PSG Group Limited
Incorporated in the Republic of South Africa
Registration number: 1970/008484/06
JSE Ltd ("JSE") share code: PSG
ISIN code: 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 code: ZAE000096079
("PSG Financial Services")

REVIEWED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2015

- SOTP value increased by 72% to R163.28 per share as at 28 February 2015
- SOTP value of R195.02 per share as at 7 April 2015
- Recurring headline earnings increased by 32% to 593.6 cents per share
- Dividend for the year increased by 50% to 200 cents per share

OVERVIEW

PSG is an investment holding company consisting of underlying investments that operate across a diverse range of industries which include financial services, banking, private equity, agriculture and education. PSG's market capitalisation (net of treasury shares) is approximately R36bn.

The year under review marked the first time that PSG achieved consolidated recurring headline earnings in excess of R1bn. This follows strong results from all of its key investments.

RESULTS

The two key benchmarks which PSG believes to measure performance by are Sum-of-the-Parts ("SOTP") value and recurring headline earnings per share.

SOTP

The calculation of the SOTP value is simple and requires limited subjectivity as 88% of the value is calculated using JSE-listed share prices, while other investments are included at market-related valuations. At 28 February 2015, the SOTP value per PSG share was R163.28 (2014: R95.01). At 7 April 2015, the SOTP value was R195.02 per share.

Asset/Liability	28 Feb 2013 Rm	28 Feb 2014 Rm	28 Feb 2015 Rm	7 Apr 2015 Rm	% of total
Capitec *	6 128	5 989	14 549	19 339	46
Curro *	2 607	4 660	6 236	7 378	17
PSG Konsult *	2 237	4 004	5 710	5 812	14
Zeder *	1 412	1 698	3 712	4 059	10
PSG Private Equity **	681	949	1 246	1 169	3
BEE investment holding company (previously Thembeka) **	899	1 243	603	721	2
PSG Corporate (including PSG Capital) ***	383	383	1 398	1 398	3
Other investments (including cash) ***	1 505	1 122	2 031	2 360	5
Total assets	15 852	20 048	35 485	42 236	100
Perpetual pref funding *	(1 163)	(1 393)	(1 411)	(1 318)	
Other debt ***	(845)	(615)	(679)	(1 030)	
Total SOTP value	13 844	18 040	33 395	39 888	

Shares in issue

(net of treasury shares) (m)	190.5	189.9	204.5	204.5
SOTP value per share (rand)	72.67	95.01	163.28	195.02

* Listed on the JSE Ltd ** SOTP value *** Valuation

Capitec is PSG's largest investment and at 28 February 2015 comprised 41% (2014: 30%) of the SOTP value's total assets. Its higher contribution follows a 123% increase in Capitec's share price and an increase in PSG's direct interest in Capitec as a result of the below mentioned PSG/Thembeka scheme of arrangement during the past financial year. Subsequent to year-end, Capitec's share price increased by a further 33%. It continues to be the major contributor to PSG's recurring headline earnings.

RECURRING HEADLINE EARNINGS

	Year ended 28 Feb 2013 Rm	Year ended 28 Feb 2014 Rm	Change %	Year ended 28 Feb 2015 Rm
Capitec	500	571		729
Curro	8	21		31
PSG Konsult	119	163		214
Zeder *	107	127		152
PSG Private Equity	75	51		59
BEE investment holding company (previously Thembeka)	28	23		45
PSG Corporate (including PSG Capital)	16	7		38
Other	30	39		51
Recurring headline earnings before funding	883	1 002	32	1 319
Funding	(168)	(181)		(177)
Recurring headline earnings	715	821	39	1 142
Non-recurring items	160	191		432
Headline earnings	875	1 012	56	1 574
Non-headline items	265	47		(14)
Attributable earnings	1 140	1 059	47	1 560
Weighted average number of shares in issue (net of treasury shares) (m)	182.2	183.0	5	192.3
Earnings per share (cents)				
- Recurring headline	392.3	448.8	32	593.6
- Headline	480.2	553.2	48	818.6
- Attributable/basic	625.5	578.5	40	811.3
Dividend per share (cents)	111.0	133.0	50	200.0

* 28 February 2014 comparative restated to account for Capespan's change in accounting policies.

Recurring headline earnings for the year ended 28 February 2015 increased by 32% to 593.6 cents per share, following commendable recurring headline earnings per share growth from Capitec (26%), PSG Konsult (31%) and Zeder (15%). Although Curro reported a 38% increase in recurring headline earnings per share for the year ended 31 December 2014, its earnings contribution to the larger PSG group remains relatively small. This investment is, however, expected to contribute significantly to PSG's earnings in years to come. PSG Private Equity reported a 10% decrease in recurring headline earnings per share following challenging trading conditions at certain investments.

Headline earnings increased by 48% to 818.6 cents per share. The non-recurring headline gains achieved during the year under review mainly comprised marked-to-market profits achieved on listed shares held by PSG's associated BEE investment holding company (previously Thembeka).

Attributable earnings increased by 40% to 811.3 cents per share.

SIGNIFICANT TRANSACTIONS

The following significant transactions were undertaken during the past financial year:

- PSG raised R1.275bn in cash through the issue of ordinary shares, of which R920m was by means of a book build and R355m through private placements.
- The PSG/Thembeka scheme of arrangement, amounting to R1.5bn, was concluded in terms of which significant value was unlocked for Thembeka shareholders. Following the scheme of arrangement, PSG holds a 49% interest in a new BEE investment holding company and PSG's interest in Capitec and Curro increased to 30.7% and 58.5%, respectively.
- Zeder increased its direct interest in Pioneer Foods to 27.3% through the issue of Zeder shares in a transaction valued in excess of R2.5bn. This constituted the single largest transaction in PSG's history.
- Following the aforementioned Zeder share issue, PSG's interest in Zeder diluted to 29.1%. PSG subsequently increased its shareholding to 33.8% for a cash consideration of R447m.
- PSG invested R356m cash in Curro, mainly in support of its rights issue to fund further expansion.

CAPITEC (30.7%)

Capitec continued to impress, not only by delivering yet another set of stellar financial results, but also with the way in which it managed the challenges brought about by the demise of African Bank, its largest competitor, as well as large strikes affecting many of its clients during the past financial year.

While net transaction fee income from banking operations grew by 35%, Capitec's lending business experienced modest growth. Although the growth in net transaction fee income is expected to slow temporarily in the next financial year, when new limits on card processing fees between banks and merchants are applied, Capitec expects it to be offset by a continued increase in its primary banking client numbers, as well as increased activity per client.

Unlike many other players in the unsecured lending sector, Capitec has conservative provisioning and bad debt write-off policies. It provides 8% for loans that are up to date, 45% for loans behind by one instalment, 73% for loans behind by two instalments and 87% for loans behind by three instalments. After 90 days in arrears, Capitec considers the loan bad and writes it off in full. Provisions are almost twice the size of loans in arrears, as demonstrated by the arrears coverage ratio of 196% as at 28 February 2015 (2014: 167%). In addition, Capitec improved its bad debt recoveries by 39% to R602m during the year under review.

Capitec has a prudent capital adequacy ratio of 36%. Its diversified funding base comprises a healthy blend of wholesale fixed, retail fixed and call deposits. Although retail deposits grew by R6.4bn during the past financial year, confidence in the wholesale funding market was negatively influenced by market events and the ratings downgrade of the South African banking sector. Capitec, however, has a high level of liquidity with R19.8bn in cash and short-term funds, representing 37% of total assets. It is fully compliant with the Basel 3 liquidity ratios.

PSG remains a loyal supporter of Capitec and looks forward to its continued success.

Capitec's comprehensive results for the year ended 28 February 2015 are available at www.capitecbank.co.za.

PSG KONSULT (62.7%)

PSG Konsult recently announced its first set of financial results as a JSE (and NSX)-listed company. Its commendable growth in recurring headline earnings per share resulted from a strong performance by the PSG Wealth and PSG Asset Management divisions in particular.

PSG Konsult's comprehensive results for the year ended 28 February 2015 are available at www.psg.co.za.

CURRO (58.5%)

The education market offers significant investment opportunities and Curro continues to capitalise on same in pursuit of its 2020 target of 80 schools with 80 000 learners. Curro is currently in the process of a R740m capital raising by means of a rights offer to fund its expansion plans. PSG has underwritten same.

The majority of Curro’s schools are either performing to expectation, or better. PSG remains optimistic that Curro will achieve (and perhaps even exceed) its aforementioned target.

Curro’s comprehensive results for the year ended 31 December 2014 are available at www.curro.co.za.

ZEDER (33.8%)

Following the conclusion of the Zeder/Agri Voedsel scheme of arrangement, Zeder now owns an asset portfolio valued in excess of R14bn, with its 27.3% direct interest in Pioneer Foods representing 73% of the total. Zeder’s SOTP value per share increased by 74.5% to R9.18 during the past financial year. Pioneer Foods in particular reported strong earnings growth for the year under review.

Zeder recently announced its firm intention to acquire the remaining 25% shares in Capespan, held by minority shareholders other than management, by means of a scheme of arrangement. The proposed transaction is valued in excess of R500m.

Zeder’s comprehensive results for the year ended 28 February 2015 are available at www.zeder.co.za.

PSG PRIVATE EQUITY (100%)

PSG Private Equity serves as incubator to find the businesses of tomorrow. Management is continuously refining the existing portfolio and actively searching for exciting new investment opportunities. Given its nature, this portfolio is likely to yield volatile earnings, while providing significant optionality.

BEE INVESTMENT HOLDING COMPANY (PREVIOUSLY THEMBEKA) (49%)

The new BEE investment holding company, emanating from the aforementioned PSG/Thembeka scheme of arrangement during January 2015, is 51%-owned by the Stellenbosch BEE Education Trust of which all beneficiaries are black individuals. PSG provided the new BEE investment holding company with R800m in preference share funding to acquire select investments from Thembeka, the most significant being interests of 6.6% in Curro, 4.4% in Pioneer Foods and 20% in Kaap Agri. These investments are all subject to BEE lock-in periods. The value created will be used by the Stellenbosch BEE Education Trust to fund gifted but needy black students’ education.

PROSPECTS

We believe PSG’s investment portfolio should continue yielding above average returns in future.

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 approved and declared a final gross dividend of 145 cents (2014: 90 cents) from income reserves, for a total dividend of 200 cents (2014: 133 cents) in respect of the year ended 28 February 2015, representing a 50% increase.

The final dividend amount, net of South African dividend tax of 15%, is 123.25 cents per share for those shareholders that are not exempt from dividend tax. The number of ordinary shares in issue at the declaration date is 220 431 722, and the income tax number of the company is 9950080714.

The salient dates of this dividend distribution are:

Last day to trade cum dividend	Thursday, 30 April 2015
Trading ex dividend commences	Monday, 4 May 2015
Record date	Friday, 8 May 2015
Payment date	Monday, 11 May 2015

Share certificates may not be dematerialised or rematerialised between Monday, 4 May 2015 and Friday, 8 May 2015, both days inclusive.

Preference shares
The directors of PSG Financial Services have declared a gross dividend of 382.23 cents per share in respect of the cumulative, non-redeemable, non-participating preference shares for the six months ended 28 February 2015, which was paid on Monday, 23 March 2015. The detailed announcement in respect hereof was disseminated on the Stock Exchange News Services on 27 February 2015.

On behalf of the board

Jannie Mouton	Piet Mouton	Wynand Greeff
Chairman	Chief Executive Officer	Financial Director

Stellenbosch
15 April 2015

The reviewed preliminary condensed financial information of PSG Group is presented below:

Condensed group income statement for the year ended 28 February 2015	Reviewed Feb-15 Rm	Audited Feb-14 Restated Rm
Revenue from sale of goods	10 981	7 535
Cost of goods sold	(9 532)	(6 755)
Gross profit from sale of goods	1 449	780
Income		
Changes in fair value of biological assets	144	134
Investment income (note 7)	764	509
Fair value gains and losses (note 7)	1 400	1 454
Fair value adjustment to investment contract liabilities (note 7)	(1 483)	(1 343)
Commission, insurance and other fee income	4 309	3 540
Other operating income	95	107
	5 229	4 401
Expenses		
Insurance claims and loss adjustments, net of recoveries	(424)	(353)
Marketing, administration and other expenses	(4 778)	(3 657)
	(5 202)	(4 010)
Income from associates and joint ventures		
Share of profits of associates and joint ventures	1 448	943
Loss on impairment of associates and joint ventures	(4)	(24)
	1 444	919
Profit before finance costs and taxation	2 920	2 090
Finance costs	(337)	(263)
Profit before taxation	2 583	1 827
Taxation	(392)	(295)
Profit for the year	2 191	1 532

Attributable to:

Owners of the parent		1 560	1 059
Non-controlling interests		631	473
		2 191	1 532

Earnings per share and number of shares in issue	Change %	Reviewed Feb-15	Audited Feb-14 Restated
Earnings per share (cents)			
- recurring headline	32.3	593.6	448.8
- headline (note 4)	48.0	818.6	553.2
- attributable/basic	40.2	811.3	578.5
- diluted headline	47.2	807.4	548.6
- diluted attributable/basic	39.5	800.2	573.8
Number of shares (million)			
- in issue		220.4	207.6
- in issue (net of treasury shares)		202.4	182.9
- weighted average		192.3	183.0
- diluted weighted average		195.0	184.5

Condensed group statement of comprehensive income for the year ended 28 February 2015	Reviewed Feb-15 Rm	Audited Feb-14 Restated Rm
Profit for the year	2 191	1 532
Other comprehensive (loss)/income for the year, net of taxation	(79)	153
Items that may be subsequently reclassified to profit or loss		
Currency translation adjustments	(18)	162
Reclassification of currency translation adjustments	(1)	
Cash flow hedges	(8)	(16)
Reclassification of cash flow hedges	25	
Share of other comprehensive (loss)/income and equity movements of associates	(59)	62
Reclassification of share of associates' other comprehensive income and equity movements upon disposal		(56)
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit obligations	(18)	1
Total comprehensive income for the year	2 112	1 685
Attributable to:		
Owners of the parent	1 496	1 121
Non-controlling interests	616	564
	2 112	1 685

Condensed group statement of financial position as at 28 February 2015	Reviewed Feb-15 Rm	Audited Feb-14 Restated Rm
Assets		
Property, plant and equipment	4 869	3 327
Intangible assets	2 647	2 095
Biological assets	274	201
Investment in ordinary shares of associates and joint ventures (note 9)	10 755	6 312
Investment in preference shares of/loans granted to associates and joint ventures	309	321
Deferred income tax assets	179	126
Financial assets linked to investment contracts (note 7)	14 223	12 693
Cash and cash equivalents	27	51
Other financial assets	14 196	12 642
Other financial assets (note 6.2)	5 311	1 534
Inventory	1 181	1 130
Trade and other receivables (note 8)	4 085	3 637

Current income tax assets		49	43
Cash and cash equivalents		1 619	2 099
Non-current assets held for sale (note 10)		106	182
Total assets		45 607	33 700
Equity			
Ordinary shareholders' equity		9 997	6 860
Non-controlling interests		9 099	5 609
Total equity		19 096	12 469
Liabilities			
Insurance contracts		574	493
Financial liabilities under investment contracts (note 7)		14 223	12 693
Borrowings		4 756	3 266
Other financial liabilities (note 6.2)		2 194	475
Deferred income tax liabilities		631	347
Trade and other payables and employee benefit liabilities (note 8)		4 078	3 919
Current income tax liabilities		55	38
Total liabilities		26 511	21 231
Total equity and liabilities		45 607	33 700
Net asset value per share (rand)		49.39	37.51
Net tangible asset value per share (rand)		36.32	26.06

Condensed group statement of changes in equity for the year ended 28 February 2015	Change %	Reviewed Feb-15 Rm	Audited Feb-14 Restated Rm
Ordinary shareholders' equity at beginning of the year		6 860	5 990
Total comprehensive income		1 496	1 121
Issue of shares		2 881	
Share buy-back		(1 140)	(33)
Share-based payment costs - employees		46	26
Net movement in treasury shares		138	(42)
Transactions with non-controlling interests		(11)	20
Dividends paid		(273)	(222)
Ordinary shareholders' equity at end of the year		9 997	6 860
Non-controlling interests at beginning of the year		5 609	4 160
Total comprehensive income		616	564
Issue of shares		2 852	737
Share-based payment costs - employees		15	9
Acquisition of subsidiaries (note 6.1)		346	366
Transactions with non-controlling interests		(105)	(33)
Dividends paid		(234)	(194)
Non-controlling interests at end of the year		9 099	5 609
Total equity		19 096	12 469
Dividend per share (cents)			
- interim		55.0	43.0
- final		145.0	90.0
	50.4	200.0	133.0

Condensed group statement of cash flows for the year ended 28 February 2015	Reviewed Feb-15 Rm	Audited Feb-14 Restated Rm
Net cash flow from operating activities		
Cash generated from operations (note 5)	661	794
Interest income	596	392

Dividend income	530	363
Finance costs	(327)	(266)
Taxation paid	(384)	(262)
Net cash flow from operating activities before cash movement in policyholder funds	1 076	1 021
Cash movement in policyholder funds	(24)	(14)
Net cash flow from operating activities	1 052	1 007
Net cash flow from investing activities	(3 502)	(1 236)
Net cash flow from subsidiaries acquired (note 6.1)	(584)	(216)
Net cash flow from consolidation of mutual fund (note 6.2)	(1 175)	
Acquisition of ordinary shares in associates	(350)	(439)
Proceeds from disposal of ordinary shares in associates	20	123
Acquisition of property, plant and equipment	(1 425)	(1 082)
Other investing activities	12	378
Net cash flow from financing activities	1 669	(165)
Dividends paid to group shareholders	(273)	(222)
Dividends paid to non-controlling interests	(234)	(194)
Capital contributions by non-controlling interests	293	679
Net acquisition from non-controlling interests	(508)	48
Net borrowings drawn/(repaid)	931	(395)
Proceeds from disposal of holding company's treasury shares	64	13
Shares issued/(repurchased)	1 396	(94)
Net decrease in cash and cash equivalents	(781)	(394)
Exchange gains on cash and cash equivalents	26	47
Cash and cash equivalents at beginning of the year	1 581	1 928
Cash and cash equivalents at end of the year *	826	1 581
Cash and cash equivalents consists of:		
Cash and cash equivalents linked to investment contracts	27	51
Cash and cash equivalents attributable to equity holders	1 619	2 099
Cash and cash equivalents attributable to equity holders and included in non-current assets held for sale	3	
Bank overdrafts attributable to equity holders (included in borrowings)	(823)	(569)
	826	1 581

* In addition to cash and cash equivalents presented as at the latest reporting date, the group holds R860m in highly liquid debt securities that form part of the group's resources for meeting short-term cash requirements.

Notes to the condensed group financial statements

1. Basis of presentation and accounting policies

These condensed 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 JSE Listings Requirements for preliminary reports.

The accounting policies applied in the preparation of these condensed group financial statements are consistent in all material respects with those used in the prior year's annual financial statements, apart from the early adoption of the amendments to IAS 16 Property, plant and equipment and IAS 41 Agriculture: Bearer plants, which were applied retrospectively. Previously, bearer plant biological assets were measured at fair value less cost to sell with the adjustment being recognised in profit or loss. Following the amendments, bearer plants are measured at cost, less accumulated depreciation and impairment losses. Accordingly, bearer plants are measured similar to self-constructed items of property, plant and equipment.

The group also adopted the various other revisions to IFRS which were effective for its financial year ended 28 February 2015. These revisions have not resulted in material changes to the group's reported results and disclosures in these condensed group financial statements.

In addition to the business combinations set out below, the group's results for the year under review included, inter alia, those of Capespan Group Ltd ("Capespan") and Klein Karoo Saad Bemarking (Pty) Ltd for the full year, while same were only consolidated for 8 months and 4 months in the prior year, respectively.

2. Preparation

These preliminary condensed 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.

The auditor's report does not necessarily report on all the information contained in this announcement. Users are therefore advised that in order to get a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the company's registered office.

3. PSG Financial Services

PSG Financial Services is a wholly-owned subsidiary of PSG Group, except for the 17 415 770 (2014: 17 415 770) perpetual 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.

4. Headline earnings	Reviewed Feb-15 Rm	Audited Feb-14 Restated Rm
Profit for the year attributable to owners of the parent	1 560	1 059
Non-headline items		
Gross amounts	11	(87)
Impairment of investments in associates	4	25
Net profit on sale/dilution of investments in associates	(11)	(24)
Fair value gain on step-up from associate to subsidiary	(45)	(80)
Net loss on sale/impairment of intangible assets (including goodwill)	38	9
Non-headline items of associates	44	(17)
Reversal of impairment on property, plant and equipment	(12)	
Other	(7)	
Non-controlling interests	6	33
Taxation	(3)	7
Headline earnings	1 574	1 012

5. Cash generated from operations

Profit before taxation	2 583	1 827
Share of profits of associates and joint ventures	(1 448)	(943)
Depreciation and amortisation	295	209
Investment income	(764)	(507)
Finance costs	337	263
Working capital changes and other non-cash items	(342)	(55)
	661	794

6. Business combinations

6.1 Subsidiaries acquired

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

Mpongwe Milling (2009) Ltd (“Mpongwe Milling”)

During April 2014, the group, through Zeder, acquired the entire issued share capital of Mpongwe Milling, a maize and wheat mill operating in the Copperbelt province of Zambia, for a Zambian kwatcha denominated cash consideration equating to R307m. Mpongwe Milling complements the group’s existing farming operations in Zambia and the acquisition provides the group with an opportunity to expand its product offering across the value chain. Goodwill arose in respect of, inter alia, synergies pertaining to the procurement and marketing functions of the mill and farming operations.

Waterstone College (Pty) Ltd (“Waterstone”)

During June 2014, the group, through Curro, acquired the entire issued share capital of Waterstone, a private school in Gauteng, South Africa, for a cash consideration of R130m (of which R30m is deferred) and Curro shares to the value of R1m. Goodwill arose in respect of, inter alia, the employee corps and expected synergies.

SMC Brands SA (Pty) Ltd (“SMC Brands”)

During September 2014, the group, through PSG Private Equity’s subsidiary, CA Sales Holdings (Pty) Ltd (“CA Sales”), increased its interest in SMC Brands (previously an associate) from 49% to 100% for a cash consideration of R81m. SMC Brands is involved in the distribution of fast moving consumer goods and complements the group’s already existing investments in same. Goodwill arose in respect of, inter alia, the employee corps and expected synergies.

Pack ’n Stack Investment Holdings (Pty) Ltd (“Pack ’n Stack”)

During June 2014, the group, through PSG Private Equity’s subsidiary, CA Sales, increased its interest in Pack ’n Stack (previously an associate) from 30% to 50.2% for a cash consideration of R52m. Pack ’n Stack is involved in the distribution of fast moving consumer goods and complements the group’s already existing investments in same. Goodwill arose in respect of, inter alia, the employee corps and expected synergies.

Ryla 21 (RF) (Pty) Ltd (“BEE investment holding company”)

During January 2015, the group acquired a 49% interest in BEE investment holding company as part of the aforementioned Thembeka scheme of arrangement. Given the group’s shareholding and preference share funding of R800m advanced to BEE investment holding company, the group is deemed to control and therefore needs to consolidate this entity. The remaining 51% shareholding is held by the Stellenbosch BEE Education Trust and all benefits derived from same will be utilised to fund gifted but needy black students’ education.

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

	Mpongwe Milling Rm	Waterstone Rm	SMC Brands Rm	Pack ’n Stack Rm	Sub-total Rm
Identifiable net assets acquired	152	72	64	39	327
Goodwill recognised	155	59	94	112	420
Non-controlling interests recognised				(22)	(22)
	307	131	158	129	725
Derecognition of previously held associate and joint venture interests			(77)	(77)	(154)
Subsidiary shares issued		(1)			(1)
Deferred purchase consideration		(30)			(30)
Cash consideration	307	100	81	52	540
Cash consideration paid	(307)	(100)	(81)	(52)	(540)
Cash and cash equivalents acquired	14	11	22	22	69
Net cash outflow from subsidiaries acquired	(293)	(89)	(59)	(30)	(471)

	BEE investment

	Sub-total Rm	holding company Rm	Other Rm	Total Rm
Identifiable net assets acquired	327	575	102	1 004
Goodwill recognised	420		101	521
Non-controlling interests recognised	(22)	(293)	(31)	(346)
	725	282	172	1 179
Derecognition of previously held associate and joint venture interests	(154)		(60)	(214)
Subsidiary and holding company shares issued	(1)	(282)		(283)
Deferred purchase consideration	(30)			(30)
Cash consideration	540	-	112	652
Cash consideration paid	(540)		(112)	(652)
Cash and cash equivalents acquired	69		(1)	68
Net cash outflow from subsidiaries acquired	(471)	-	(113)	(584)

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

The aforementioned business combinations do not contain any contingent consideration or indemnification asset arrangements.

Had the aforementioned entities been consolidated with effect from 1 March 2014 instead of their respective acquisition dates, the consolidated income statement would have reflected additional revenue from sale of goods and income of R1.4bn and profit after tax of R131m.

6.2 Consolidation of mutual fund

PSG Money Market Fund ("PSGMMF")

During June 2014, the group further invested excess cash in the PSGMMF following the book build capital raising set out in note 9 below. In light of the larger interest held by the group in PSGMMF and PSG Konsult managing the fund, the group commenced consolidation of the PSGMMF. The PSGMMF invests in various money market instruments with an average maturity of 90 days or less. Money market instruments issued by ABSA, FirstRand, Nedbank, Standard Bank and the South African government comprised approximately 80% of funds under management at the reporting date.

The amounts of identifiable net assets acquired and third-party liabilities arising on consolidation of the mutual fund recognised can be summarised as follows:

	Mutual fund Rm
Identifiable net assets acquired	3 034
Third-party liabilities arising on consolidation of mutual fund	(1 545)
Cash consideration	1 489
Cash consideration paid	(1 489)
Cash and cash equivalents acquired	314
Net cash outflow from consolidation of mutual fund	(1 175)

The increase in other financial assets and liabilities as per the statement of financial position are mainly as a result of the consolidation of aforementioned mutual fund.

7. Linked investment contracts

These represent PSG Life Ltd, a 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. 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
28 Feb 2015 - Reviewed			
Investment income	302	462	764
Fair value gains and losses	1 184	216	1 400
Fair value adjustment to investment contract liabilities	(1 483)		(1 483)
	3	678	681
28 Feb 2014 - Audited			
Investment income	264	245	509
Fair value gains and losses	1 088	366	1 454
Fair value adjustment to investment contract liabilities	(1 343)		(1 343)
	9	611	620

8. Trade and other receivables and payables

Included under trade and other receivables are PSG Online, a subsidiary of PSG Konsult, broker- and clearing accounts of which R1.9bn (2014: R1.9bn) represents amounts owing by the JSE 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 clients taking place within three days after the transaction date.

9. Corporate actions

Apart from the transactions set out in note 6, the group's most significant corporate actions included the following:

- The group raised R1.275bn in cash through the issue of ordinary shares, of which R920m was by means of a book build and R355m through private placements.
- The group's scheme of arrangement with Thembeka Capital (RF) Ltd ("Thembeka"), amounting to R1.5bn, was concluded in terms of which significant value was unlocked for Thembeka shareholders. Following the scheme of arrangement, the group holds a 49% interest in a new BEE investment holding company and the group's interest in Capitec and Curro increased to 30.7% and 58.5%, respectively.
- The group, through Zeder, increased its direct interest in Pioneer Food Group Ltd to 27.3% through the issue of Zeder shares in a scheme of arrangement valued in excess of R2.5bn.
- Following the aforementioned Zeder share issue, the group's interest in Zeder diluted to 29.1%. The group subsequently increased its shareholding to 33.9% for a cash consideration of R447m.
- The group invested R356m cash in Curro, mainly in support of its rights issue to fund further expansion.

The increase in investment in ordinary shares of associates and joint ventures as per the statement of financial position are mainly as a result of the group's aforementioned increased interest in Pioneer Food Group Ltd and the Thembeka scheme of arrangement.

10. Non-current assets held for sale

The non-current assets and liabilities held for sale at the reporting date comprised mainly PSG Private Equity's interest in GRW Holdings (Pty) Ltd (an associate), and Zeder's interest, through Capespan, in Addo Cold Storage (Pty) Ltd (a subsidiary). The prior year non-current assets held for sale comprised mainly JSE-listed Capevin Holdings Ltd shares, which was subsequently disposed of by Zeder.

11. Financial instruments

11.1 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.

These condensed group financial statements do not include all financial risk management information and disclosures set out in the annual financial statements, and therefore they should be read in conjunction with the group's annual financial statements for the year ended 28 February 2015. Risk management continues to be carried out by each major entity within the group under policies approved by the respective boards of directors.

11.2 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.

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.

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 Feb 2015 - Reviewed	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Assets				
Derivative financial assets		78		78
Equity securities	1 025	1 305	82	2 412
Debt securities	477	154		631
Unit-linked investments		11 333	1 117	12 450
Investment in investment contracts		226	1	227
Closing carrying value	1 502	13 096	1 200	15 798
Liabilities				
Derivative financial liabilities		69	64	133
Investment contracts		12 283	1 107	13 390
Trade and other payables			13	13
Third party liabilities arising on consolidation of mutual funds		2 057		2 057
Closing carrying value	-	14 409	1 184	15 593

28 Feb 2014 - Audited	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm

Assets				
Derivative financial assets	1	29		30
Equity securities	768	1	43	812
Debt securities	33	805	237	1 075
Unit-linked investments		8 058	2 251	10 309
Investment in investment contracts		260	1	261
Non-current assets held for sale	177			177
Closing carrying value	979	9 153	2 532	12 664
Liabilities				
Derivative financial liabilities	15	39	46	100
Investment contracts		9 057	2 488	11 545
Trade and other payables			11	11
Third party liabilities arising on consolidation of mutual funds		372		372
Closing carrying value	15	9 468	2 545	12 028

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

	Feb-15		Feb-14	
	Assets	Liabilities	Assets	Liabilities
	Rm	Rm	Rm	Rm
Opening balance	2 532	2 545	2 271	2 319
Additions	3 337	3 304	1 602	1 563
Disposals	(4 764)	(4 763)	(1 506)	(1 504)
Fair value adjustments	95	96	165	167
Other movements		2		
Closing balance	1 200	1 184	2 532	2 545

Unit-linked investments and debt securities represent the largest portion of the level 3 financial assets and relate to units and debentures 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.

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 year under review, nor were there any significant changes to the valuation techniques and inputs used to determine fair values. Valuation techniques and main inputs used to determine fair value for financial instruments classified as level 2 can be summarised as follows:

Instrument	Valuation technique	Main inputs
Derivative financial assets and liabilities	Exit price on recognised over-the-counter platforms	Not applicable
Debt securities	Valuation model that uses the market inputs (yield of benchmark bonds)	Bond interest rate curves Issuer credit ratings Liquidity spreads
Unit-linked investments	Quoted put (exit) price provided by the fund manager	Not applicable - prices available publicly
Investment in investment contracts	Prices are obtained from the insurer of the particular investment 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	Quoted put (exit) price provided by the	Not applicable - prices

arising on consolidation of mutual funds	fund manager	available publicly

12. Capital commitments and contingencies

For the 2015 calendar year, Curro plans to invest approximately R600m in the expansion of existing campuses, develop three new Curro schools, develop a new site for the Meridian Pretoria school and expand the Cosmo City campus, develop three new Curro Castles in the Johannesburg Area, invest R250m in land banking of various key sites and investigate potential acquisitions. As mentioned above, Curro is currently in the process of a R740m capital raising by means of a rights offer to fund its expansion plans. PSG has underwritten same.

Capespan, being a subsidiary of Zeder, has approved investments of more than R500m in property, plant and equipment, which included the subsequent to reporting date acquisition of the following operations:

- Novo Packhouse’s coldstores, packhouse and equipment for a cash consideration of R100m; and
- Theewaterskloof’s business operations (being a pome fruit farm), moveable equipment, farm land and biological assets for a cash consideration of R140m.

Subsequent to the reporting date, Zeder announced its firm intention to acquire the remaining 25% shareholding in Capespan, held by minority shareholders other than management, by means of a scheme of arrangement. In terms of the scheme of arrangement, Zeder will issue 85 ordinary shares for every 100 Capespan ordinary shares acquired.

13. Restatement of prior year figures

The prior year figures of Capespan, a subsidiary of the group through Zeder, have been restated to account for the following:

Restatement 1: Agriculture: Bearer plants
Management adopted the retrospective amendments to IAS 16 Property, plant and equipment and IAS 41 Agriculture: Bearer plants on the basis set out in note 1 above.

Restatement 2: Accounting for the sales and cost of sales of product sold
Management reassessed an existing management agreement which was accounted for as management fee income, but concluded it to rather fall within IFRIC 4 Determining whether an Arrangement contains a Lease and therefore applied IAS 17 Leases retrospectively. This resulted in Capespan now accounting for this agreement and the related farming operations as principal.

Restatement 3: Reclassification of production costs
Certain production costs were reallocated from other expenses to cost of sales to correctly disclose the nature thereof. This restatement had no impact on previously reported profit.

The effect of these restatements on the group’s results are as follows:

	Previously reported Rm	Now reported Rm	Change Rm
Income statement for the year ended 28 February 2014			
Revenue from sale of goods	7 569	7 535	(34)
Cost of goods sold	(6 685)	(6 755)	(70)
Changes in fair value of biological assets	91	134	43
Investment income	507	509	2
Other operating income	99	107	8
Marketing, administration and other expenses	(3 738)	(3 657)	81
Taxation	(289)	(295)	(6)
Profit for the year			24
Attributable to:			
Owners of the parent	1 052	1 059	7
Non-controlling interests	456	473	17
			24

Earnings per share for the year ended 28 February 2014

Recurring headline	446.9	448.8	1.9
Headline	551.3	553.2	1.9
Attributable/basic	574.9	578.5	3.6
Statement of financial position as at 28 February 2014			
Other financial assets	1 536	1 534	(2)
Inventory	914	1 130	216
Trade and other receivables	3 719	3 637	(82)
Ordinary shareholders' equity	6 855	6 860	(5)
Non-controlling interests	5 592	5 609	(17)
Deferred income tax liabilities	332	347	(15)
Trade and other payables and employee benefit liabilities	3 824	3 919	(95)
			-

Capespan, to which all of the aforementioned restatements relate, only became a subsidiary of the group during the prior year and therefore no amendments were required to the amounts reported in respect of earlier years.

14. Segment report

The group's classification into seven reportable segments, namely: Capitec, Curro, PSG Konsult, Zeder, PSG Private Equity, BEE investment holding company (previously Thembeka), 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 offers private education services. The other segments offer financing, banking, investing and advisory services. All segments operate predominantly in the Republic of South Africa. However, the group has exposure to offshore operations through Zeder's investments in Capespan, Zaad Holdings Ltd and Agrivision Africa, and PSG Private Equity's investment in CA Sales.

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. 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 method of accounting.

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

Year ended 28 February 2015 Reviewed	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 *			729		729	14 549
Curro	1 013		31		31	6 236
PSG Konsult	2 939		214	(1)	213	5 710
Zeder	8 993		152	(52)	100	3 712
PSG Private Equity	2 919		59	(9)	50	1 246
BEE investment holding company						

	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
(previously Thembeka)	242		45	432	477	603
PSG Corporate (including PSG Capital)	331	(260)	90	87	177	3 190
Reconciling items						
Funding	65	(32)	(163)	(25)	(188)	(2 090)
Other			(15)		(15)	239
Total	16 502	(292)	1 142	432	1 574	33 395
Non-headline					(14)	
Earnings attributable to non-controlling interests					631	
Taxation					392	
Profit before taxation					2 583	

Year ended 28 February 2014 Audited	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 *			571		571	5 989
Curro	663		21		21	4 660
PSG Konsult	2 489		163	(4)	159	4 004
Zeder ^^	6 395		128	(17)	111	1 698
PSG Private Equity	2 189		51	6	57	949
Thembeka *			23	100	123	1 243
PSG Corporate (including PSG Capital)	301	(124)	48	52	100	1 371
Reconciling items						
Funding	42	(19)	(181)	54	(127)	(2 008)
Other			(3)		(3)	133
Total	12 079	(143)	821	191	1 012	18 039
Non-headline ^^					47	
Earnings attributable to non-controlling interests					473	
Taxation					295	
Profit before taxation					1 827	

	Reviewed Feb-15 Rm	Audited Feb-14 Restated Rm
Reconciliation of segment revenue to IFRS revenue:		
Segment revenue as stated above:		
Income	16 502	12 079
Inter-segment income	(292)	(143)
Less:		
Changes in fair value of biological assets	(144)	(134)
Fair value gains and losses	(1 400)	(1 454)
Fair value adjustment to investment contract liabilities	1 483	1 343
Other operating income	(95)	(107)
IFRS revenue	16 054	11 584

Non-recurring headline earnings comprised the following:		
Non-recurring items from investments	370	85
Net fair value gains on liquid investment portfolio	2	10
Other gains	60	96
	432	191

* Equity method of accounting applied.
** 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 used to measure the group’s performance, but does not necessarily correspond to net asset value.
^^ Restated as set out in note 13.

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