PSG Group Limited
Incorporated in the Republic of South Africa
Registration number: 1970/008484/06
JSE Ltd ("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
("PSG Financial Services")

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2013

- Sum-of-the-parts value of R85,03 per share as at 4 October 2013
- Recurring headline earnings increased by 20% to 194,3 cents per share
- Headline earnings increased by 14% to 239 cents per share
- Interim dividend of 43 cents per share

COMMENTARY

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 R15,4bn, with our largest investment being a 28,3% interest in Capitec.

PERFORMANCE

We believe that performance should be measured on the return that an investor receives over time, with a specific 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 50,4%, which is the highest of any JSE-listed company over the 18-year period since PSG's establishment in November 1995.

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 satisfactory six months to 31 August 2013, with reasonable growth in both its SOTP value and recurring headline earnings per share.

SOTP

The calculation of the SOTP value is simple and requires limited subjectivity as approximately 82% of the value is calculated using listed share prices, while the unlisted investments are valued using market-related multiples. At 31 August 2013, the SOTP value per PSG share was R79,20 (28 February 2013: R72,67), which equated to a 29% CAGR over the last three years. At 4 October 2013, the SOTP value was R85,03 per share.

Asset/Liability	28 Feb 2011 Rm	29 Feb 2012 Rm	28 Feb 2013 Rm	31 Aug 2013 Rm	% of total
Capitec*	5 138	5 978	6 128	6 030	34,8
Curro Holdings*		1 118	2 607	3 341	19,3
PSG Konsult**	1 206	1 483	2 237	2 747	15,9
Zeder*	1 069	1 067	1 412	1 694	9,8
PSG Private Equity+	1 242	728	681	701	4,0
Thembeka Capital+		570	899	964	5,6
PSG Corporate (incl. PSG Capital)++	350	338	383	383	2,2
Other investments (incl. cash)++	548	684	1 505	1 466	8,4
Total assets	9 553	11 966	15 852	17 326	100,0
Perpetual pref funding*	(1 028)	(1 188)	(1 163)	(1 419)	
Other debt++	(507)	(463)	(845)	(869)	
Total SOTP value	8 018	10 315	13 844	15 038	
Shares in issue (net of treasury shares) (million)	171,3	184,5	190,5	189,9	
SOTP value per share (rand)	46,81	55,92	72,67	79,20	
Net asset value per share (rand)	21,56	26,50	32,62	34,41	

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

RECURRING HEADLINE EARNINGS

Recurring headline earnings	Year ended 28 Feb 2013 Rm	Six months ended 31 Aug 2012 Rm	Change %	31 Aug 2013 Rm
Capitec	499,9	226,3	21	274,8
Curro Holdings	8,1	(2,0)	n/a	7,8
PSG Konsult	118,8	51,8	36	70,4
Zeder	106,6	35,3	8	38,2
PSG Private Equity	75,0	35,2	(26)	25,9
Thembeka Capital	28,0	5,5	51	8,3
PSG Corporate (incl. PSG Capital)	15,9	3,1	(32)	2,1
Other	30,8	20,7	(24)	15,7
Recurring headline earnings before funding	883,1	375,9	18	443,2
Funding	(168,2)	(82,1)	7	(87,5)

Recurring headline earnings	714,9	293,8	21	355,7
Non-recurring items	160,1	86,1	(5)	81,9
Headline earnings	875,0	379,9	15	437,6
Non-headline items	264,8	(64,8)	n/a	13,1
Attributable earnings	1 139,8	315,1	43	450,7
Weighted average number of shares in issue (net of treasury shares) (million)	182,2	180,8		183,1
Earnings per share (cents)				
- Recurring headline	392,3	162,5	19,6	194,3
- Headline	480,2	210,2	13,7	239,0
- Attributable	625,5	174,3	41,3	246,2
Dividend per share (cents)	111,0	33,0	30,3	43,0

Recurring headline earnings for the six months ended 31 August 2013 increased by 19,6% to 194,3 cents per share. The growth was primarily due to strong performances from Capitec and PSG Konsult, while the majority of the remaining investments also reported improved earnings.

Headline earnings increased by 13,7% to 239,0 cents per share. Headline earnings per share increased by a smaller margin than recurring headline earnings per share as PSG achieved lower non-recurring headline profits during the period under review. This was mainly as a result of substantial marked-to-market profits achieved in Thembeka's portfolio of listed shares during the previous corresponding financial period, which were not repeated to the same extent during the period under review.

Attributable earnings increased by 41,3% to 246,2 cents per share mainly as a result of non-headline gains during the period under review as opposed to non-headline impairment losses during the previous corresponding financial period.

Operating profit before finance costs and taxation increased by 53% to R873m, mainly as a result of the aforementioned improved performance from our underlying investments and the first-time consolidation of selected subsidiaries in which a controlling interest was acquired during the past 12 months.

PROJECT INTERNAL FOCUS

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

Capitec is a good example of an established business that requires limited attention from PSG management. It has achieved much success to date, with exponential growth in headline earnings per share since establishment in 2001. Capitec continues to provide PSG with a solid earnings base to leverage. Investments in the development phase on the other hand, such as Curro and Chayton, require more active strategic input from PSG. These companies are likely to experience new business strain while expanding and will only start making a contribution to PSG's earnings in later years. As anticipated, it will initially have a negative impact on PSG's earnings and dividend growth, as the cost of funding associated with the investment is more than the investment yield achieved from an earnings and cash flow perspective. That said, Curro has already made a significant positive contribution to PSG's SOTP value with the substantial increase in its share price since listing on the JSE in 2011.

Project Internal Focus in action

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

CAPITEC (28,3%)

Capitec continued to deliver sustained growth and performance amidst challenging conditions in the unsecured credit market, with a 20% increase in headline earnings per share during the six months ended 31 August 2013. It remains an exceptionally well run business with, as far as we know, the most conservative approach to funding, credit criteria and provisioning in the industry. It is well capitalised with a capital adequacy ratio of 39%. Capitec is becoming less dependent on lending income as it continues to experience a sharp increase in net transaction fee income. This amount grew by 54% to R899m during the period under review and now covers 55% of operating expenses, up from 45% as at 28 February 2013.

Riaan Stassen recently announced his retirement as Capitec CEO later this year. We thank him for his devotion and the major role which he has played as leader and innovator to help grow Capitec into the business it is today. We look forward to Riaan's continued contribution as a non-executive director on the board of Capitec. PSG is pleased to welcome Gerrie Fourie as the new CEO and wishes him and the rest of the management team well with their task at hand.

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 six months ended 31 August 2013 are available at www.capitecbank.co.za.

CURRO HOLDINGS (57,1%)

Curro recently turned 15 years old. With the support of PSG since 2009, it has become the largest private school company in South Africa. It boasts 21 908 (2012: 12 473) learners across 26 (2012: 22) campuses.

For the six months ended 30 June 2013, Curro reported a 91% increase in revenue to R309m and a R14m headline profit compared to a R3m headline loss in the previous period. Aggressive expansion will continue to have a negative impact on profits over the short term, but is bound to deliver pleasing results over the medium to long term when the created capacity is utilised through an increase in new learners.

With the underwritten support of PSG, Curro raised R605m in cash during May this year by means of a rights issue. This capital will be invested in the expansion of existing campuses, as well as in the addition of five new schools for the 2014 year. In the six months under review, Curro also successfully completed two significant strategic acquisitions:

- A teachers training college, which will improve the company's sources of human capital.

- The 4 300-learner Northern Academy school, which provides the backbone for the Meridian community school division.

Curro's pipeline of opportunities continues to grow and PSG remains fully supportive of the company's vision to achieve 80 schools by 2020.

Curro’s comprehensive results for the six months ended 30 June 2013 are available at www.curro.co.za.

PSG KONSULT (64,8%)
PSG Konsult has, under the leadership of Francois Gouws as new CEO, refocused itself into three distinct business segments: Wealth, Asset Management and Insure. It delivered excellent results for the six months ended 31 August 2013, with a 31% increase in recurring headline earnings per share.

PSG Asset Management’s assets under management and administration increased substantially due to strong fund inflows and increased market values as a result of favourable investment market conditions. Despite prevailing difficult underwriting market conditions, the Insurance business benefited from management’s efforts to enhance vertical integration and exploit synergies that the short-term insurance licence and expertise provide PSG Konsult with, resulting in improved service delivery and products to its client base. The Wealth business also benefited from positive client inflows, increased client trading activity and generally favourable market conditions.

A key strength of PSG Konsult is the depth and quality of its financial advisers. In a complex financial environment the high-quality advice PSG Konsult is able to provide to clients is a distinct competitive advantage which helps protect, preserve and grow the financial wealth of its client base. PSG Konsult wants to continue growing its advisory practices.

The PSG Asset Management team has consistently produced top quartile investment returns by investing in both local and international securities. The strategy is to raise its brand awareness and actively pursue both retail and institutional clients. PSG Asset Management has made substantial progress during the last six months to position itself as a credible alternative to some of the larger incumbents.

Going forward, PSG Konsult’s strategy will be to sustainably grow the business and profits through, inter alia, the following:

- Position PSG Konsult as a fully fledged financial services business through its comprehensive range of services and products.

- Optimise the synergies that exist between business segments in order to create further business development opportunities.

- Extend PSG Konsult’s sharing in the value chain and in particular grow the asset management and short-term insurance activities.

PSG Konsult’s comprehensive results for the six months ended 31 August 2013 are available at www.psg.co.za.

ZEDER (42,6%)
Zeder is an investor in the broad agribusiness industry with a specific focus on the food and beverage sectors. The value of its underlying portfolio of investments amounted to R4,36bn (R4,74bn on a see-through basis) as at 31 August 2013. Agri Voedsel Ltd ("Agri Voedsel") (with its interest of 30,5% in Pioneer Food Group Ltd ("Pioneer Foods")) remains a large and strategic investment representing 39,2% of the portfolio. During the six months under review, Zeder invested a further R469,4m, of which R353,3m was for an additional stake in Capespan Group Ltd ("Capespan").

Zeder’s SOTP value per share increased by 8,8% to R4,34 since 28 February 2013. Zeder’s see-through SOTP value per share, calculated on the exact same basis, apart from using the see-through JSE-listed market price for Agri

Voedsel's investment in Pioneer Foods instead of Agri Voedsel's own OTC share price, increased by 8,7% to R4,73 since 28 February 2013. At the close of business on Friday, 4 October 2013, Zeder's SOTP and see-through SOTP value per share were R4,53 and R4,99 respectively.

Recurring headline earnings per share increased by 8,2% to 9,2 cents, mainly due to improved contributions from Capespan, Zaad Holdings Ltd ("Zaad") and Kaap Agri Ltd ("Kaap Agri") during the period under review. However, the positive effect of the aforementioned was to some extent offset by:

- The cash proceeds from the disposal of the bulk of Zeder's Capevin Holdings Ltd ("Capevin Holdings") shares yielded a lower return than what the Capevin Holdings investment did during the comparative period.

- As anticipated, the investment in Chayton, a start-up business in its development phase, incurred a loss, while drought conditions negatively affected the performance of NWK Ltd ("NWK") and Suidwes Ltd ("Suidwes"). Subsequent to 31 August 2013, NWK and Suidwes were sold for an aggregate cash consideration of R325m.

Headline earnings per share increased by 25,4% to 7,4 cents. The aforementioned, coupled with a decrease in non-recurring costs incurred by investee companies during the period under review, resulted in the increase in headline earnings per share.

Over the past 12 months, Zeder has communicated a refined strategy to the market. It seeks larger, strategic stakes in entities that allow it to play a more active role in its underlying portfolio companies and assist with the determination of appropriate long-term strategies to help expand the respective businesses. Significant progress has been made in this regard and the investments in Zaad, Chayton and Capespan are examples thereof. Zeder is actively engaged with its existing portfolio of companies, while continuously seeking new opportunities, and it remains optimistic about the sector.

Zeder's comprehensive results for the six months ended 31 August 2013 are available at www.zeder.co.za.

PSG PRIVATE EQUITY (100%)
Management remains optimistic about the earnings growth potential of PSG Private Equity's portfolio which contains a range of businesses across various industries and in different stages of maturity.

Start-up businesses with exciting prospects, such as Impak (distance education) and Energy Partners (energy-efficiency solutions), are currently investing for future growth and require input from PSG management. The larger and more mature investments have solid growth strategies in place to deliver increased earnings going forward.

THEMBEKA CAPITAL (49%)
Thembeka is a black-owned and controlled investment company. Its portfolio of R2,49bn includes investments in Pioneer Foods, Capitec, PSG, Curro Holdings, MTN Zakhele, Kaap Agri and Overberg Agri.

During the six months ended 31 August 2013:

- Thembeka's net intrinsic value (after CGT) increased by 21% to R1,62bn.

- Its recurring headline earnings increased by 38% to R40m.

- It invested a further R54m in Curro Holdings in terms of the aforementioned rights issue in May 2013.

Thembeka remains an extraordinary BEE success story, and under the leadership of KK Combi, has grown its intrinsic value (after CGT) by 46% year on year over the last 7,5 years. Thembeka has a portfolio of quality investments and is confident that continued growth by investee companies will ultimately translate into good portfolio returns going forward.

Thembeka's comprehensive results for the six months ended 31 August 2013 are available at www.thembekacapital.co.za.

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 gross interim dividend of 43 cents (2012: 33 cents) per share out of income reserves.

The company will be utilising secondary tax on companies credits amounting to 16,9 cents per ordinary share and, as a result, the taxable dividend per share will amount to 26,1 cents per share. The dividend amount net of South African dividends tax of 15% is therefore 39,085 cents per share for those shareholders that are not exempt from dividends tax. The number of ordinary shares in issue at the declaration date is 207 589 426, 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, 1 November 2013
Trading ex dividend commences	Monday, 4 November 2013
Record date	Friday, 8 November 2013
Date of payment	Monday, 11 November 2013

Share certificates may not be dematerialised or rematerialised between Monday, 4 November 2013, and Friday, 8 November 2013, both days inclusive.

Preference shares

The directors of PSG Financial Services Ltd have declared a dividend of 357,06 cents per share in respect of the cumulative, non-redeemable, non-participating preference shares for the six months ended 31 August 2013, which was paid on 30 September 2013. The detailed announcement in respect hereof was disseminated on Securities Exchange News Service.

On behalf of the board

Jannie Mouton	Wynand Greeff
Chairman	Financial Director

14 October 2013
Stellenbosch

UNAUDITED SUMMARISED GROUP FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 AUGUST 2013

SUMMARISED GROUP INCOME STATEMENT

	Unaudited Aug 2013 6 months Rm	Unaudited Aug 2012 6 months Rm	Audited Feb 2013 12 months Rm
Revenue from sale of goods	2 664,7	665,4	2 001,8
Cost of goods sold	(2 263,1)	(578,7)	(1 682,9)
Gross profit	401,6	86,7	318,9
Income			
Changes in fair value of biological assets	29,2		28,7
Investment income (note 6)	238,9	190,5	418,3
Fair value gains and losses (note 6)	823,0	397,9	1 023,9
Fair value adjustment to investment contract liabilities (note 6)	(832,2)	(463,9)	(1 186,6)
Commission and other fee income	1 373,9	894,1	1 941,1
Other operating income and expenses	37,0	69,0	830,1
	1 669,8	1 087,6	3 055,5
Expenses			
Insurance claims and loss adjustments, net of recoveries	(140,1)	0,3	(60,0)
Marketing, administration and other expenses	(1 506,8)	(989,8)	(2 276,6)
	(1 646,9)	(989,5)	(2 336,6)
Income from associated companies			
Share of profits of associated companies	464,5	442,6	1 036,6
Loss on impairment of associated companies	(15,7)	(56,8)	(104,2)
	448,8	385,8	932,4
Profit before finance costs and taxation	873,3	570,6	1 970,2
Finance costs	(123,3)	(98,3)	(206,0)
Profit before taxation	750,0	472,3	1 764,2
Taxation	(115,5)	(43,4)	(248,1)
Profit for the period	634,5	428,9	1 516,1
Attributable to:			
Owners of the parent	450,7	315,1	1 139,8
Non-controlling interests	183,8	113,8	376,3
	634,5	428,9	1 516,1
Reconciliation to headline earnings:			
Profit for the period attributable to owners of the parent	450,7	315,1	1 139,8
Non-headline items (note 4)	(13,1)	64,8	(264,8)
Headline earnings	437,6	379,9	875,0

Earnings per share

- Recurring headline	194,3	162,5	392,3
- Headline	239,0	210,2	480,2
- Attributable	246,2	174,3	625,5
- Diluted headline	237,5	208,3	476,3
- Diluted attributable	244,6	172,7	620,5
Number of shares (million)			
- In issue	207,6	208,1	208,1
- In issue (net of treasury shares)	182,9	185,8	183,6
- Weighted average	183,1	180,8	182,2
- Diluted weighted average	184,3	182,4	183,7

SUMMARISED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited		Audited
	Aug 2013 6 months Rm	Aug 2012 6 months Rm	Feb 2013 12 months Rm
Profit for the period	634,5	428,9	1 516,1
Other comprehensive income for the period, net of taxation, which may subsequently be reclassified to profit or loss			
Currency translation adjustments	102,0	0,5	15,6
Fair value gains and losses on investments and recycling thereof on disposal	(0,2)	(0,7)	(0,1)
Share of other comprehensive income of associated companies	35,2	(6,2)	6,4
Recycling of share of associated companies' other comprehensive income on disposal	(20,6)		(1,2)
Total comprehensive income for the period	750,9	422,5	1 536,8
Attributable to:			
Owners of the parent	500,8	308,8	1 132,4
Non-controlling interests	250,1	113,7	404,4
	750,9	422,5	1 536,8

SUMMARISED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited		Audited
	Aug 2013 Rm	Aug 2012 Rm	Feb 2013 Rm
Assets			
Property, plant and equipment	2 581,5	1 553,7	1 799,7
Intangible assets	1 974,9	1 670,3	1 666,5
Biological assets	194,6	73,3	31,3
Investment in ordinary shares of associated companies and joint ventures	5 828,6	5 864,4	5 961,3
Investment in preference shares of/loans granted to associated			

companies and joint ventures	336,2	365,6	312,7
Deferred income tax assets	127,1	85,6	59,5
Financial assets linked to investment contracts (note 6)	11 310,1	9 661,4	10 272,4
Cash and cash equivalents (including money market funds)	149,0	51,3	65,1
Other financial assets	11 161,1	9 610,1	10 207,3
Other financial and employee benefit assets	1 017,4	760,7	734,0
Inventory	425,4	250,6	320,8
Receivables (note 7)	3 150,9	627,8	2 243,6
Current income tax assets	28,5	10,3	14,6
Cash and cash equivalents (including money market funds)	1 793,4	1 287,9	2 153,2
Non-current assets held for sale (note 9)	633,4	7,4	287,7
Total assets	29 402,0	22 219,0	25 857,3
Equity			
Ordinary shareholders' equity	6 294,2	5 307,5	5 989,7
Non-controlling interests	5 197,0	3 691,9	4 159,8
Total equity	11 491,2	8 999,4	10 149,5
Liabilities			
Insurance contracts	415,6	30,0	378,0
Financial liabilities under investment contracts (note 6)	11 310,1	9 661,4	10 272,4
Borrowings, other financial liabilities and employee benefits	3 154,0	2 271,5	2 373,4
Deferred income tax liabilities	361,0	236,0	243,5
Payables (note 7)	2 634,0	992,3	2 434,2
Current income tax liabilities	36,1	24,0	6,3
Non-current liabilities held for sale		4,4	
Total liabilities	17 910,8	13 219,6	15 707,8
Total equity and liabilities	29 402,0	22 219,0	25 857,3
Net asset value per share (cents)	3 440,9	2 856,8	3 261,6
Net tangible asset value per share (cents)	2 361,3	1 957,8	2 354,1

SUMMARISED GROUP STATEMENT OF CHANGES IN EQUITY

	Unaudited		Audited
	Aug 2013 6 months Rm	Aug 2012 6 months Rm	Feb 2013 12 months Rm
Ordinary shareholders' equity at beginning of period	5 989,7	4 759,9	4 759,9
Total comprehensive income	500,8	308,8	1 132,4
Issue of shares		360,7	361,0
Share buy-back	(33,1)		
Share-based payment costs - employees	9,5	9,5	14,2
Net movement in treasury shares	(41,0)	13,2	(123,4)

Transactions with non-controlling interests	11,4	(43,6)	7,6
Dividend paid	(143,1)	(101,0)	(162,0)
Ordinary shareholders' equity at end of period	6 294,2	5 307,5	5 989,7
Non-controlling interests at beginning of period	4 159,8	3 187,7	3 187,7
Total comprehensive income	250,1	113,7	404,4
Issue of shares	642,0	403,1	551,5
Share-based payment costs - employees	1,9	1,3	3,3
Acquisition of subsidiaries	333,5		202,0
Transactions with non-controlling interests	(81,7)	76,6	(32,2)
Dividend paid	(108,6)	(90,5)	(156,9)
Non-controlling interests at end of period	5 197,0	3 691,9	4 159,8
Total equity	11 491,2	8 999,4	10 149,5
Dividend per share (cents)			
- Interim	43,0	33,0	33,0
- Final			78,0
	43,0	33,0	111,0

SUMMARISED GROUP STATEMENT OF CASH FLOWS

	Unaudited		Audited
	Aug 2013	Aug 2012	Feb 2013
	6 months	6 months	12 months
	Rm	Rm	Rm
Cash generated by operations	303,7	156,4	623,9
Cash movement in policyholder funds	83,9	(65,9)	(32,1)
Finance costs and taxation paid	(180,0)	(149,7)	(467,2)
Net cash flow from operating activities	207,6	(59,2)	124,6
Net cash flow from investing activities	(736,1)	(1 031,6)	(12,0)
Net cash flow from financing activities	(192,7)	1 558,2	1 183,0
Net (decrease)/increase in cash and cash equivalents	(721,2)	467,4	1 295,6
Exchange gains on cash and cash equivalents	21,4		1,5
Cash and cash equivalents at beginning of period	1 927,7	630,6	630,6
Cash and cash equivalents at end of period	1 227,9	1 098,0	1 927,7
Cash and cash equivalents include:			
Cash and cash equivalents linked to investment contracts	149,0	51,3	65,1
Borrowings (bank overdrafts)	(714,5)	(241,2)	(290,6)

NOTES TO THE SUMMARISED INTERIM GROUP FINANCIAL STATEMENTS

1. Basis of presentation and accounting policies

These summarised interim group financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, including IAS 34 Interim Financial Reporting; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the requirements of the South African Companies Act, 71 of 2008, as amended; and the Listings Requirements of the JSE.

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

- IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and amendments to IAS 28 Investments in Associates
  The group has adopted aforementioned suite of IFRSs and amendments which deal with the accounting treatment for the group's interests in its investees. The group has reviewed its accounting policies and concluded that the adoption of same did not result in any material changes to the group's accounting for its investees.

- IFRS 13 Fair Value Measurement
  The group has adopted the new standard on how to measure fair value and enhance fair value disclosures. The adoption did not result an any material impact on the financial statements.

- Amendments to IAS 19 Employee Benefits
  The amendments became relevant to the group following its acquisition of a controlling interest in Capespan (note 5), which operates defined benefit plans. Capespan previously elected to follow a policy of recognising remeasurements to employee benefit assets and liabilities in other comprehensive income, which has now become mandatory.

- Amendments to IAS 34 Interim Financial Reporting
  The amendments relate to the introduction of IFRS 13 Fair Value Measurement and changes to IFRS 7 Financial Instruments: Disclosures. The group has complied with the requirements of the additional disclosures in these interim financial statements.

The group also adopted the various other revisions to IFRS which are effective for the financial year ending 28 February 2014. These revisions have not resulted in material impacts to the group's reported results or interim disclosures.

Enhanced disclosures, as required by IFRS 12 Disclosures of Interests in Other Entities, will be provided in the annual financial statements for the year ending 28 February 2014.

2. Preparation

These summarised interim group financial statements were compiled under the supervision of the group financial director, Mr WL Greeff, CA(SA). Neither these summarised interim group financial statements, nor any any reference to future financial performance included in this announcement, have been reviewed or reported on by the company's external auditor, PricewaterhouseCoopers Inc.

3. PSG Financial Services

PSG Financial Services is a wholly owned subsidiary of PSG Group, except for the 17 415 770 (31 August 2012 and 28 February 2013: 13 419 479) preference shares which are listed on the JSE. These preference shares are included in non-controlling interests in the statement of financial position. No separate financial statements are presented in this announcement for PSG Financial Services as it is the only asset of PSG Group.

	Unaudited Aug 2013 6 months Rm	Unaudited Aug 2012 6 months Rm	Audited Feb 2013 12 months Rm
4. Non-headline items			
Gross amounts			
Impairment of investments in associated companies	(15,7)	(56,8)	(104,2)
Net (loss)/profit on sale/dilution of investments in associated companies	(5,6)	(11,8)	728,6
Fair value gain on step-up from associated company to subsidiary	40,7	22,0	21,2
Impairment of intangible assets (including goodwill)		(39,1)	(167,9)
Non-headline items of associated companies	34,5	28,2	23,2
Other	1,2	7,8	(6,8)
Non-controlling interests	(21,3)	(15,8)	(106,6)
Taxation	(20,7)	0,7	(122,7)
Non-headline profit/(loss)	13,1	(64,8)	264,8

5. Business combinations

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

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

Embury Institute for Teacher Education (Pty) Ltd ("Embury")
Effective April 2013, the group, through Curro Holdings, acquired the entire shareholding in Embury, a Durban-based teachers training college.

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

Precrete Holdings (Pty) Ltd ("Precrete")
Effective August 2013, the group, through PSG Private Equity, acquired a further 7,2% shareholding in Precrete and thereby increased its interest to 55,2%. Precrete is involved in providing mine safety and support services. The interest previously held as an associated company approximated fair value and therefore no remeasurement gain or loss arose upon gaining control. Non-controlling interest was recognised at its proportionate share of net assets.

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

	Capespan Rm	Embury Rm	Northern Academy Rm	Precrete Rm	Total Rm
Identifiable net assets acquired	922,4	20,9	60,1	151,2	1 154,6
Goodwill recognised	8,9	31,4	89,7	77,0	207,0
Non-controlling interestS recognised	(270,3)			(62,1)	(332,4)
	661,0	52,3	149,8	166,1	1 029,2
Derecognition of previous interest in associated company	(403,0)			(146,4)	(549,4)
Cash consideration	258,0	52,3	149,8	19,7	479,8

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

6. Linked investment contracts

These represent PSG Asset Management Life clients' assets held under investment contracts, which are linked to a corresponding liability. The impact on the income statement from the returns on investment contract 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 holders Rm	Equity holders Rm	Total Rm
31 August 2013			
Investment income	142,8	96,1	238,9
Fair value gains and losses	695,4	127,6	823,0
Fair value adjustment to investment contract liabilities	(832,2)		(832,2)
	6,0	223,7	229,7
31 August 2012			
Investment income	133,3	57,2	190,5
Fair value gains and losses	336,4	61,5	397,9
Fair value adjustment to investment contract liabilities	(463,9)		(463,9)
	5,8	118,7	124,5
28 February 2013			
Investment income	272,0	146,3	418,3
Fair value gains and losses	937,1	86,8	1 023,9
Fair value adjustment to investment contract liabilities	(1 186,6)		(1 186,6)
	22,5	233,1	255,6

7. Receivables and payables

Included under receivables are PSG Online broker- and clearing accounts of which R1,2bn (31 August 2012: R0,1bn and 28 February 2013: R1,6bn) represents amounts owing by the JSE for trades conducted during the last few days before 31 August 2013. 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 payables, with the settlement to clients taking place within 3 days after the transaction date.

8. Corporate actions

Apart from the transactions set out in notes 5 and 9, the group's most significant corporate actions included the following:

- Buy-back of 492 471 PSG Group ordinary shares for R33,1m cash.
- Issue of 3 996 291 PSG Financial Services preference shares for cash proceeds of R300m at an effective dividend yield of 9,44%.
- Curro Holdings conducted a rights offer during May 2013, which was partially underwritten by the group. The group followed its rights and the additional investment amounted to R350,6m.
- Effective June 2013, the group, through PSG Konsult, increased its shareholding in Western Group Holdings Ltd ("Western"), being a short-term insurer, from 75% to 90%. Following FSB approval during September 2013, the group acquired the remaining 10% minority shareholding in Western and then subsequently sold 40% of its shareholding to Santam. Western now has two strong capital partners within a highly competitive and capital intensive industry.

9. Non-current assets held for sale

Non-current assets held for sale consists mainly of the following:

- The group, through Zeder, holds JSE-listed equity securities in Capevin Holdings with a carrying and market value of R312,1m. These equity securities were classified as held for sale during the previous financial year.
- At the reporting date, the group, through Zeder, was in process of disposing of its interests in NWK and Suidwes. These investments, being associated companies, were classified as held for sale and their aggregate carrying value at the reporting date amounted to R311,2m. Since the reporting date, the disposals have been finalised and the aggregate cash proceeds of R325m have been collected.

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 interest rate risk, and price risk), credit risk and liquidity risk.

The summarised interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and therefore they should be read in conjunction with the group's annual financial statements as at 28 February 2013. Risk management continues to be carried out by each major entity within the group under policies approved by the respective boards of directors.

10.2 Fair value estimation

The group, through PSG Asset Management Life, 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.

The information below analyses financial assets and financial liabilities, which are carried at fair value, by level of hierarchy as required by IFRS 7 and IFRS 13. The different levels in the hierarchy are defined below:

Level 1
The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

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

Level 3
If one or more of the significant inputs 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 fair value of financial assets and liabilities carried at amortised cost approximates their fair value, while those measured at fair value (excluding aforementioned linked investment contracts) in the statement of financial position can be summarised as follows:

	Level 1	Level 2	Level 3	Total
	Rm	Rm	Rm	Rm
Assets				
Derivative financial assets		24,1		24,1
Equity securities	3,8	119,6	4,3	127,7
Debt securities	31,1	264,5	3,6	299,2
Unit-linked investments		299,4		299,4
Closing carrying value	34,9	707,6	7,9	750,4
Opening carrying value			4,2	
Subsidiary acquired			3,5	
Unrealised fair value gains			0,2	
Liabilities				

Derivative financial liabilities		38,6	45,7	84,3
Payables			4,9	4,9
Insurance contracts		27,3		27,3
Third party liabilities arising on consolidation of mutual funds		41,2		41,2
Closing carrying value	-	107,1	50,6	157,7
Opening carrying value			52,0	
Unrealised fair value gains			(1,4)	

Derivative financial assets, equity securities, debt securities and unit-linked investments are all included in other financial assets in the statement of financial position, while derivative financial liabilities and third party liabilities arising on consolidation of mutual funds are included in other financial liabilities.

There have been no significant transfers between level 1, 2 or 3 during the period under review, nor were there any significant changes to the valuation techniques and inputs used to determine fair values.

Non-current assets held for sale include assets measured at fair value, as set out in note 9, which is based on the JSE-listed share price or other observable inputs.

11. Capital commitments

The group, through Curro Holdings, will be investing more than R500m in the expansion and development of new campuses.

12. Reclassification

Assets and liabilities relating to the linked investment contracts were reviewed and the following reclassification has been made in respect of the assets and liabilities disclosed at 31 August 2012:

	Now reported Rm	Previously reported Rm	Effect Rm
Assets			
Financial assets linked to investment contracts	9 661,4	9 641,4	20,0
Cash and cash equivalents (including money market funds)	51,3	31,3	20,0
Other financial assets	9 610,1	9 610,1	-
Cash and cash equivalents (including money market funds)	1 287,9	1 307,9	(20,0)
Liabilities			
Financial liabilities under investment contracts	9 661,4	9 641,4	20,0
Payables	992,3	1 012,3	(20,0)

The aforementioned reclassification had no impact on previously reported amounts of profit or loss, total assets, total liabilities, equity or cash flows.

13. Segment report

The group's classification into seven reportable segments, namely: Capitec, Zeder, PSG Private Equity, Thembeka Capital, Curro Holdings, PSG Konsult 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, fund management and insurance, while Curro Holdings offers private education services. The other segments offer financing, banking, investing and corporate finance services. All segments operate predominantly in the Republic of South Africa.

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

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

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

Period ended 31 August 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*			274,8		274,8	6 029,8
Zeder	1 907,8		38,2	3,7	41,9	1 693,9
PSG Private Equity	875,7		25,9	3,6	29,5	700,9
Thembeka Capital*			8,3	20,8	29,1	964,2
Curro Holdings	317,3		7,8		7,8	3 341,4
PSG Konsult	1 109,1		70,4		70,4	2 747,0
PSG Corporate	135,9	(31,9)	19,6	7,6	27,2	1 780,4
Reconciling items						
Funding	25,0	(4,4)	(87,5)	46,2	(41,3)	(2 288,6)
Other			(1,8)		(1,8)	68,5
Total	4 370,8	(36,3)	355,7	81,9	437,6	15 037,5
Non-headline					13,1	
Earnings attributable to non-controlling interests					183,8	
Taxation					115,5	
Profit before taxation					750,0	

		Inter-segment	Recurring	Non-recurring	Headline earnings	Sum-of-

Period ended 31 August 2012	Income ** Rm	income ** Rm	headline earnings Rm	headline earnings Rm	(segment profit) Rm	the-parts value^ Rm
Capitec*	(8,6)		226,3		226,3	6 535,0
Zeder	204,5		35,3	(11,0)	24,3	1 192,0
PSG Private Equity	607,2		35,2		35,2	879,0
Thembeka Capital*			5,5	76,1	81,6	789,0
Curro Holdings	160,6		(2,0)		(2,0)	2 387,0
PSG Konsult	762,6		51,8	3,1	54,9	1 598,0
PSG Corporate	40,1	(29,1)	13,8	54,6	68,4	1 645,0
Reconciling items						
Funding	19,7	(4,0)	(71,4)	(36,7)	(108,1)	(2 052,0)
Other			(0,7)		(0,7)	
Total	1 786,1	(33,1)	293,8	86,1	379,9	12 973,0
Non-headline					(64,8)	
Earnings attributable to non-controlling interests					113,8	
Taxation					43,4	
Profit before taxation					472,3	

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	85,9	134,2	1 855,2
Reconciling items						
Funding++	39,0	(8,2)	(168,2)	(33,3)	(201,5)	(2 008,2)
Other			(1,6)		(1,6)	34,4
Total	5 126,5	(69,2)	714,9	160,1	875,0	13 843,5
Non-headline					264,8	
Earnings attributable to non-controlling interests					376,3	
Taxation					248,1	
Profit before taxation					1 764,2	

	Unaudited Aug 2013 6 months Rm	Unaudited Aug 2012 6 months Rm	Audited Feb 2013 12 months Rm

Reconciliation of segment revenue to IFRS revenue:

Segment revenue as stated above			
Income	4 370,8	1 786,1	5 126,5
Inter-segment income	(36,3)	(33,1)	(69,2)
Less:			
Changes in fair value of biological assets	(29,2)		(28,7)
Fair value gains and losses	(823,0)	(397,9)	(1 023,9)
Fair value adjustment to investment contract liabilities	832,2	463,9	1 186,6
Other operating income and expenses	(37,0)	(69,0)	(830,1)
IFRS revenue	4 277,5	1 750,0	4 361,2

Non-recurring headline earnings comprised the following:

Non-recurring items	28,1	68,2	107,5
Net fair value gains	7,6	56,3	72,0
Funding and other+	46,2	(38,4)	(19,4)
	81,9	86,1	160,1

* Equity accounted

** The total of Income and Intersegment income comprises the total of Revenue from sale of goods and Income per the income statement.

^ SOTP is a key valuation tool to measure the group's performance, but does not necessarily correspond to net asset value.

\+ Year ended 28 February 2013 includes a commitment fee from Capitec.

++ Non-recurring headline losses of R29,1m pertaining to the group's interest rate hedges have been reclassified from PSG Corporate to Funding.

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