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

PSG Financial Services Limited
Incorporated in the Republic of South Africa
Registration number: 1919/000478/06
JSE share code: PGFP
ISIN number: ZAE000096079

REVIEWED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2013

Sum-of-the-parts value increased by 30% to R72,67 per share as at 28 February 2013
Recurring headline earnings increased by 27,1% to 392,3 cents per share
Attributable earnings of R1,1bn
Dividend for the year increased by 35,4% to 111 cents per share

COMMENTARY

PSG is proud to be a New South Africa company, having been established in November 1995.
Today PSG is an investment holding company consisting of underlying investments that operate across industries which include financial services, banking, private equity, agriculture and education. PSG's market capitalisation is approximately R11,7bn, with our largest investment being a 28,5% interest in Capitec.

PERFORMANCE

We believe that performance should not be measured in terms of the size of a company, but rather on the return that an investor receives over time. As we are all PSG shareholders, we prefer to focus on per share wealth creation. Our objective remains to continuously create wealth for all stakeholders.

When evaluating PSG's performance over the long term, one should focus on the total return index (TRI) as measurement tool. The TRI is the compound annual growth rate (CAGR) of an investment, and is calculated by taking cognisance of share price appreciation, dividend and other distributions. This is a sound measure of wealth creation and a means of benchmarking different companies. PSG's TRI is 51,4%, which is the highest of any JSE-listed company over the 17-year period since PSG's establishment. PSG was ranked 2nd over 10 years and 17th over five years in The Sunday Times Top 100 Companies 2012 analysis based on TRI. Capitec achieved the number one spot over both measurement periods - an achievement which we believe is unlikely to be easily repeated.

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

RESULTS

PSG had a successful financial year to 28 February 2013, with strong growth in both its SOTP value per share and recurring headline earnings per share.

SOTP

The calculation of the SOTP value is simple and requires limited subjectivity as approximately 81% of the value is calculated using listed share prices, while the unlisted investments are valued using market-related multiples. At 28 February 2013, the SOTP value per PSG share was R72,67 (29 Feb 2012: R55,92), which equated to a 40% CAGR over the last three years. At 11 April 2013, the SOTP value was R78,60 per share.

Asset/Liability	28 Feb 2010 Rm	28 Feb 2011 Rm	29 Feb 2012 Rm	28 Feb 2013 Rm	% of total
Capitec*	2 367	5 138	5 978	6 128	38,7
Curro Holdings*			1 118	2 607	16,4
PSG Konsult**	948	1 206	1 483	2 237	14,1
Zeder*	742	1 069	1 067	1 412	8,9
PSG Private Equity+	834	1 242	728	681	4,3
Thembeka Capital+			570	899	5,7
PSG Corporate (incl. PSG Capital)++	361	350	338	383	2,4
Other investments (incl. cash)++	400	548	684	1 505	9,5
Total assets	5 652	9 553	11 966	15 852	100,0
Perpetual pref funding*	(541)	(1 028)	(1 188)	(1 163)	
Other debt++	(539)	(507)	(463)	(845)	
Total SOTP value	4 572	8 018	10 315	13 844	
Shares in issue (net of treasury shares) (million)	171,8	171,3	184,5	190,5	
SOTP value per share (rand)	26,61	46,81	55,92	72,67	
Net asset value per share (rand)	17,66	21,56	26,50	32,62	

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

RECURRING HEADLINE EARNINGS

Recurring headline earnings	Year ended 28 Feb 2011 Rm	Change %	Year ended 29 Feb 2012 Rm	Change %	Year ended 28 Feb 2013 Rm
Capitec	223,0	63	362,4	38	499,9
Curro Holdings	1,9	n/a	(5,2)	n/a	8,1
PSG Konsult	93,9	15	107,9	10	118,8
Zeder	109,4	5	115,4	(8)	106,6
PSG Private Equity	36,5	(12)	32,0	134	75,0
Thembeka Capital	8,5	120	18,7	50	28,0
PSG Corporate (incl. PSG Capital)	21,0	(3)	20,4	(22)	15,9
Other	19,0	2	19,3	60	30,8
Recurring headline earnings before funding	513,2	31	670,9	32	883,1
Funding	(109,1)	23	(134,4)	25	(168,2)
Recurring headline earnings	404,1	33	536,5	33	714,9
Non-recurring items	108,3	(72)	30,6	423	160,1
Headline earnings	512,4	11	567,1	54	875,0
Non-headline items	196,0	(31)	135,9	95	264,8
Attributable earnings	708,4	(1)	703,0	62	1 139,8
Weighted average number of shares in issue (net of treasury shares) (million)	167,1		173,9		182,2
Earnings per share (cents)					
- Recurring headline	241,9	28	308,6	27	392,3
- Headline	306,7	6	326,2	47	480,2

- Attributable	424,1	(5)	404,4	55	625,5
Dividend per share (cents)	67,0	22	82,0	35	111,0

Recurring headline earnings for the year ended 28 February 2013 increased by 27,1% to 392,3 cents per share. The growth was (again) predominantly as a result of Capitec's remarkable performance, while the majority of the remaining investments also reported improved earnings.

Headline earnings increased by 47,2% to 480,2 cents per share. The increase in non-recurring headline earnings was mainly as a result of substantial marked-to-market profits achieved in Thembeka's portfolio of listed shares in the current financial year.

Attributable earnings increased by 54,7% to 625,5 cents per share mainly as a result of the non-headline profits achieved on the disposal of PSG's Capitec rights offer shares and Zeder's disposal of a 15,1% interest in Capevin Holdings.

Operating profit before finance costs and taxation increased by 60,3% to R2bn, mainly as a result of the aforementioned improved performance from our underlying investments, and the non-headline profit on disposals.

Although we focus less on headline and attributable earnings due to the volatility of the aforementioned, it is important to note that over a five-year period we reported a cumulative total recurring headline earnings of R2,3bn, headline earnings of R2,5bn and attributable earnings of R3bn. The fact that both headline and attributable earnings are substantially more than recurring headline earnings indicates that PSG has added value having continuously made significant non-recurring profits.

CAPITEC

PSG remains proud of its investment in Capitec. Operationally the company continued to perform exceptionally with a 35% increase in headline earnings per share for the year ended 28 February 2013. Capitec has a CAGR of 42% in headline earnings per share over the past 10 years. There has been a lot of negative publicity regarding the unsecured credit market in recent years, and we are well aware that the industry may face challenges going forward. We, however, are confident that Capitec is well positioned to react to any challenge which the market may pose. It is fairly easy to compare most of the players in this market, and it gives us comfort that, as far as we know, 1) Capitec has the most conservative provisioning policy; 2) its sources of funding are the most secure and diverse; 3) Capitec is well capitalised with a capital adequacy ratio of 41%; 4) its banking model continues to attract a vast number of new and sticky, less risky clients; and 5) Capitec is becoming less dependent on interest income as it continues to experience a sharp increase in transaction fee income. But, most important to PSG, 6) Capitec arguably has the best and most focused management team in the industry today.

During November 2012, Capitec concluded a rights offer in terms of which R2,2bn cash was raised. As the largest shareholder in Capitec, PSG supported the rights offer to ensure a successful capital raising. As such, PSG furnished Capitec with an irrevocable undertaking to the value of R724m to take up its share of the rights offer. PSG obtained funding to enable it to do so and has since sold the majority of its Capitec rights offer shares to repay the debt raised in respect thereof. As a result, PSG's shareholding in Capitec has reduced from 32,2% to 28,5%. PSG made a non-headline profit of R393m on the sale of these shares.

Capitec continues to be the group's star performer, contributing 56,6% to recurring headline earnings before funding, and representing 38,7% of the assets of the group. As an investment company it is the very fact that we can hold on to our winners that differentiates us from the normal fund management industry. We remain positive about Capitec, its business and its management and believe that this investment will continue to be a significant contributor to the future success of PSG for years to come.

Capitec's comprehensive results for the year ended 28 February 2013 are available at www.capitecbank.co.za.

OTHER INVESTMENTS

Further detail regarding the latest year-end results of the underlying investments is available on the following websites:

- Curro Holdings: www.curro.co.za

- PSG Konsult: www.psg.co.za

- Zeder: www.zeder.co.za

- Thembeka Capital: www.thembekacapital.co.za

THE HEART OF PSG

The PSG, Zeder and PSG Private Equity ("Private Equity") Executive Committees ("Exco") meet every two weeks, or whenever required, to discuss the performance of and to provide strategic input to the underlying businesses, to receive an update of deals in progress and to monitor and manage the capital requirements, gearing and liquidity of the group. However, twice a year we break away from the detail to collectively revisit and, if necessary, determine a revised strategy for the group or any of the investee companies where we could add strategic value. In the past we have communicated very specific strategies, which included Project Unlock Value and Project Growth.

Our latest strategy, as approved by the PSG Board in February 2013, is Project Internal Focus.

PROJECT INTERNAL FOCUS

PSG has historically been an active deal-making company and today has a sizeable portfolio of 36 investments with a combined market capitalisation of approximately R80bn, employing in excess of 40 000 people. Some established businesses, such as Capitec, require limited attention from PSG management. However, companies in the development phase, such as Curro, Impak, Energy Partners and Chayton, have the potential to deliver substantial future earnings, but require more active input from PSG's side. Then there are those businesses of which the strategy is under review and where PSG is playing a role. We believe that PSG's investment portfolio has vast potential and, with active involvement from PSG's side, maximum value will be extracted.

Project Internal Focus is therefore all about developing strategy within the portfolio and ensuring the successful implementation thereof. PSG will assist these companies to grow both organically and by means of suitable acquisition and/or merger opportunities. Ideally PSG wants fewer, but larger investments. Our focus will therefore primarily be directed at the optimisation, refinement and growth of PSG's existing portfolio instead of new acquisitions in the year ahead. However, this does not mean (true to our entrepreneurial spirit) that we will ignore an attractive investment opportunity.

Project Internal Focus in action

Although we have only recently formalised this strategy, we have embarked on it some time ago already.

Increased stakes, increased control

Zeder has historically only taken non-controlling strategic stakes in entities. However, during the past financial year, Zeder acquired controlling interests in both Agricol and Chayton. In addition, Zeder is currently in the process of acquiring additional shares in Kaap Agri in order to obtain a more meaningful interest in that company.

Zeder appointed Antonie Jacobs as Agricol's executive chairman. His primary responsibility is to grow the business. The operational control of Chayton now resides with Zeder, with Willem Meyer as acting CEO. Similarly, the Private Equity team acquired control of Impak and brought in a brand new management team to expand the business.

Restructurings/divestments

When an investment does not perform to expectation or does not fit into our defined strategy, it necessitates a review which may lead to a restructuring or disinvestment. We have no time constraints to exit and will mostly do so in conjunction with other shareholders.

During the past financial year, we restructured M&S (Top Fix) by selling its loss-making scaffolding division through a share buyback. Its share price has since increased by more than 170% to 89 cents per share. We were unable to obtain more substantial influence in Petmin and consequently decided to sell our investment for R158m (IRR of 16%). Zeder was instrumental in driving the Capevin Holdings/Investments merger and in the process created significant value for Capevin Holdings shareholders. Zeder subsequently sold the majority of this investment for a R441m non-headline profit as it became non-core. The IRR of the KWV/Capevin investment over a seven-year period was 19%.

Changes to management

We have appointed or have been part of the process to appoint successor CEOs at some of our larger investments during the year under review. Norman Celliers (Zeder), Francois Gouws (PSG Konsult) and Phil Roux (Pioneer Foods) are all new additions to our group. We welcome them and wish them the best of luck with the tasks at hand.

We would like to thank Willem Theron (PSG Konsult) and André Hanekom (Pioneer Foods) for the way in which they have built their respective businesses, and for giving the new incumbents a solid platform to grow from.

Curro Holdings

Curro epitomises Project Internal Focus. Since PSG initially acquired its controlling stake in June 2009, we have spent significant time with management to help Curro reach its full potential. Bernardt van der Linde, who worked for PSG at the time, has since been employed fulltime as Curro's CFO. In addition, Piet Mouton joined the Curro Exco since the beginning of this year.

Curro is undoubtedly the most successful venture that Private Equity has invested in over the last couple of years. Curro's relentless focus on both organic and acquisitive growth is starting to pay off. Since PSG's involvement, the number of schools has increased from three to 26 and learners from 2 059 to 20 840, and the business has listed on the JSE Ltd. It has a continued pipeline of new opportunities, and the recent acquisition of Northern Academy gives Curro access to a low-fee school model which could have a significant impact on the business in years to come. A plan has been formulated to have 80 schools by 2020!

Our strategy to actively work alongside management proved to be successful in Curro's case. We believe that by applying the same strategy of being more internally focused at other investments in PSG's portfolio, we are likely to achieve further success.

A BEE SUCCESS STORY

Being a New South Africa company, PSG has embraced the principle of creating wealth for the previously disadvantaged. The 51% black-owned and controlled Thembeka Capital is a prime example of same. Under the leadership of KK Combi, its intrinsic value has increased from R1 000 in 2006 to R1,9bn today, creating wealth of more than R900m for its black shareholders.

SHAREHOLDING

The board of directors owns approximately 37% in PSG. Steinhoff is our largest corporate shareholder with a 20% interest. In addition, we are proud to have a loyal shareholder base of individuals who remain invested in PSG having received exceptional returns.

PROSPECTS

PSG operates in a number of diverse industries, the performance of which is not always correlated. Although it is difficult to predict the future, we remain optimistic and believe our strategy will continue to deliver superior returns for shareholders.

DIVIDENDS

Ordinary shares

PSG's policy remains to pay up to 100% of free cash flow as an ordinary dividend, of which one third is payable as an interim and the balance as a final dividend at year-end. The directors have resolved to declare a final gross dividend of 78 cents (2012: 56 cents) per share, which brings the total dividend for the financial year ended 28 February 2013 to 111 cents (2012: 82 cents), an increase of 35,4%.

The company will be utilising secondary tax on companies credits amounting to 78 cents per ordinary share and, as a result, there will be no dividend withholding tax deducted from this dividend for any PSG shareholder. The number of ordinary shares in issue at the declaration date is 208 081 893, and the income tax number of the company is 9950080714.

The salient dates of this dividend distribution are:

Last day to trade cum dividend	Friday, 3 May 2013
Trading ex dividend commences	Monday, 6 May 2013
Record date	Friday, 10 May 2013
Date of payment	Monday, 13 May 2013

Share certificates may not be dematerialised or rematerialised between Monday, 6 May 2013, and Friday, 10 May 2013, both days inclusive.

Preference shares

The directors of PSG Financial Services Ltd have declared a dividend of 351,24 cents per share in respect of the cumulative, non-redeemable, non-participating preference shares for the six months ended 28 February 2013, which was paid on 25 March 2013. The detailed announcement in respect hereof was disseminated on Securities Exchange News Services (SENS).

On behalf of the board

Jannie Mouton
Chairman

Wynand Greeff
Financial Director

15 April 2013
Stellenbosch

The following summarised financial information has been extracted from the reviewed annual financial statements:

Abridged group income statement

	Reviewed 2013 Rm	Audited 2012 Rm
Revenue from sale of goods	2 001,8	
Cost of goods sold	(1 682,9)	
Gross profit	318,9	-
Income		
Investment income (note 4)	418,3	387,9
Net fair value gains and losses on financial instruments (note 4)	1 023,9	533,7
Adjustment to investment contract liabilities (note 4)	(1 186,6)	(624,1)
Commission and other fee income	1 941,1	1 527,6
Changes in fair value of biological assets	28,7	
Other operating income	830,1	226,8
	3 055.5	2 051.9
Expenses		
Insurance claims and loss adjustments, net of recoveries	(60,0)	0,3
Marketing, administration and other expenses	(2 276,6)	(1 456,3)
	(2 336,6)	(1 456,0)
Profit related to associated companies		
Share of profits of associated companies	1 036,6	684,1
Loss on impairment of associated companies	(104,2)	(41,0)
	932,4	643,1
Results before finance costs and taxation	1 970,2	1 239,0
Finance costs	(206,0)	(109,6)
Profit before taxation	1 764,2	1 129,4

Taxation	(248,1)	(104,1)
Profit for the year	1 516,1	1 025,3
Attributable to:		
Owners of the parent	1 139,8	703,1
Non-controlling interest	376,3	322,2
	1 516,1	1 025,3
Reconciliation to headline earnings:		
Profit for the year attributable to owners of the parent	1 139,8	703,1
Non-headline items (note 2)	(264,8)	(135,9)
Headline earnings	875,0	567,2
Earnings per share (cents)		
- attributable	625,5	404,4
- headline	480,2	326,2
- diluted attributable	620,5	400,3
- diluted headline	476,3	322,9
- recurring headline	392,3	308,6
Number of shares (million)		
- in issue (net of treasury shares)	183,6	179,6
- weighted average	182,2	173,9
- diluted weighted average	183,7	175,6

Abridged group statement of comprehensive income

	Reviewed 2013 Rm	Audited 2012 Rm
Profit for the year	1 516,1	1 025,3
Other comprehensive income for the year, net of taxation		
Currency translation adjustments	15,6	0,3
Fair value gains on investments	(0,1)	0,5
Share of other comprehensive income and equity movements of associated companies	6,4	42,8
Recycling of share of associated companies' other comprehensive income on disposal	(1,2)	(62,9)
Total comprehensive income for the year	1 536,8	1 006,0
Attributable to:		
Owners of the parent	1 132,4	683,7
Non-controlling interest	404,4	322,3
	1 536,8	1 006,0

Abridged group statement of financial position

	Reviewed 2013 Rm	Audited 2012 Rm
Assets		
Property, plant and equipment	1 799,7	654,7
Intangible assets	1 666,5	1 114,3
Biological assets	31,3	
Investment in ordinary shares of associated companies	5 961,3	5 671,5
Investment in preference shares of/loans granted to associated companies	312,7	446,1
Financial assets linked to investment contracts	10 272,4	9 144,7
Cash and cash equivalents	65,1	97,2
Other financial assets	10 207,3	9 047,5
Other financial assets	734,0	751,7
Inventory	320,8	
Non-current assets held for sale	287,7	
Deferred income tax assets	59,5	51,3
Receivables (note 5)	2 243,6	2 491,5
Current income tax assets	14,6	6,5
Cash, money market investments and other cash equivalents	2 153,2	628,5
Total assets	25 857,3	20 960,8
Equity		
Ordinary shareholders' equity	5 989,7	4 759,9
Non-controlling interests	4 159,8	3 187,7
Total equity	10 149,5	7 947,6
Liabilities		
Insurance contracts	378,0	29,9
Financial liabilities under investment contracts (note 4)	10 272,4	9 144,7
Borrowings and other financial liabilities	2 373,4	952,2
Deferred income tax liabilities	243,5	139,9
Payables and provisions (note 5)	2 434,2	2 729,5
Current income tax liabilities	6,3	17,0
Total liabilities	15 707,8	13 013,2
Total equity and liabilities	25 857,3	20 960,8
Net asset value per share (cents)	3 261,6	2 650,1
Net tangible asset value per share (cents)	2 354,1	2 029,7

Abridged group statement of changes in equity

	Reviewed 2013 Rm	Audited 2012 Rm
Ordinary shareholders' equity at beginning of year	4 759,9	3 584,8
Total comprehensive income	1 132,4	683,7
Issue of shares	361,0	576,6
Share-based payment costs - employees	14,2	11,1
Net movement in treasury shares	(123,4)	(3,4)
Transactions with non-controlling interest	7,6	33,8
Dividend paid	(162,0)	(126,7)
Ordinary shareholders' equity at end of year	5 989,7	4 759,9
Non-controlling interest at beginning of year	3 187,7	3 025,8
Total comprehensive income	404,4	322,3
Issue of shares	551,5	201,5
Share-based payment costs - employees	3,3	0,7
Acquisition of subsidiaries	202,0	4,8
Transactions with non-controlling interest	(32,2)	(240,9)
Dividend paid	(156,9)	(126,5)
Non-controlling interest at end of year	4 159,8	3 187,7
Total equity	10 149,5	7 947,6
Dividend per share (cents)		
- interim	33,0	26,0
- final	78,0	56,0
	111,0	82,0

Abridged group statement of cash flows

	Reviewed 2013 Rm	Audited 2012 Rm
Cash generated by operations	623,9	576,3
Cash movement in policyholder funds	(32,1)	(237,4)
Finance costs and taxation paid	(467,2)	(216,0)
Net cash flow from operating activities	124,6	122,9
Net cash flow from investing activities	(12,0)	(911,5)
Net cash flow from financing activities	1 183,0	291,9
Net increase/(decrease) in cash and cash equivalents	1 295,6	(496,7)

Exchange gains on cash and cash equivalents	1,5	
Cash and cash equivalents at beginning of year	630,6	1 127,3
Cash and cash equivalents at end of year	1 927,7	630,6

Cash and cash equivalents include:		
Cash and cash equivalents linked to investment contracts	65,1	97,2
Borrowings (bank overdrafts)	(290,6)	(95,1)

Notes to the abridged group financial statements

1. Basis of presentation and accounting policies

These abridged group financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), 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 of 2008, as amended; and the Listings Requirements of the JSE Ltd. The accounting policies applied in the preparation of these abridged group financial statements are consistent with those used in the prior financial year, and no new accounting standards, interpretations or amendments to IFRS were relevant to the group's operations.

2. Non-headline items	Reviewed 2013 Rm	Audited 2012 Rm
Gross amounts		
Impairment of investments in associated companies	(100,4)	(41,0)
Net profit on sale/dilution of investments in associated companies	728,6	174,6
Fair value gain on step-up from associated company to subsidiary	21,2	
Impairment of intangible assets (including goodwill)	(167,9)	(11,5)
Non-headline items of associated companies	23,2	23,7
Other investment activities	(6,9)	3,2
Non-controlling interest	(110,3)	(12,1)
Taxation	(122,7)	(1,0)
	264,8	135,9

3. Business combinations

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

CA Sales

Effective 1 March 2012, the group acquired an effective 57,7% interest in CA Sales, a business involved in the distribution of fast moving consumer goods throughout Southern Africa. The cash purchase consideration and non-controlling interest recognised amounted to R188,9m and R147,6m, respectively, while goodwill of R300,4m was recognised. Since acquisition, losses of R54m were incurred, mainly due to the winding down of unprofitable operations.

Agricol

Effective 28 March 2012, the group, through Zeder, acquired the remaining 74,9% interest in Agricol, a business involved in plant breeding, production, international trade, processing and distribution of seed. The cash purchase consideration amounted to R150,4m and goodwill of R51,7m was recognised. Profits since acquisition amounted to R25,6m.

Chayton and Somawhe

Effective 10 April 2012, the group, through Zeder, acquired the entire shareholding in Chayton, a holding company of farming operations in Zambia. Subsequently, on 31 July 2012, Chayton acquired the entire shareholding in Somawhe, a further farming operation in Zambia. The combined cash purchase consideration amounted to R298,2m and goodwill of R87,3m was recognised. These farming operations are in its development phase and losses since acquisition amounted to R25,3m. At the reporting date, the group, through Zeder, held 73,4% in Chayton.

Business combinations effected through Curro Holdings

During the year under review, the group, through Curro Holdings, acquired a number of businesses involved in private education. The combined cash purchase consideration amounted to R322m (of which R28,6m is deferred) and goodwill of R109,6m was recognised. Profits since these acquisitions amounted to R21,4m.

Western Group Holdings

Effective 6 November 2012, the group, through PSG Konsult, increased it's interest in Western Group Holdings to 75%. Western Group Holdings is a Namibia based short-term insurer, operating in Namibia and South Africa. The purchase consideration of the additional 51% interest amounted to R112,2m (of which R53,6m was settled in cash, with the remainder settled through the issue of PSG Konsult ordinary shares), while non-controlling interest and goodwill of R22,1m and R66,6m were recognised, respectively. Profits since acquisition amounted to R4,2m.

4. Linked investment contracts

These represent PSG Asset Management Life (previously PSG Asset Management Administration Services) clients' assets held under investment contracts, which are linked to a corresponding liability. The impact on the abridged group income statement from the returns on investment contract policy holder assets and liabilities, as well as the investment income earned by the ordinary shareholders of the group, were as follows:

	Investment contract policy holder Rm	Equity holders Rm	Total Rm
28 February 2013 - Reviewed			
Investment income	272,0	146,3	418,3
Net fair value gains and losses on financial instruments	937,1	86,8	1 023,9
Adjustment to investment contract liabilities	(1 186,6)		(1 186,6)
	22,5	233,1	255,6

29 February 2012 - Audited			
Investment income	224,0	163,9	387,9
Net fair value gains and losses on financial instruments	422,9	110,8	533,7
Adjustment to investment contract liabilities	(624,1)		(624,1)
	22,8	274,7	297,5

5. Receivables, payables and provisions

Included under receivables are PSG Online broker- and clearing accounts of which R1,6bn (2012: R2,3bn) represents amounts owing by the JSE Ltd for trades conducted during the last few days before year end. These balances fluctuate on a daily basis depending on the activity in the markets.

The control account for the settlement of these transactions is included under trade and other payables, with the settlement to the clients taking place within 3 days after the transaction date.

6. Corporate actions

Apart from the business combinations set out in note 3, the group's most significant corporate actions included the following:

- Issue of 5,4m ordinary PSG Group shares for R361m cash proceeds.

- PSG Group furnished Capitec with an irrevocable undertaking to the value of R724m to take up its share of their rights offer. PSG Group obtained funding to enable it to do so and has since sold the majority of its Capitec rights offer shares to repay the debt raised in respect thereof. PSG Group's shareholding in Capitec has as a result reduced from 32,2% to 28,5%, with a non-headline profit of R393m being realised.

- Through Zeder, the group disposed of 15,1% of its interest in Capevin Holdings for R799,8m, and thereby reduced its shareholding to 5,3% (being classified as 'held for sale' at the reporting date). This resulted in a non-headline profit of R441m.

7. PSG Financial Services Ltd

PSG Financial Services Ltd is a wholly owned subsidiary of the group, except for the 13 419 479 preference shares which are listed on the JSE Ltd. No separate financial statements are presented in this announcement for the company as it is the only asset of PSG Group.

8. Segmental reporting

The group is organised into seven reportable segments, namely: Capitec, Zeder, PSG Private Equity, Thembeka Capital, Curro Holdings, PSG Konsult and PSG Corporate. These segments represent the major investments of the group. The services offered by PSG Konsult consist of financial advice, stock broking and fund management, while Curro Holdings offers private education services. The other segments offer financing, banking, investing and corporate finance services. All segments predominantly operate in the Republic of South Africa.

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

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

These values will not necessarily correspond with the values per the statement of financial position since the latter are measured using the relevant accounting standards which include historical cost and equity accounting methods.

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

Reviewed Year ended 28 February 2013	Income *** Rm	Inter-segment income *** Rm	Recurring headline earnings Rm	Non-recurring headline earnings Rm	Headline earnings (segment profit) Rm	Sum-of-the-parts value^ Rm
Capitec *	410,1		499,9		499,9	6 127,6
Zeder	755,5		106,6	(23,2)	83,4	1 411,6
PSG Private Equity	1 690,9		75,0	(9,2)	65,8	680,7
Thembeka Capital *			28,0	140,0	168,0	898,8
Curro Holdings	367,3		8,1		8,1	2 606,6
PSG Konsult	1 673,0		118,8	(0,1)	118,7	2 236,8
PSG Corporate	190,7	(61,0)	48,3	56,8	105,1	1 855,1
Net fee income **			15,6	13,9	29,5	383,2
Cash, unit trust, hedge fund and share investments				42,9	42,9	1 223,1
BEE investments			32,7		32,7	248,8
Reconciling items						
Funding	39,0	(8,2)	(168,2)	(4,2)	(172,4)	(2 008,1)
Other			(1,6)		(1,6)	34,4
Total	5 126,5	(69,2)	714,9	160,1	875,0	13 843,5
Non-headline					264,8	
Earnings attributable to non-controlling interest					376,3	
Taxation					248,1	
Profit before taxation					1 764,2	

Reconciliation of segment revenue to IFRS Revenue:

Segment revenue as stated above	
Income	5 126,5
Inter-segment income	(69,2)
Less:	
Net fair value gains and losses on financial instruments	(1 023,9)
Adjustment to investment contract liabilities	1 186,6
Changes in fair value of biological assets	(28,7)
Other operating income	(830,1)
IFRS Revenue	4 361,2

Non-recurring headline earnings comprised the following:	
Non-recurring items	107,5
Net fair value gains	42,9
Other +	9,7
	160,1

Audited Year ended 29 February 2012	Income *** Rm	Inter-segment income *** Rm	Recurring headline earnings Rm	Non-recurring headline earnings Rm	Headline earnings (segment profit) Rm	Sum-of-the-parts value^ Rm
Capitec *	182,4		362,4		362,4	5 978,3
Zeder	56,0		115,4	11,6	127,0	1 067,0
PSG Private Equity	17,2		32,0	(32,4)	(0,4)	727,7
Thembeka Capital *			18,7	4,4	23,1	570,3
Curro Holdings	170,3		(5,2)		(5,2)	1 118,0
PSG Konsult	1 461,3		107,9	7,8	115,7	1 482,9
PSG Corporate	212,3	(60,4)	41,0	68,6	109,6	1 071,0
Net fee income **			20,4		20,4	338,3
Cash, unit trust, hedge fund and share investments				68,6	68,6	507,6
BEE investments			20,6		20,6	225,1
Reconciling items						
Funding	14,3	(1,5)	(134,4)	(29,8)	(164,2)	(1 650,2)
Other			(1,2)	0,4	(0,8)	(49,3)
Total	2 113,8	(61,9)	536,6	30,6	567,2	10 315,7
Non-headline					135,9	
Earnings attributable to non-controlling interest					322,2	
Taxation					104,1	
Profit before taxation					1 129,4	

Reconciliation of segment revenue to IFRS Revenue:	
Segment revenue as stated above	
Income	2 113,8
Inter-segment income	(61,9)
Less:	
Net fair value gains and losses on financial instruments	(533,7)
Adjustment to investment contract liabilities	624,1

Other operating income	(226,8)
IFRS Revenue	1 915,5

Non-recurring headline earnings comprised the following:

Non-recurring items	(8,6)
Net fair value gains	41,8
Other	(2,6)
	30,6

* Equity accounted
** Net fee income is after the deduction of salaries, operating expenses and taxation.
*** The total of Income and Intersegment income comprises the total income (including revenue from sale of goods) per the income statement.
^ SOTP is the key valuation tool to measure the group's performance, but does not necessarily correspond to net asset value.
+ Includes an underwriting fee from Capitec.

9. Preparation and review by auditors

These abridged group financial statements were compiled under the supervision of the group financial director, Mr WL Greeff, CA (SA), and were reviewed by PSG Group's external auditor, PricewaterhouseCoopers Inc. A copy of their unmodified review opinion is available from PSG Group's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditor.

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