *non-headline* dilution gains made on associates from an accounting perspective in the prior year.

Measuring PSG's performance longer term, it has performed strongly with a 25% CAGR in *recurring headline earnings* per share, and a 36% CAGR in dividend per share over the last five years.



## SIGNIFICANT TRANSACTIONS

PSG undertook the following significant transactions during the year under review:

- Invested R669m cash in the Curro rights offer to fund further expansion.
- Acquired 19,2m PSG Konsult shares, representing an additional 1,5% equity interest, at an average price of R7,14 for a total cash consideration of R137m.
- Concluded the Zeder management fee internalisation, whereby PSG exchanged its rights to the Zeder management agreement for the issue of 207,7m new Zeder shares, representing a 12% equity interest. All conditions precedent were satisfied during September 2016 and the implementation of the transaction finalised, with PSG's shareholding in Zeder consequently increasing from 34,5% to 42,4%, having subsequently diluted to 42,1%.
- Invested a further R134m in PSG Alpha's portfolio of early-stage investments.



# 30,7%

<b>Chief executive officer</b>	Gerrie Fourie
<b>Chief financial officer</b>	André du Plessis

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

<b>Financial results – year ended February</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Headline earnings (Rm)	2 547	3 222	<b>3 793</b>
HEPS (R)	22,09	27,87	<b>32,81</b>
Growth in HEPS (%)	26	26	<b>18</b>
Dividend per share (R)	8,36	10,55	<b>12,50</b>
Dividend cover ratio	2,6x	2,6x	<b>2,6x</b>
Return on equity (%)	25	27	<b>27</b>
Gross loans and advances (Rm)	36 341	40 891	<b>45 135</b>
Value of loans advanced (Rm)	19 417	24 228	<b>27 226</b>
Repayments (Rm)	23 787	28 689	<b>32 983</b>
Loans past due (arrears) (Rm)	1 964	2 297	<b>2 855</b>
Arrears to gross loans and advances (%)	5,4	5,6	<b>6,3</b>
Provisions for doubtful debts (Rm)	3 857	5 131	<b>5 930</b>
Arrears coverage ratio (%)	196	223	<b>208</b>
Arrears and all rescheduled < six months coverage ratio (%)	97	91	<b>107</b>
Net transaction fee income (Rm)	2 608	3 020	<b>3 923</b>
Net transaction fee income as percentage of operating expenses (%)	65	66	<b>72</b>
Number of active clients ('000)	6 244	7 269	<b>8 569</b>
Number of primary clients ('000)	2 761	3 343	<b>3 909</b>
Number of branches	668	720	<b>796</b>
Number of employees	10 261	11 440	<b>13 069</b>



Capitec delivered strong financial results with an 18% increase in *headline earnings* per share for the financial year ended 28 February 2017.

*Client numbers and net transaction fee income*

Active clients increased by 1,3m to 8,6m, while primary banking clients (those clients who make regular deposits, mainly salaries) increased by 0,6m to 3,9m. The combination of growth in Capitec's active client base and the expansion of its branch, ATM and digital footprint, resulted in net transaction fee income increasing by 30% to R3,9bn. Net transaction fee income now covers 72% of Capitec's operating expenses (2016: 66%).

*Credit*

Capitec increased its gross loan book by R4,2bn to R45,1bn. Challenging economic conditions resulted in continued tightening of credit granting criteria by issuing lower-risk, higher value loans to better quality clients. This was evident with 176 655 fewer loans granted in 2017 when compared to the previous year, and the average amount of a Capitec loan having increased to R7 761 (2016: R6 577). Capitec's provisioning policy remains prudent and continuously reflects current market conditions as is evident with the increase in the *Arrears and All Rescheduled < six months coverage ratio* to 107% (2016: 91%). The average term of the outstanding book decreased from 40 months as at 29 February 2016 to 38 months as at 28 February 2017.

*Capital/liquidity*

Capitec's return on equity for the year was 27% (2016: 27%). It remains well capitalised and is generating sufficient profit to fund growth in the loan book. As at 28 February 2017, Capitec had a conservative capital adequacy ratio of 34% (2016: 35%).

Capitec has a high level of liquidity with R31bn in cash and other liquid assets, representing 42% of total assets. Capitec's conservative liquidity management remains unchanged and is fully compliant with the Basel III liquidity requirements.

Capitec is listed on the JSE and its comprehensive results for the year ended 28 February 2017 are available at [www.capitecbank.co.za](http://www.capitecbank.co.za).



# 56,1%

**Chief executive officer**

Chris van der Merwe  
*(to be succeeded by Andries Greyling effective 1 July 2017)*

**Chief financial officer**

Bernardt van der Linde

Curro is the largest provider of private school education in Southern Africa.

Financial results – year ended December	2014	2015	2016	2017 *
Headline earnings (Rm)	56	100	169	
HEPS (cents)	17,2	28,3	43,9	
Growth in HEPS (%)	34	64	55	
Number of campuses	33	42	49	<b>54</b>
Number of schools	80	101	115	<b>127</b>
Number of learners	28 737	35 970	43 183	<b>47 589</b>
Number of educators	1 905	2 339	2 595	<b>2 734</b>
Learner/teacher ratio	15	15	17	<b>17</b>
Total building size (m <sup>2</sup> )	392 314	449 067	558 683	

\* As at 31 January 2017.

Curro has established itself as the first truly national brand in the private school sector, now operating 54 campuses with 127 schools and 47 589 learners across the country and in Namibia.

Curro reported strong results for its financial year ended 31 December 2016 with *headline earnings* per share having increased by 55% to 43,9 cents.

Curro has bolstered its balance sheet through previous capital raisings and is now also generating strong operational cash flows. This, together with significant debt capacity, will allow Curro to continue with its expansion drive in 2017 by building nine new schools and expanding 11 schools through the addition of 204 classrooms for a total investment of R1,8bn.

Curro is listed on the JSE and its comprehensive results for the year ended 31 December 2016 are available at [www.curro.co.za](http://www.curro.co.za).



# 61,7%

**Chief executive officer** Francois Gouws

**Chief financial officer** Mike Smith

PSG Konsult is a financial services company, focused on providing wealth management, asset management and insurance solutions to clients.

<b>Financial results – year ended February</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Recurring headline earnings (Rm)	341	409	<b>486</b>
Recurring HEPS (cents)	27,0	32,1	<b>37,2</b>
Growth in recurring HEPS (%)	31	19	<b>16</b>
Assets under management (Rbn)	133	154	<b>175</b>
Gross written premium (Rbn)	2,1	2,5	<b>2,9</b>
Number of advisors – PSG Wealth	434	480	<b>515</b>
Number of advisors – PSG Insure	225	231	<b>229</b>

PSG Konsult has achieved much success with its unique 70/30 revenue-sharing model in terms of which the advisor is entitled to 70% of revenue generated, and PSG Konsult to 30%. In return, PSG Konsult is responsible for marketing and maintaining the brand, and manages all the necessary compliance, financial and administrative functions on the advisor's behalf. This model ensures that the PSG Konsult offices remain owner-driven, allowing the advisors to focus on the client's needs. With the legal and regulatory environment within the industry becoming increasingly onerous, PSG Konsult saw a 5% increase in the number of financial advisors during the year under review. This trend is likely to continue in the foreseeable future.

PSG Konsult reported strong results with a 16% increase in *recurring headline earnings* per share for the financial year ended 28 February 2017. This was achieved amid challenging trading conditions and considering PSG Konsult's equity market dependence. The *Asset Management* and *Insure* divisions in particular reported good results with a 57% and 70% increase in *recurring headline earnings*, respectively. *PSG Wealth* achieved *recurring headline earnings* growth of 1% following, inter alia, a 26% increase in its cost base having strengthened both their information technology and investment research teams.

PSG Konsult continues to attract assets in tough market conditions with total assets under management having increased by 14% to R175bn, underpinned by top-quartile performance from all its core managed funds. *PSG Wealth* and *PSG Asset management* realised net inflows of R13bn and R3bn, respectively.

PSG Konsult is listed on the JSE and Namibian Stock Exchange and its comprehensive results for the year ended 28 February 2017 are available at [www.psg.co.za](http://www.psg.co.za).



# 42,1%

**Chief executive officer** Norman Celliers

**Financial director** Johann le Roux

Zeder is a JSE-listed investment holding company focused on food and related business.

<b>Financial results – year ended February</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Recurring headline earnings (Rm)	414	632	<b>691</b>
Recurring HEPS (cents)	35,3	42,4	<b>42,6</b>
Growth in recurring HEPS (%)	15	20	<b>0,5</b>
SOTP value per share (R)	7,93	6,93	<b>8,53</b>
Growth in SOTP value per share (%)	75	(13)	<b>23</b>
Dividend per share (cents)	5,5	9,0	<b>11,0</b>

During the past financial year, Zeder acquired PSG's rights to the management agreement in exchange for the issue of 207,7m Zeder shares, representing a 12% equity interest. PSG's shareholding consequently increased from 34,5% to 42,4% (diluted to 42,1% subsequently), with no further management fees receivable in accordance with this agreement in future.

A tough trading environment caused primarily by the severe drought and heat conditions, resulted in weaker earnings performance from the majority of Zeder's investments. Zeder's consolidated *recurring headline earnings* per share consequently increased by only 0,5% for the year under review. Zeder's share price, however, performed strongly having increased by 39% to R7,44 during the year under review. This was due to a 23% increase in its *SOTP value* per share, coupled with the discount to its *SOTP value* per share having reduced from 33% to 13% following the aforementioned internalisation of the PSG management fee.

Zeder is listed on the JSE and its comprehensive results for the year ended 28 February 2017 are available at [www.zeder.co.za](http://www.zeder.co.za).





**PSG**  
alpha

**100%**

**Chief executive officer**

Nico de Waal

**Managed by the PSG Exco**

PSG Alpha focuses on early-stage investing in high-growth sectors.

PSG Alpha (*previously known as PSG Private Equity*) serves as incubator to find the businesses of tomorrow through early-stage investing in high-growth sectors. It is not a private equity investor as defined, as it has no exit strategy. Energy, education and technology are considered priority sectors.

At 28 February 2017, PSG Alpha's portfolio (valued at R1,9bn) comprised the following investments:

Investment	Description	Interest (%)	
		2016	2017
African Unity Group	Life and related insurance	47,5	<b>47,5</b>
Alaris Holdings	Antenna-related products	27,3	<b>19,3</b>
CA Sales	FMCG distributor	51,2	<b>51,8</b>
CSG Holdings	Construction support services	14,5	<b>12,2</b>
Energy Partners	Energy management solutions	57,0	<b>58,4</b>
FutureLearn ( <i>previously known as Impak</i> )	Correspondence learning	83,3	<b>83,3</b>
ITSI Holdings ( <i>previously known as IT School Innovation</i> )	Education solutions	47,0	<b>61,8</b>
Provest Group ( <i>previously known as Precrete</i> )	Mine safety and support services	55,8	<b>55,8</b>
Spirit Capital	Leveraged buy-outs	46,8	<b>47,9</b>
Venture capital investments	Technology		

During the year under review, PSG Alpha made further investments in, inter alia, Energy Partners (R71m), ITSI Holdings (R26m) and FutureLearn (R22m). It also started a venture capital portfolio containing various smaller technology investments.

PSG Alpha reported promising results for the year under review with a 25% increase in *recurring headline earnings* per share. Given its nature, this portfolio is likely to yield volatile earnings, while providing significant optionality.



## DIPEO CAPITAL

# 49%

The Dipeo BEE Education Trust (of which all beneficiaries are black individuals) owns 51% of Dipeo, with PSG owning the remaining 49%. Dipeo's portfolio consists of investments in various listed and unlisted companies, the most significant being interests of 5,3% in Curro, 4,3% in Pioneer Foods, 4% in Quantum Foods and 20% in Kaap Agri. These investments, except for Kaap Agri, are subject to Black Economic Empowerment ("BEE") lock-in periods. The Dipeo BEE Education Trust will use its share of the value created from these investments to fund black students' education. As at 28 February 2017, Dipeo's *SOTP value* amounted to R1,6bn.

The year under review saw PSG's share of marked-to-market profits achieved on Dipeo's investment portfolio amount to R187m, as opposed to marked-to-market losses of R170m incurred in the prior year. This contributed significantly to PSG's *headline earnings* per share increasing by a higher margin than that of *recurring headline earnings* per share.



## PSG CAPITAL

# 100%

### Chief executive officer

Johan Holtzhausen

Corporate finance and advisory services

PSG Capital provides a complete suite of corporate finance and advisory services to a broad spectrum of clients. Its fields of expertise include, inter alia, mergers and acquisitions, valuations and fairness opinions, capital raisings and listings, JSE and regulatory advice, private equity, BEE, corporate restructurings and debt origination.

PSG Capital is the sponsor, designated advisor and debt sponsor to 39 JSE-listed companies and has numerous unlisted clients. It has advised on publicly announced transactions in excess of R230bn over the last number of years.

PSG Capital consistently ranks among the top performers from a *DealMakers* perspective across most categories. More detail is available at [www.psgcapital.com](http://www.psgcapital.com).



## PSG CORPORATE SERVICES

# 100%

### Chief executive officer

Piet Mouton

### Chief financial officer

Wynand Greeff

Investment management and treasury services

PSG Corporate acts as PSG's treasurer by monitoring and managing PSG's capital requirements, gearing and liquidity. It also allocates and invests PSG's resources.



## STOCK EXCHANGE PERFORMANCE

Year ended February	2017	2016	2015	2014	2013	2012	2011	2010	2009
Market price on the JSE (R)									
High for the year	<b>252,12</b>	284,91	146,75	91,50	73,32	53,65	44,00	27,49	21,00
Low for the year	<b>172,00</b>	134,19	88,00	58,80	44,70	37,99	22,15	13,02	12,15
Closing	<b>251,43</b>	173,69	136,81	89,02	61,26	47,00	43,20	22,05	14,56
Volume-weighted average	<b>200,79</b>	202,95	109,87	71,31	60,76	46,19	32,74	21,00	16,92
Closing price per share/ HEPS (times)	<b>25,1</b>	26,1	16,7	16,1	12,8	14,4	14,1	8,8	22,3
Closing price per share/recurring HEPS (times)	<b>27,1</b>	22,0	23,0	19,8	15,6	15,2	17,9	10,6	8,4
Volume of shares traded ('000)	<b>64 300</b>	102 855	32 198	17 963	24 272	13 210	20 127	21 326	18 290
Value of shares traded (Rm)	<b>12 911</b>	20 875	3 538	1 281	1 475	610	659	448	309
Volume-traded/weighted average shares (%)	<b>30,0</b>	50,0	16,7	9,8	13,3	7,6	12,0	12,3	10,9

## OUR TRACK RECORD

Year ended February	2017	2016	2015	2014	2013	2012	2011	2010	2009
Headline earnings (Rm)	<b>2 145</b>	1 370	1 574	1 012	875	567	512	431	110
HEPS (R)	<b>10,01</b>	6,66	8,19	5,53	4,80	3,26	3,07	2,49	0,65
Recurring headline earnings (Rm)	<b>1 985</b>	1 620	1 142	821	715	536	404	359	293
Recurring HEPS (R)	<b>9,27</b>	7,88	5,94	4,49	3,92	3,09	2,42	2,07	1,74
Distribution per share (cents)									
Normal	<b>375,0</b>	300,0	200,0	133,0	111,0	82,0	67,0	42,0	57,0
Special									200,0
Ordinary shareholders' equity (Rm)	<b>15 900</b>	13 634	9 999	6 862	5 990	4 760	3 585	2 947	2 755
Net asset value per share (R)	<b>73,81</b>	63,64	49,39	37,51	32,62	26,50	21,56	17,65	16,40
Total assets (Rm)	<b>82 061</b>	71 748	45 607	33 700	25 857	20 961	17 410	14 686	14 127
Sum-of-the-parts value (Rm)	<b>52 397</b>	40 383	33 395	18 040	13 844	10 315	8 018	4 572	2 610
Sum-of-the-parts value per share (R)	<b>240,87</b>	186,67	163,28	95,01	72,67	55,92	46,81	26,60	15,31
Market capitalisation (gross of treasury shares) (Rm)	<b>58 193</b>	40 084	30 157	18 480	12 747	9 528	8 219	4 211	2 760
Number of shares ('000)									
Issued	<b>231 449</b>	230 779	220 432	207 589	208 082	202 724	190 262	190 953	189 579
Treasury shares	<b>(16 019)</b>	(16 543)	(18 004)	(24 666)	(24 440)	(23 111)	(24 001)	(23 959)	(21 559)
Net	<b>215 431</b>	214 236	202 428	182 923	183 642	179 613	166 261	166 994	168 020
Weighted average	<b>214 247</b>	205 669	192 328	182 994	182 224	173 872	167 055	173 113	168 352
Return on equity (based on headline earnings) (%)	<b>14,5</b>	11,6	18,7	15,8	16,3	13,6	15,7	15,1	3,6
Return on equity (based on recurring headline earnings) (%)	<b>13,4</b>	13,7	13,5	12,8	13,3	12,9	12,4	12,6	9,7



2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
30,50	29,25	23,00	7,05	5,20	6,50	8,85	9,86	15,85	19,00	15,50	5,10	3,00
19,00	15,70	6,20	2,53	2,55	3,75	4,40	5,27	8,00	4,95	4,45	2,10	0,20
20,85	27,20	22,66	7,00	3,85	5,20	4,76	6,60	10,00	11,70	15,30	4,70	2,25
27,14	22,57	10,60	4,28	4,60	5,12	6,75	6,85	11,14	11,72	9,66	4,01	0,78
7,1	5,2	6,4	7,8	5,0	7,4	3,4	4,4	8,3	13,6	32,3	17,9	16,4
16,1												
43 409	37 787	13 933	48 528	56 204	42 636	47 775	49 009	45 265	30 219	23 443	14 120	22 210
1 178	853	148	208	258	218	322	336	504	354	227	57	17
26,5	30,1	13,7	45,1	50,3	35,5	38,5	36,8	33,1	31,7	32,2	35,7	101,8

2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
483	651	358	97	85	85	175	200	165	82	35	10	3
2,95	5,19	3,52	0,90	0,76	0,71	1,41	1,50	1,21	0,86	0,47	0,26	0,14
212												
1,30												
112,5	90,0	67,5	45,0	30,0	20,0	50,0	45,0	36,0	25,0			
				70,0	200,0							
3 295	2 373	719	362	336	993	1 218	1 141	1 085	638	535	78	7
19,48	15,85	7,04	3,56	3,20	8,28	10,15	8,99	7,78	6,69	6,17	1,47	0,34
14 206	5 501	1 833	2 794	2 384	2 594	4 477	3 416	3 474	2 543	1 258	233	25
4 447												
25,99												
3 953	4 621	2 701	834	443	624	571	838	1 395	1 117	1 325	249	49
189 579	169 885	119 195	119 195	115 000	120 000	120 000	126 900	139 500	95 445	86 611	52 930	21 818
(20 386)	(20 133)	(17 015)	(17 619)	(10 000)								
169 193	149 752	102 180	101 576	105 000	120 000	120 000	126 900	139 500	95 445	86 611	52 930	21 818
163 505	125 446	101 888	107 519	111 700	120 000	124 204	133 200	136 613	95 445	72 869	39 588	21 818
17,0	42,1	66,3	27,7	12,8	7,7	14,9	18,0	19,1	14,0	11,3	23,8	88,6
7,5												



## Value added statement

VALUE ADDED	2017		2016	
	Rm	%	Rm	%
Total income (including revenue from sale of goods)	21 750		18 572	
Dividends received from associates and joint ventures	686		574	
Total expenses (excluding employee costs, depreciation and amortisation)	(16 039)		(14 536)	
	6 397		4 610	
Non-recurring items				
Impairment charges	20		30	
Other	(58)		(39)	
	6 359		4 601	
<b>VALUE ALLOCATED</b>				
<b>To employees</b>				
Salaries, wages and other benefits	2 747	43	2 325	51
<b>To providers of capital</b>	1 521	24	1 257	28
Finance costs	474	7	456	10
Dividends paid				
Owners of the parent	696	11	498	11
Non-controlling interests	351	6	303	7
<b>To governments</b>				
Normal tax on companies	410	7	619	13
<b>To expansion and growth</b>	1 681	26	400	8
Depreciation and amortisation	433	7	380	8
Retained earnings	1 248	19	20	
	6 359	100	4 601	100



<b>GENDER</b>	<b>Number</b>	<b>%</b>
Male	8 451	52
Female	7 909	48

<b>RACE</b>	<b>Number</b>	<b>%</b>
Black (African, Coloured and Indian)	10 364	63
White	5 746	35
Other (mainly Asian)	250	2

<b>EDUCATION</b>	<b>Number</b>	<b>%</b>
Up to grade 11	2 854	17
Grade 12	7 500	46
Post-grade 12 (e.g. diploma/certificate)	2 327	14
University degree	2 415	15
Postgraduate university degree or professional qualification	1 264	8

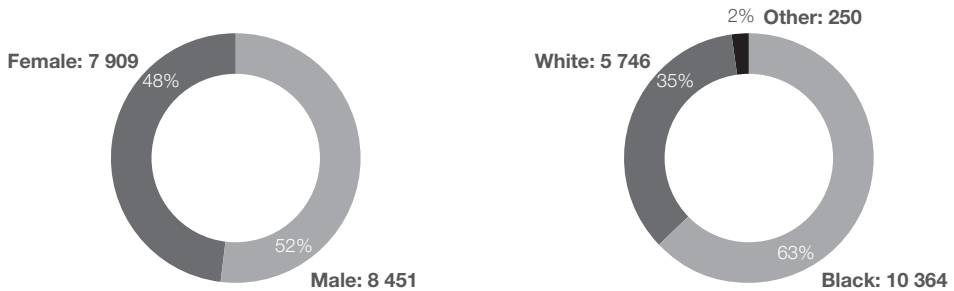
  

<b>HIERARCHY</b>	<b>Number</b>	<b>%</b>
Executive directors	95	1
Senior management	376	2
Middle/junior management	1 174	7
Operational	10 833	66
Support	3 882	24

<b>TOTAL NUMBER OF EMPLOYEES</b>	<b>16 360</b>
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Statistics relate to permanent employees of subsidiaries as at 28 February 2017 and exclude employees of associates and joint ventures.



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# Corporate governance

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PSG Group Ltd (“PSG Group” or “the company”) is committed to the principles of transparency, integrity, fairness and accountability as also advocated in the King Code of Governance Principles (“King III”). Accordingly, PSG Group’s corporate governance policies have in all material respects been appropriately applied during the year under review. The board does not consider application of all the principles contained within King III appropriate for PSG Group. Where specific principles of King III have not been applied, explanations for these are contained within this section of the annual report. A detailed analysis of PSG Group’s compliance with King III is available at [www.psggroup.co.za](http://www.psggroup.co.za). PSG Group will adopt King IV™ in the next reporting period.

The group’s major subsidiary and associate companies are similarly committed having, inter alia, their own audit, risk and remuneration committees.

## BOARD OF DIRECTORS

Details of PSG Group’s directors are provided on page 21 of this annual report. The board met four times during the year under review. The attendance at these meetings is set out in the table below:

Director	18 Apr 2016	21 Jul 2016	12 Oct 2016	22 Feb 2017
PE Burton	√	√	√	√
ZL Combi	√	√	√	√
FJ Gouws	√	√	√	√
WL Greeff	√	√	√	√
JA Holtzhausen	√	√	√	X
MJ Jooste (Alt: AB la Grange)	√	√	√	√
B Mathews	<i>n/a</i>	√	√	√
JF Mouton (chairman)	√	√	√	√
JJ Mouton	√	√	√	√
PJ Mouton	√	√	√	√
CA Otto	√	√	√	√

√ Present

X Absent with apology

PSG Group’s memorandum of incorporation requires a minimum of one third of the non-executive directors of the company, as well as non-executive directors having served three consecutive years without rotating, to retire by rotation and to offer themselves for re-election by shareholders at the annual general meeting. In addition thereto, the appointment of new directors should be confirmed by shareholders at the first annual general meeting following their appointment. In accordance with the company’s memorandum of incorporation, Messrs PE Burton, FJ Gouws and MJ Jooste will retire by rotation and offer themselves for re-election by shareholders at PSG Group’s annual general meeting to be held on 23 June 2017.

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





PSG Group is an investment holding company with limited day-to-day operations. There is a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making, with the majority of directors being non-executive. King III recommends that the majority of non-executive directors be independent. Although only certain of the non-executive directors are independent as defined by King III, all of the non-executive directors are independent of thought and action. Having considered the matter, the board is accordingly satisfied that, as stated previously, its current composition ensures a balance of power and authority.

Mr JF Mouton fulfils the role of non-executive chairman and Mr PJ Mouton the role of chief executive officer. Mr JF Mouton is not classified as independent in terms of King III because of his significant indirect shareholding in PSG Group. Mr PE Burton serves as lead independent director of PSG Group.

The PSG Group Nomination Committee considers and recommends appropriate appointments of directors to the board. The appointment of new directors to the board is a matter for the board as a whole and is conducted in a formal and transparent manner. The induction of directors is not conducted through a formal process. This has not been necessary to date as new appointees have largely been familiar with the group's operations and the environment in which it operates. However, an informal induction process has been conducted for new appointees in instances where it was considered appropriate. Consideration will be given to a formal induction programme for future appointees to the board, should this become necessary.

The board does not conduct formal appraisals of its members and committees. However, the efficiency of the board and its committees is continuously assessed.

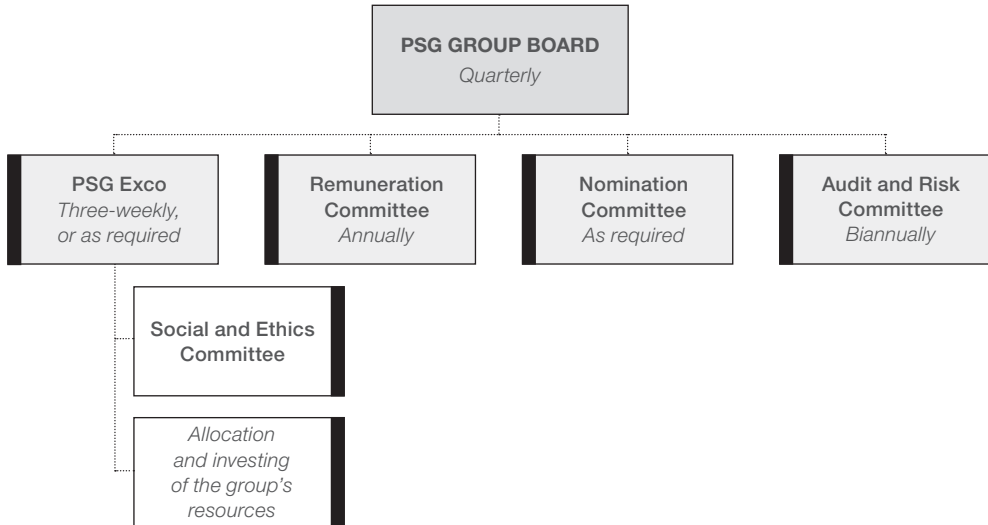
The vast majority of the directors are shareholders in the company.

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

- Promoting the interests of stakeholders;
- Formulation and approval of strategy;
- Retaining effective control; and
- Ultimate accountability and responsibility for the performance and affairs of the company.

The board has appointed the following committees to assist it in the performance of its duties:

- Executive committee;
- Remuneration committee;
- Nomination committee;
- Audit and risk committee; and
- Social and ethics committee.



## EXECUTIVE COMMITTEE

The PSG Group Executive Committee ("PSG Exco") comprises Messrs JF Mouton (non-executive chairman), PJ Mouton (chief executive officer), WL Greeff (chief financial officer) and JA Holtzhausen (executive). Mr JC Taljaard (tax advisor) attends the PSG Exco meetings as a permanent invitee, while there is a standing invitation for non-executive directors to attend. Mr PJ Mouton serves as chairman. The PSG Exco meets regularly, usually every three weeks, and is primarily responsible for the allocation and investing of PSG Group's resources, including capital.

The major operating subsidiary and associate companies all operate on similar principles.

## REMUNERATION COMMITTEE

The remuneration committee comprises Messrs MJ Jooste (chairman), PE Burton and CA Otto. These members are all non-executive directors, with the majority being independent. The committee met once during the past year on 22 February 2017 and all members were present.

PSG Group's remuneration policy is set out on pages 87 to 90, and will be presented to shareholders for a non-binding vote thereon at PSG Group's upcoming annual general meeting.

Executive directors' remuneration is set out on page 50 of this annual report. Due to the limited number of individuals employed at PSG Group's head office level, disclosure of the remuneration of the three highest paid employees who are not directors is not deemed appropriate as such information is sensitive to peer review and adds no value for stakeholders.

For the year ended 28 February 2017, the operating expenses pertaining to PSG Group's head office, inclusive of total employee costs, amounted to approximately 0,13% of PSG Group's *sum-of-the-parts value* as at 28 February 2017.



## NOMINATION COMMITTEE

The nomination committee comprises Messrs JF Mouton, PE Burton, ZL Combi, MJ Jooste and CA Otto, all being non-executive directors, with the majority being independent. The nomination committee meets when required and, as previously stated, is responsible for assisting the board with the appointment of directors by making appropriate recommendations in this regard.

In identifying suitable candidates for appointment to the board, the nomination committee will consider candidates on merit against objective criteria and with due regard for the potential benefits of gender diversity at a board level. Ms B Mathews was appointed to the board on 3 May 2016, and the nomination committee will continue to discuss and annually agree all measurable targets for achieving gender diversity on the board.

## AUDIT AND RISK COMMITTEE

The audit and risk committee comprises three independent non-executive directors, namely Mr PE Burton (chairman), Ms B Mathews and Mr CA Otto.

The committee met twice during the past financial year:

Director	15 Apr 2016	10 Oct 2016
PE Burton <sup>1</sup>	√	√
J de V du Toit <sup>2</sup>	√	n/a
B Mathews	n/a	√
CA Otto	√	√

<sup>1</sup> Chairman at the 10 October 2016 meeting.

<sup>2</sup> Chairman at the 15 April 2016 meeting.

√ Present

A report by the PSG Group Audit and Risk Committee has been provided on page 47 of this annual report. The audit and risk committee operates in accordance with a board-approved charter, which is available from the company secretary for inspection. Once a year, the members of the audit and risk committee attend a training course regarding any new legal, regulatory and/or financial developments which may affect their roles and responsibilities as members of the audit and risk committee. During the past year, Mr PE Burton replaced Mr J de V du Toit as chairman of the audit and risk committee and Ms B Mathews was appointed as member. Messrs PE Burton and CA Otto have served as members of the audit and risk committee for 10 years and five years, respectively.

## SOCIAL AND ETHICS COMMITTEE

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

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

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



## COMPANY SECRETARY

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

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

The certificate that the company secretary, herein represented by Mr A Rossouw, is required to issue in terms of section 88(2)(e) of the Companies Act, is on page 47 of this annual report.

## RISK MANAGEMENT AND INTERNAL CONTROL

The board acknowledges that it is accountable for the process of risk management and the system of internal control of PSG Group. Each group company has its own board of directors who is responsible for the risk management and internal control of that company and its business.

Detailed risk assessments and management plans have been implemented throughout the group to ensure that risk is properly managed. The board, on recommendation by the audit and risk committee, concluded that the system of internal control and the risk management process were effective for the financial year under review. The group operates in a highly regulated environment. Compliance officers have been appointed at each of the group's key operating subsidiary and associate companies to ensure compliance with legislation and codes that govern the group's day-to-day operations.

## INTERNAL AUDIT

On the recommendation of the audit and risk committee, the board has decided not to establish an internal audit function at PSG Group level given that the board has satisfied itself that, where appropriate, subsidiary and associate companies have their own internal audit departments and that the current systems of internal control and risk management for the group are effective.

## GOVERNANCE OF INFORMATION TECHNOLOGY

PSG Group has an appointed information technology ("IT") manager who is responsible for IT governance at head office level. All the major subsidiary and associate companies are responsible for IT governance in their respective business environments.

As IT does not play a significant role in the sustainability of our business at head office level due to its nature and size, the investment and expenditure in IT at head office level are immaterial. The board is accordingly satisfied that the current system of IT governance at head office level is appropriate.

## INTEGRATED REPORTING AND DISCLOSURE

PSG Group is an investment holding company that rarely gets involved in the day-to-day management of its underlying investments. Part of our philosophy is to invest in companies with strong management. We therefore rely on them to apply the principles of King III regarding integrated reporting and disclosure, to the extent appropriate, to their business.

PSG Group applies the principles of integrated reporting to the extent that such are considered appropriate.



## **SUSTAINABILITY**

### **Stakeholder relations**

PSG Group subscribes to the principles of objective, honest, accurate, transparent, timeous, balanced, relevant and understandable communication of financial and non-financial information to stakeholders. PSG Group has a dedicated team addressing enquiries from stakeholders.

PSG Group acknowledges the task and responsibility of regulators, and our relationships with them are maintained in a business-like manner – frank, open and with mutual respect.

### **Safety, health and environment**

PSG Group is committed to ensuring that employees work in a safe, healthy and clean environment. Our activities do not have an adverse impact on the environment.

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

### **Social responsibility**

PSG Group's social responsibility areas of endeavour are socio-economic, the youth and education in a wide sense. The long-term aim is to make a contribution to the advancement of stability in South Africa.

Education is one of the most basic needs of society. We thoroughly believe that an educated community will sustainably improve the long-term well-being of society. PSG Group has therefore directed its corporate social investment efforts at supporting education on various levels. PSG Group also subscribes to and support social upliftment through BEE, having invested in various BEE initiatives. PSG Group furthermore pays all its taxes regularly and encourages government to spend its receipts responsibly.

PSG Group has no political affiliations.

Refer to the chairman's letter on page 2 and the corporate social investment section on page 14 of this annual report for more details regarding PSG Group's corporate social investments.

### **Human resources**

PSG Group regards its people as the most important element of its business. It is therefore important to make the best use of the human capital we have available.

All employees are encouraged and motivated to better themselves through training and study. Training programmes initiated by companies throughout the group are regarded as an essential element of PSG Group's investment in human capital.

### **Employee participation**

In order to retain and attract entrepreneurs, PSG Group has a philosophy of encouraging management and key employees to acquire a meaningful interest in the company and/or its underlying businesses. A significant percentage of employees are shareholders in PSG Group, participants in the share incentive scheme and shareholders in subsidiary and associate companies. Employees are co-owners of the business and are treated as such, with transparent communication being a priority.



### **Employment equity**

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

### **Ethics**

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

### **Products and product development**

PSG Group acts as investor for own account and as financier for the group. Subsidiary and associate companies develop their own specialist product ranges across a diverse range of industries, which include banking, education, financial services, food and related business, as well as early-stage investments in growth sectors. The group also provides legal, taxation, financial and regulatory support and advice to listed and unlisted clients.

### **Distribution**

Each underlying company has its own distribution channel. These channels are based on one-to-one, one-to-many, internet, or professional intermediary networks according to its products and client profile.

### **Financial Sector Charter**

PSG Group endorses the principles of the Financial Sector Charter and its implementation is overseen by senior management in the group.

### **Financial reporting**

PSG Group reports its financial results to its shareholders twice a year, as and when required by the JSE Listings Requirements, and additionally when considered appropriate for the benefit of all stakeholders.

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# Summary consolidated financial statements

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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](http://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
<b>Executive</b>						
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
<b>Non-executive</b>						
PE Burton <sup>1</sup>	496				496	461
ZL Combi <sup>2</sup>	614				614	571
J de V du Toit <sup>3</sup>					–	458
MM du Toit <sup>3</sup>					–	141
FJ Gouws <sup>6, 9, 10, 12</sup>		4 500	80	16 000	20 580	16 607
MJ Jooste <sup>4</sup>	151				151	142
B Mathews <sup>3</sup>	219				219	
JF Mouton <sup>5</sup>	283	3 191	65		3 539	7 734
JJ Mouton <sup>6, 7, 11, 12</sup>	310				310	7 794
CA Otto <sup>8</sup>	514				514	451
W Theron <sup>3</sup>					–	927
	2 587	18 579	343	34 055	55 564	62 016

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

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

<sup>3</sup> 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.

<sup>4</sup> Paid to Steinhoff International Holdings Ltd.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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.

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

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

<sup>10</sup> 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.

<sup>11</sup> 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.

<sup>12</sup> 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			Market price per share on vesting date R	Vesting price per share R	Date granted	Number of share options as at 28 Feb 2017
		Granted	Vested	Forfeited				
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		Market price per share on vesting date R	Vesting price per share R	Date granted	Number of share options as at 28 Feb 2017
		Granted	Vested				
<b>Executive</b>							
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
<b>Non-executive</b>							
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		Non- beneficial	Total shareholding 2017		Total shareholding 2016	
	Direct	Indirect <sup>1</sup>	Indirect	Number	%	Number	%
PE Burton		193 150	100 000	<b>293 150</b>	<b>0,1</b>	291 675	0,1
ZL Combi	410 000			<b>410 000</b>	<b>0,2</b>	490 000	0,2
WL Greeff <sup>2</sup>		1 474 805		<b>1 474 805</b>	<b>0,7</b>	1 261 373	0,6
JA Holtzhausen <sup>2</sup>	1 030 377	500 000		<b>1 530 377</b>	<b>0,7</b>	1 314 237	0,6
JF Mouton	44 750	51 281 300		<b>51 326 050</b>	<b>23,6</b>	50 189 777	23,2
JJ Mouton	119 000	1 405 500		<b>1 524 500</b>	<b>0,7</b>	1 518 350	0,7
PJ Mouton <sup>2</sup>	54 148	5 603 436		<b>5 657 584</b>	<b>2,6</b>	5 410 818	2,5
CA Otto	108		3 434 621	<b>3 434 729</b>	<b>1,6</b>	3 434 729	1,6
Total	1 658 383	60 458 191	3 534 621	<b>65 651 195</b>	<b>30,2</b>	63 910 959	29,5

<sup>1</sup> Includes, inter alia, shares held by trusts of which the directors are discretionary beneficiaries.

<sup>2</sup> 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
<b>Assets</b>			
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
<b>Total assets</b>		<b>82 061</b>	<b>71 748</b>
<b>Equity</b>			
Ordinary shareholders' equity		15 900	13 634
Non-controlling interests		10 900	10 127
<b>Total equity</b>		<b>26 800</b>	<b>23 761</b>
<b>Liabilities</b>			
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
<b>Total liabilities</b>		<b>55 261</b>	<b>47 987</b>
<b>Total equity and liabilities</b>		<b>82 061</b>	<b>71 748</b>
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)
<b>Gross profit from sale of goods</b>		<b>2 013</b>	1 749
<b>Income</b>			
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
		<b>7 321</b>	5 608
<b>Expenses</b>			
Insurance claims and loss adjustments, net of recoveries		(581)	(519)
Marketing, administration and other expenses *		(6 224)	(5 507)
		<b>(6 805)</b>	(6 026)
<b>Net income from associates and joint ventures</b>			
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
		<b>1 831</b>	1 912
<b>Profit before finance costs and taxation</b>		<b>4 360</b>	3 243
Finance costs		(474)	(456)
<b>Profit before taxation</b>		<b>3 886</b>	2 787
Taxation		(537)	(584)
<b>Profit for the year</b>		<b>3 349</b>	2 203
<b>Attributable to:</b>			
Owners of the parent		2 162	1 483
Non-controlling interests		1 187	720
		<b>3 349</b>	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
<b>Profit for the year</b>	<b>3 349</b>	2 203
<b>Other comprehensive loss for the year, net of taxation</b>	<b>(519)</b>	(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
<b>Total comprehensive income for the year</b>	<b>2 830</b>	2 130
<b>Attributable to:</b>		
Owners of the parent	1 974	1 516
Non-controlling interests	856	614
	<b>2 830</b>	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)
<b>Ordinary shareholders' equity at end of the year</b>		<b>15 900</b>	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)
<b>Non-controlling interests at end of the year</b>		<b>10 900</b>	10 127
<b>Total equity</b>		<b>26 800</b>	23 761
<b>Dividend per share (R)</b>			
Interim		1,25	1,00
Final		2,50	2,00
		<b>3,75</b>	3,00



## SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 28 February 2017

	Notes	2017 Rm	2016 Rm
<b>Net cash flow from operating activities</b>			
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
<b>Net cash flow from operating activities</b>		<b>1 724</b>	<b>1 619</b>
<b>Net cash flow from investing activities</b>			
		<b>(1 674)</b>	<b>(4 181)</b>
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)
<b>Net cash flow from financing activities</b>		<b>76</b>	<b>2 754</b>
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
<b>Net increase in cash and cash equivalents</b>		<b>126</b>	<b>192</b>
Exchange losses on cash and cash equivalents		(71)	(17)
Cash and cash equivalents at beginning of the year		1 001	826
<b>Cash and cash equivalents at end of the year **</b>		<b>1 056</b>	<b>1 001</b>
<b>Cash and cash equivalents consist of:</b>			
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)
		<b>1 056</b>	<b>1 001</b>

\* 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
<b>3. Headline earnings</b>			
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
<b>Headline earnings</b>	<b>2 145</b>		<b>1 370</b>
<b>Earnings per share (R)</b>			
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
<b>Number of shares (m)</b>			
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



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

	<b>Windhoek Gym- nasium Rm</b>	<b>Building Blocks Rm</b>	<b>St Conrads Rm</b>	<b>ITSI Rm</b>	<b>Dryden Rm</b>	<b>Subtotal Rm</b>
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	Equity holders	Total	Linked investment contracts and consolidated mutual funds	Equity holders	Total
	Rm	Rm	Rm	Rm	Rm	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
<b>Assets</b>				
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
<b>Liabilities</b>				
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
<b>Assets</b>				
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
<b>Liabilities</b>				
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:

<b>Instrument</b>	<b>Valuation technique</b>	<b>Main inputs</b>
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
<b>Income statement for the year ended 29 February 2016</b>			
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
<b>Statement of financial position as at 29 February 2016</b>			
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 <sup>2</sup> Rm	Inter- segment income <sup>2</sup> Rm	Recurring headline earnings (segment profit) Rm	Non- recurring headline earnings Rm	Headline earnings Rm	SOTP value <sup>4</sup> Rm
Capitec <sup>1</sup>			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
<b>Total</b>	<b>21 878</b>	<b>(128)</b>	<b>1 985</b>	<b>160</b>	<b>2 145</b>	<b>52 397</b>
Non-headline items					17	
Earnings attributable to non-controlling interests					1 187	
Taxation					537	
<b>Profit before taxation</b>					<b>3 886</b>	



12. Segment report (continued)

29 February 2016	Income <sup>2, 5</sup> Rm	Inter- segment income <sup>2</sup> Rm	Recurring headline earnings (segment profit) Rm	Non- recurring headline earnings Rm	Headline earnings Rm	SOTP value <sup>4</sup> Rm
Capitec <sup>1</sup>			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
<b>Total</b>	<b>18 750</b>	<b>(178)</b>	<b>1 620</b>	<b>(250)</b>	<b>1 370</b>	<b>40 383</b>
Non-headline items					113	
Earnings attributable to non-controlling interests					720	
Taxation					584	
<b>Profit before taxation</b>					<b>2 787</b>	



12. Segment report (continued)

	2017 Rm	2016 Rm
<b>Reconciliation of segment revenue to IFRS revenue:</b>		
Segment revenue as stated above:		
Income <sup>5</sup>	21 878	18 750
Intersegment income	(128)	(178)
Less:		
Changes in fair value of biological assets	(224)	(244)
Fair value gains and losses <sup>5</sup>	(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 <sup>5</sup>	1 239	202
Other operating income	(158)	(98)
IFRS revenue <sup>3</sup>	<b>22 043</b>	19 093
<b>Non-recurring headline earnings comprised the following:</b>		
Non-recurring items from investments	186	(271)
Other (losses)/gains	(26)	21
	<b>160</b>	(250)

<sup>1</sup> Equity method of accounting applied.

<sup>2</sup> The total of "income" and "intersegment income" comprise the total of "revenue from sale of goods" and "income" per the summary consolidated income statement.

<sup>3</sup> 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.

<sup>4</sup> SOTP is a key valuation tool used to measure the group's performance, but does not necessarily correspond to net asset value.

<sup>5</sup> 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		Shares held	
	Number	%	Number	%
<b>14. Ordinary shareholder analysis</b>				
<b>Range of shareholding</b>				
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
	<b>24 982</b>	<b>100,0</b>	<b>217 530 744</b>	<b>100,0</b>
<b>Treasury shares</b>				
Employee share scheme	1		9 890	
Shares held by a subsidiary	1		13 908 770	
	<b>24 984</b>		<b>231 449 404</b>	
<b>Non-public and public shareholding</b>				
<b>Non-public</b>				
Directors *	8		65 651 195	30,2
Steinhoff International Holdings N.V. and its subsidiaries	1		55 525 295	25,5
<b>Public</b>	<b>24 973</b>	<b>100,0</b>	<b>96 354 254</b>	<b>44,3</b>
	<b>24 982</b>	<b>100,0</b>	<b>217 530 744</b>	<b>100,0</b>
<b>Individual shareholders (excluding directors) holding 5% or more of shares in issue (net of treasury shares) as at 28 February 2017</b>				
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
			<b>70 853 473</b>	<b>32,5</b>

\* 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](http://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.



## Notice of annual general meeting

continued

- 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 <sup>1</sup>				
	Board member R	Committee member			Total R
		Audit and Risk R	Remuneration R	PSG Group BEE Education Trust R	
PE Burton <sup>2</sup>	155 000	100 000	10 000	9 000	274 000
ZL Combi	155 000				155 000
FJ Gouws	155 000				155 000
MJ Jooste <sup>3</sup>	155 000		15 000		170 000
B Mathews	155 000	85 000			240 000
JF Mouton <sup>4</sup>	310 000				310 000
JJ Mouton	155 000				155 000
CA Otto	155 000	85 000	10 000	8 000	258 000
<b>Total</b>	<b>1 395 000</b>	<b>270 000</b>	<b>35 000</b>	<b>17 000</b>	<b>1 717 000</b>

*Notes:*

<sup>1</sup> With effect from 1 March 2017

<sup>2</sup> Chairman of the PSG Group Audit and Risk Committee and the PSG Group BEE Education Trust

<sup>3</sup> Chairman of the PSG Group Remuneration Committee

<sup>4</sup> 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](http://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.



## Notice of annual general meeting

continued

### 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.

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# Summary standalone financial statements

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These summary standalone financial statements comprise a summary of the audited standalone annual financial statements of PSG Financial Services Ltd for the year ended 28 February 2017.

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

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



## APPROVAL OF ANNUAL FINANCIAL STATEMENTS

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

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

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

The audit and risk committee of PSG Group Ltd, the company's holding company, meets regularly with the external auditor, as well as senior management, to evaluate matters concerning accounting policies, internal control, auditing and financial reporting. The external auditor has unrestricted access to all records, assets and personnel as well as to the PSG Group Ltd Audit and Risk Committee.

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

The annual financial statements, including the summary standalone financial statements set out on pages 95 to 103, were approved by the board of directors of PSG Financial Services Ltd and are signed on its behalf by:

**JF Mouton**  
Chairman

**PJ Mouton**  
Chief executive officer

**WL Greeff**  
Chief financial officer

## DECLARATION BY THE COMPANY SECRETARY

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



## DIRECTORS' REPORT

for the year ended 28 February 2017

### Nature of business

PSG Financial Services 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 company are set out in the attached summary income statement and summary statements of financial position, comprehensive income, changes in equity and notes thereto. The company's profit for the year amounted to R744m (2016: R598m).

### Stated capital

No other changes took place in the company's issued share capital during the current or prior year.

### Dividends

#### Ordinary

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

#### Preference

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

Cents per share	2017	2016
Interim	440,1	390,8
Final	433,9	404,2
Total	874,0	795,0

### Directors

The directors of the company are exactly the same as PSG Group Ltd's (which appear on page 21).

### Holding company

The company is a wholly-owned subsidiary of PSG Group Ltd, except for the 17 415 770 (2016: 17 415 770) preference shares which are listed on the JSE Ltd.

### Shareholding of directors

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

### Secretary

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





## **INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY STANDALONE FINANCIAL STATEMENTS**

*to the shareholders of PSG Financial Services Ltd*

### **Opinion**

The summary standalone financial statements of PSG Financial Services Ltd, set out on pages 97 to 103 of this annual report, which comprise the summary standalone statement of financial position as at 28 February 2017, the summary standalone statements of income, comprehensive income and equity for the year then ended, are derived from the audited standalone financial statements of PSG Financial Services Ltd for the year ended 28 February 2017.

In our opinion, the accompanying summary standalone financial statements are consistent, in all material respects, with the audited standalone financial statements, in accordance with note 1 to the summary standalone financial statements, and the requirements of the Companies Act, as applicable to summary financial statements.

### **Summary standalone financial statements**

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

### **The audited standalone financial statements and our report thereon**

We expressed an unmodified audit opinion on the audited standalone 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 standalone financial statements for the year.

### **Directors' responsibility for the summary standalone financial statements**

The directors are responsible for the preparation of the summary standalone financial statements in accordance with note 1 to the summary standalone 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 standalone financial statements are consistent, in all material respects, with the audited standalone 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*.

*Price waterhouse Coopers Inc.*

**PricewaterhouseCoopers Inc**

**Director: D de Jager**

Registered auditor

12 May 2017

Stellenbosch



## SUMMARY STANDALONE STATEMENT OF FINANCIAL POSITION

as at 28 February 2017

	Notes	2017 Rm	2016 Rm
<b>Assets</b>			
Investment in subsidiaries	2	6 887	4 754
Investment in associates	3	3 219	3 219
Equity securities	4	3 497	2 416
Deferred income tax		6	3
Loans and advances	5	1 222	1 116
Derivative financial instruments		20	11
Receivables		20	
<b>Total assets</b>		<b>14 871</b>	<b>11 519</b>
<b>Equity</b>			
Stated capital			
Ordinary shares		1 827	1 827
Preference shares		1 506	1 506
Other reserves		2 630	1 791
Retained earnings		2 100	2 308
<b>Total equity</b>		<b>8 063</b>	<b>7 432</b>
<b>Liabilities</b>			
Borrowings	6	5 947	3 484
Derivative financial instruments		20	11
Deferred income tax		765	521
Trade and other payables		76	71
<b>Total liabilities</b>		<b>6 808</b>	<b>4 087</b>
<b>Total equity and liabilities</b>		<b>14 871</b>	<b>11 519</b>



## SUMMARY STANDALONE INCOME STATEMENT

for the year ended 28 February 2017

	Notes	2017 Rm	2016 Rm
<b>Income</b>			
Investment income	7	754	619
<b>Expenses</b>			
Marketing, administration and other expenses *			
<b>Profit before finance costs and taxation</b>		754	619
Finance costs		(10)	(19)
<b>Profit before taxation</b>		744	600
Taxation	8		(2)
<b>Profit for the year</b>		744	598

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

## SUMMARY STANDALONE STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2017

	Notes	2017 Rm	2016 Rm
<b>Profit for the year</b>		744	598
<b>Other comprehensive income</b>			
Fair value gains on equity securities		1 081	513
Taxation on fair value gains	8	(242)	(182)
<b>Total comprehensive income for the year</b>		1 583	929



## SUMMARY STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2017

	Stated capital			Retained earnings Rm	Total Rm
	Ordinary shares Rm	Preference shares Rm	Other reserves Rm		
<b>Balance at 1 March 2015</b>	1 827	1 506	1 460	1 022	5 815
<b>Profit for the year</b>				598	598
<b>Other comprehensive income</b>					
Fair value gains on equity securities			331		331
<b>Transactions with owners</b>	-	-	-	688	688
Common control transaction			2 126		2 126
Transfer between reserves			(2 126)	2 126	-
Dividend – ordinary shares				(1 300)	(1 300)
Dividend – preference shares				(138)	(138)
<b>Balance at 29 February 2016</b>	1 827	1 506	1 791	2 308	7 432
<b>Profit for the year</b>				744	744
<b>Other comprehensive income</b>					
Fair value gains on equity securities			839		839
<b>Transactions with owners</b>	-	-	-	(952)	(952)
Dividend – ordinary shares				(800)	(800)
Dividend – preference shares				(152)	(152)
<b>Balance at 28 February 2017</b>	1 827	1 506	2 630	2 100	8 063



## **NOTES TO THE SUMMARY STANDALONE FINANCIAL STATEMENTS**

*for the year ended 28 February 2017*

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

These summary standalone financial statements, which should be read in conjunction with either PSG Group Ltd ("PSG Group") or PSG Financial Services Ltd's ("PSL") group annual financial statements, have been derived from the standalone annual financial statements of PSL, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"); the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the manner required by the Companies Act and the JSE Ltd Listings Requirements. PSL has only presented summary standalone financial statements in this annual report, as PSL is the only significant asset of PSG Group. The group annual financial statements of PSL are therefore very similar to those of PSG Group, a summary version of which have been presented on pages 46 to 78.

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



## 2. Investment in subsidiaries

Company	Interest held directly		Carrying value	
	2017 %	2016 %	2017 Rm	2016 Rm
Curro Holdings Ltd <sup>1</sup>	56,1	58,3	2 546	1 877
Dipeo Capital (RF) (Pty) Ltd	49,0	49,0		
Ou Kollege Beleggings Ltd	100,0	100,0	48	48
PSG Africa Holdings (Pty) Ltd	98,0	98,0	317	317
PSG Capital (Pty) Ltd	100,0	100,0	4	4
PSG Corporate Services (Pty) Ltd	100,0	100,0	52	52
PSG Konsult Ltd <sup>2</sup>	61,7	61,9	651	514
PSG Private Equity (Pty) Ltd (in process of changing its name to PSG Alpha Investments (Pty) Ltd)	100,0	100,0	490	490
Zeder Investments Ltd <sup>3</sup>	42,1	34,6	2 779	1 439
Other		100,0		13
			<b>6 887</b>	<b>4 754</b>

<sup>1</sup> During the year, the company invested a further R669m in Curro Holdings Ltd's rights issue. The company's interest in Curro Holdings Ltd diluted during the year as a result of shares being issued for cash (other than the rights issue) and in terms of its share incentive scheme.

<sup>2</sup> During the year, the company invested a further R137m in PSG Konsult Ltd through share purchases in the open market. The company's interest in PSG Konsult Ltd diluted during the year as a result of shares being issued in terms of its share incentive scheme.

<sup>3</sup> Zeder Investments Ltd is accounted for as a subsidiary of the company through its shareholding, board representation and the ongoing strategic inputs being provided by the PSG Group Executive Committee. During the year, the company's interest in Zeder Investments Ltd increased following the management fee internalisation as detailed in the review of operations section of this annual report.

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

## 3. Investment in associates

Company	Interest held directly		Carrying value	
	2017 %	2016 %	2017 Rm	2016 Rm
Capitec Bank Holdings Ltd	30,7	30,7	3 219	3 219

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



	2017 Rm	2016 Rm
<b>4. Equity securities</b>		
Equity securities consist mainly of 13 908 770 (2016: 13 908 770) ordinary shares held in PSG Group, the company's JSE-listed holding company, and are classified as available for sale.		
<b>5. Loans and advances</b>		
Unsecured loans to wholly-owned subsidiaries <sup>1</sup>	119	111
Preference share investments		
Subsidiary <sup>2</sup>	994	895
Associate <sup>3</sup>		8
Other <sup>4</sup>	109	102
	<b>1 222</b>	<b>1 116</b>
Current	<b>161</b>	111
Non-current	<b>1 061</b>	1 005

<sup>1</sup> These loans are interest-free with no fixed terms of repayment.

<sup>2</sup> These preference shares are unsecured, carry a dividend rate of prime plus 2% and are redeemable during March 2018.

<sup>3</sup> These preference shares were unsecured, carried no dividend rate and were redeemed during the year.

<sup>4</sup> Preference shares with a carrying value of R66m (2016: R66m) are secured, carry a fixed dividend rate of 8,44% and are redeemable during May 2020. The counterparty to same is related to Mr FJ Gouws, a director of the company. The remaining preference share balance is unsecured, carry a dividend rate of prime less 1% and is redeemable during September 2017.

	2017 Rm	2016 Rm
<b>6. Borrowings</b>		
Current		
Unsecured loan from holding company	2 779	1 979
Unsecured loans from wholly-owned subsidiaries	3 168	1 505
	<b>5 947</b>	<b>3 484</b>
<i>These loans are all interest-free with no fixed terms of repayment.</i>		
<b>7. Investment income</b>		
Interest income – loans and advances	11	23
Dividend income		
Preference share dividend income	126	123
Equity securities classified as available for sale	45	34
Dividends from subsidiaries	171	124
Dividends from associates	401	315
	<b>754</b>	<b>619</b>



#### 8. Taxation

Current and deferred taxation recognised in profit or loss during the year amounted to less than R1m (2016: amounted to R2m). Components of other comprehensive income carried a taxation charge of R242m (2016: R182m).

#### 9. Non-cash transactions

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

	2017 Rm	2016 Rm
<b>Investing activities</b>		
Additional investment in subsidiaries	(2 146)	(651)
Redemption of preference share investments	8	247
Increase in loans to wholly-owned subsidiaries	(8)	
	(2 146)	(404)
<b>Financing activities</b>		
Increase in borrowings	2 463	1 303
Dividend paid to ordinary shareholder	(800)	(1 300)
Dividend paid to preference shareholders	(147)	(135)
	1 516	(132)

#### 10. Preference share analysis

Range of shareholding	Shareholders		Shares held	
	Number	%	Number	%
1 – 2 000	1 612	63,9	1 342 215	7,7
2 001 – 5 000	467	18,5	1 542 004	8,9
5 001 – 10 000	201	8,0	1 483 371	8,5
10 001 – 100 000	216	8,6	5 600 673	32,2
100 001 – 500 000	19	0,8	4 151 637	23,8
Over 500 001	4	0,2	3 295 870	18,9
Public shareholding	2 519	100,0	17 415 770	100,0

Apart from the Allan Gray Stable Fund and the Coronation Balanced Defensive Fund holding 1 081 163 (6,2%) and 907 505 (5,2%) of the company's issued preference shares, respectively, no other individual shareholder or fund held 5% or more of the issued preference shares as at 28 February 2017, nor were any shares held by non-public shareholders.





## Notice of general meeting

Notice is hereby given of the general meeting of preference shareholders of PSG Financial Services Ltd ("PSG Financial Services" or "the company") to be held in the boardroom, first floor Ou Kollege building, 35 Kerk Street, Stellenbosch, on Thursday, 22 June 2017, at 12:00 ("the general meeting").

### Purpose

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

### Agenda

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

#### *Note:*

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

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

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

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



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

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

- the approval shall be valid until the date of the next annual general meeting of the ordinary shareholder of the company or general meeting of preference shareholders of the company, whichever is the latest, provided it shall not extend beyond 15 months from the date of this resolution;
- the general issues of shares for cash, in the aggregate, under this authority, may not exceed 15% of the company’s issued share capital (number of securities) of that class as at the date of this notice of general meeting, it being recorded that preference shares issued pursuant to a rights offer to preference shareholders shall not diminish the number of preference shares that comprise the 15% of the preference shares that can be issued in terms of this ordinary resolution. As at the date of this notice of general meeting, 15% of the issued listed preference shares of the company amounts to 2 612 365 preference shares;
- in determining the price at which an issue of preference shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30-business day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements and not to related parties;
- any such issue will only 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,

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

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



## Notice of general meeting

continued

### Voting

1. The date on which preference shareholders ("preference shareholders" or "shareholders") must be recorded as such in the preference share register maintained by the transfer 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 this meeting 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 general meeting and must accordingly bring a copy of their identity document, passport or driver's licence to the general meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretary for guidance.
4. Shareholders entitled to attend and vote at the general meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the general meeting. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the general meeting.
5. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer 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 Tuesday, 20 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 general meeting at any time prior to the commencement of the general meeting.
6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the general meeting in person will need to request their central securities depository participant ("CSDP") or broker to provide them with the necessary authority (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 general meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.

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 FINANCIAL SERVICES LIMITED

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

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

For use at the general meeting of preference shareholders of the company to be held on Thursday, 22 June 2017, at 12:00 in the boardroom, first floor Ou Kollege building, 35 Kerk Street, Stellenbosch ("the general meeting").

I/We (full name in print) \_\_\_\_\_

of (address) \_\_\_\_\_

being the registered holder of \_\_\_\_\_ preference shares hereby appoint:

1. \_\_\_\_\_ or failing him/her,
2. \_\_\_\_\_ or failing him/her,
3. the chairman of the general meeting,

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

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

Please indicate your voting instruction by way of inserting the number of preference shares or by a cross in the space provided 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 PSL preference shareholder is entitled to appoint one or more proxy(ies) (who need not be a preference shareholder(s) of the company) to attend, speak and vote in his/her stead at the general meeting.



### Notes

1. A PSL preference shareholder ("shareholder" or "PSG Financial Services shareholder") may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the general meeting". The person whose name appears first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A PSG Financial Services shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of preference shares to be voted on behalf of that shareholder in the appropriate box provided 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 general meeting, if he/she is the authorised proxy, to vote in favour of the resolutions at the general meeting, or any other proxy to vote or to abstain from voting at the general meeting as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.
3. When there are joint registered holders of any preference shares, any one of such persons may vote at the general meeting in respect of such preference shares as if he/she was solely entitled thereto, but, if more than one of such joint holders be present or represented at any meeting, that one of the said persons whose name stands first in the register in respect of such preference shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder, in whose name any preference shares stand, shall be deemed joint holders thereof.
4. Forms of proxy must be completed and returned to be received by the transfer secretary of the company, Computershare Investor Services (Pty) Ltd (PO Box 61051, Marshalltown, 2107), by not later than 12:00 on Tuesday, 20 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 general meeting at any time prior to the commencement of the general meeting.
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 general meeting.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

## ADMINISTRATION

### Details of PSG Group Ltd

Registration number: 1970/008484/06  
Share code: PSG  
ISIN code: ZAE000013017

### Secretary and registered office

PSG Corporate Services (Pty) Ltd  
Registration number: 1996/004840/07  
First floor  
Ou Kollege building  
35 Kerk Street  
Stellenbosch 7600  
PO Box 7403  
Stellenbosch 7599  
Telephone +27 21 887 9602  
Facsimile +27 21 887 9619

### Transfer secretary

Computershare Investor Services (Pty) Ltd  
Rosebank Towers  
15 Biermann Avenue  
Rosebank 2196  
PO Box 61051  
Marshalltown 2107

### Details of PSG Financial Services Ltd

Registration number: 1919/000478/06  
Share code: PGFP  
ISIN code: ZAE000096079

### Corporate advisor and sponsor

PSG Capital

### Broker

PSG Online

### Auditor

PricewaterhouseCoopers Inc

### Principal banker

FirstRand Bank Ltd

### Website address

[www.psggroup.co.za](http://www.psggroup.co.za)

## SHAREHOLDERS' DIARY

	2017
Financial year-end	28 February
Profit announcement	19 April
Annual general meetings	
PSG Financial Services Ltd	22 June
PSG Group Ltd	23 June
General meeting of PSG Financial Services Ltd preference shareholders	22 June
Interim results reported for the six months ending 31 August 2017	11 October

