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 PRELIMINARY CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2017

- Recurring headline earnings up 18% to R9.27 per share
- Sum-of-the-parts value of R240.53 per share as at 11 April 2017
- Dividend for the year up 25% to R3.75 per share
- Headline earnings up 50% to R10.01 per share

OVERVIEW

PSG is an investment holding company consisting of underlying investments that operate across a diverse range of industries, which include banking, education, financial services and food and related business, as well as early-stage investments in growth sectors. PSG's market capitalisation (net of treasury shares) is approximately R51bn.

RESULTS

The two key benchmarks in terms of which PSG measures performance are sum-of-the-parts ("SOTP") value and recurring headline earnings per share as long-term growth in PSG's SOTP value and share price will depend on, inter alia, sustained growth in the recurring headline earnings per share of our underlying investments.

SOTP

The calculation of PSG's SOTP value is simple and requires limited subjectivity as 90% of the value is calculated using JSE-listed share prices, while other investments are included at market-related valuations. At 28 February 2017, the SOTP value per PSG share was R240.87 (2016: R186.67), representing a 29% increase. At 11 April 2017, it was R240.53 per share.

Asset/Liability	28 Feb 2015 Rm	29 Feb 2016 Rm	28 Feb 2017 Rm	11 Apr 2017 Rm	Share of total
Capitec*	14 549	16 820	25 727	26 491	49%
Curro*	6 236	9 773	11 180	10 098	18%
PSG Konsult*	5 710	5 441	6 084	6 237	11%
Zeder*	3 712	2 815	5 398	5 528	10%
PSG Alpha (previously PSG Private Equity)+	1 246	1 367	1 909	2 003	4%
Dipeo+	603	557	812	807	1%
PSG Corporate (including PSG Capital)++	1 398	1 510			
Other assets (including cash and pref investments)^	2 031	4 358	3 586	3 442	7%
Total assets	35 485	42 641	54 696	54 606	100%
Perpetual pref funding*	(1 411)	(1 309)	(1 350)	(1 325)	
Other debt^	(679)	(949)	(949)	(958)	
Total SOTP value	33 395	40 383	52 397	52 323	
Shares in issue (net of treasury shares) (m)	204.5	216.3	217.5	217.5	

SOTP value per share (R)	163.28	186.67	240.87	240.53

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

Note: PSG's live SOTP is available at www.psggroup.co.za.

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

RECURRING HEADLINE EARNINGS

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

	28 Feb 2015 Rm	29 Feb 2016 Rm	Change %	28 Feb 2017 Rm
Capitec	729	989		1 164
Curro	31	58		96
PSG Konsult	214	254		300
Zeder	152	212		275
PSG Alpha (previously PSG Private Equity)	59	113		133
Dipeo	45	(28)		(20)
PSG Corporate (including PSG Capital)	38	69		29
Other (mainly pref div income)	51	101		112
Recurring headline earnings before funding	1 319	1 768	18	2 089
Funding (net of interest income)	(177)	(148)		(104)
Recurring headline earnings	1 142	1 620	23	1 985
Non-recurring items	432	(250)		160
Headline earnings	1 574	1 370	57	2 145
Non-headline items	(14)	113		17
Attributable earnings	1 560	1 483	46	2 162
Weighted average number of shares in issue (net of treasury shares) (m)	192.3	205.7	4	214.2
Earnings per share (R)				
- Recurring headline	5.94	7.88	18	9.27
- Headline	8.19	6.66	50	10.01
- Attributable	8.11	7.21	40	10.09
Dividend per share (R)	2.00	3.00	25	3.75

The year under review saw resilient performance from the majority of PSG's core investments, with recurring headline earnings per share increasing by 18% to R9.27.

Headline earnings per share increased by 50% to R10.01. This increase was higher than that of recurring headline earnings per share mainly due to marked-to-market profits achieved on Dipeo's investment portfolio, as opposed to marked-to-market losses incurred in the prior year.

Attributable earnings per share increased by a smaller margin than headline earnings per share mainly due to the non-recurrence of non-headline dilution gains made on associates from an accounting perspective in the prior year.

SIGNIFICANT TRANSACTIONS

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

- Invested R669m cash in the Curro rights offer to fund further expansion.
- Acquired 19.2m PSG Konsult shares, representing an additional 1.5% equity interest, at an average price of R7.14 for a total cash consideration of R137m.
- Concluded the Zeder management fee internalisation, whereby PSG exchanged its rights to the Zeder management agreement for the issue of 207.7m new Zeder shares, representing a 12% equity interest. All conditions precedent were satisfied during September 2016 and the implementation of the transaction finalised, with PSG's shareholding in Zeder consequently increasing from 34.5% to 42.4%, having subsequently diluted to 42.1%.
- Invested a further R134m in PSG Alpha's portfolio of early-stage investments.

CAPITEC (30.7%)

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

Capitec reported an 18% increase in headline earnings per share for the year under review.

Capitec is listed on the JSE and its comprehensive results are available at www.capitecbank.co.za.

PSG KONSULT (61.7%)

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

PSG Konsult reported a 16% increase in recurring headline earnings per share for the year under review.

PSG Konsult is listed on the JSE and the Namibian Stock Exchange, and its comprehensive results are available at www.psg.co.za.

CURRO (56.1%)

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

Curro reported a 55% increase in headline earnings per share for its financial year ended 31 December 2016.

Curro is listed on the JSE and its comprehensive results are available at www.curro.co.za.

ZEDER (42.1%)

Zeder is an investor in the broad agribusiness industry. Its largest investment is a 27.1% interest in Pioneer Foods, comprising 63% of Zeder's total SOTP assets.

Zeder reported a 0.5% increase in recurring headline earnings per share for the year under review following tough trading conditions experienced at select investments.

Both Zeder and Pioneer Foods are listed on the JSE and their respective comprehensive results are available at www.zeder.co.za and www.pioneerfoods.co.za.

PSG ALPHA (PREVIOUSLY PSG PRIVATE EQUITY) (100%)

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

Management is continuously refining the existing portfolio, while actively seeking exciting new investment opportunities. Given its nature, this portfolio is likely to yield volatile earnings, while providing significant optionality.

PSG Alpha reported a 25% increase in recurring headline earnings per share for the year under review.

DIPEO (49%)

Dipeo, a BEE investment holding company, is 51%-owned by the Dipeo BEE Education Trust of which all beneficiaries are black individuals. Dipeo's most significant investments include shareholdings in Curro (5.3%), Pioneer Foods (4.3%), Quantum Foods (4%) and Kaap Agri (20%). Apart from the latter, these investments are all subject to BEE lock-in periods. The Dipeo BEE Education Trust will use its share of the value created from these investments to fund black students' education.

PROSPECTS

We believe PSG's investment portfolio should continue yielding above average returns. PSG currently has R1.3bn cash available for further investments.

DIVIDENDS

Ordinary shares

PSG's policy remains to pay up to 100% of free cash flow as an ordinary dividend, of which approximately one third is payable as an interim and the balance as a final dividend at year-end. The directors have resolved to declare a final gross dividend of 250 cents (2016: 200 cents) per share from income reserves for a total dividend of 375 cents (2016: 300 cents) per share in respect of the year ended 28 February 2017.

The final dividend amount, net of South African dividend tax of 20%, is 200 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 231 449 404, and the income tax number of the company is 9950080714.

The salient dates for this dividend distribution are:

Last day to trade cum dividend	Tuesday, 9 May 2017
Trading ex-dividend commences	Wednesday, 10 May 2017
Record date	Friday, 12 May 2017
Payment date	Monday, 15 May 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 10 May 2017, and Friday, 12 May 2017, both days inclusive.

Preference shares

The directors of PSG Financial Services declared a gross dividend of 433.89 cents per share in respect of the cumulative, non-redeemable, non-participating preference shares for the six months ended 28 February 2017, which was paid on Monday, 20 March 2017. The detailed announcement in respect hereof was disseminated on the JSE's Stock Exchange News Services.

REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

Condensed consolidated income statement	Reviewed Feb-17 Rm	Audited Feb-16 Rm
Revenue from sale of goods	14 429	12 964
Cost of goods sold	(12 416)	(11 215)
Gross profit from sale of goods	2 013	1 749
Income		
Changes in fair value of biological assets	224	244
Investment income (note 7)	1 896	974
Fair value gains and losses (note 7)*	1 540	778
Fair value adjustment to investment contract liabilities (note 7)	(976)	(1 439)
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds (note 7)*	(1 239)	(202)
Commission, school, net insurance and other fee income	5 718	5 155
Other operating income	158	98

	7 321	5 608
Expenses		
Insurance claims and loss adjustments, net of recoveries	(581)	(519)
Marketing, administration and other expenses*	(6 224)	(5 507)
	(6 805)	(6 026)
Net income from associates and joint ventures		
Share of profits of associates and joint ventures	1 827	1 609
(Loss on impairment)/reversal of impairment of associates and joint ventures	(6)	8
Net profit on sale/dilution of interest in associates	10	295
	1 831	1 912
Profit before finance costs and taxation	4 360	3 243
Finance costs	(474)	(456)
Profit before taxation	3 886	2 787
Taxation	(537)	(584)
Profit for the year	3 349	2 203
Attributable to:		
Owners of the parent	2 162	1 483
Non-controlling interests	1 187	720
	3 349	2 203

* Reclassified as set out in note 11.

Earnings per share and number of shares in issue	Change %	Reviewed Feb-17	Audited Feb-16
Earnings per share (R)			
- Recurring headline	18	9.27	7.88
- Headline (note 4)	50	10.01	6.66
- Attributable/basic	40	10.09	7.21
- Diluted headline	52	9.79	6.46
- Diluted attributable/basic	41	9.86	6.99
Number of shares (m)			
- In issue		231.4	230.8
- In issue (net of treasury shares)		215.4	214.2
- Weighted average		214.2	205.7
- Diluted weighted average		216.7	208.9

Condensed consolidated statement of comprehensive income	Reviewed Feb-17 Rm	Audited Feb-16 Rm
Profit for the year	3 349	2 203
Other comprehensive loss for the year, net of taxation	(519)	(73)
Items that may be subsequently reclassified to profit or loss		
Currency translation adjustments	(450)	(105)
Cash flow hedges	(21)	22
Share of other comprehensive income and equity movements of associates	(44)	2
Recycling of share of other comprehensive income and equity movements of associates upon disposal		(1)
Items that may not be subsequently reclassified to profit or loss		
(Losses)/gains from changes in financial and demographic assumptions of post-employment benefit obligations	(4)	9
Total comprehensive income for the year	2 830	2 130
Attributable to:		
Owners of the parent	1 974	1 516
Non-controlling interests	856	614
	2 830	2 130

Condensed consolidated statement of financial position	Reviewed Feb-17 Rm	Audited Feb-16 Rm
Assets		
Property, plant and equipment*	7 703	6 185
Intangible assets	3 108	2 714
Biological assets	486	406
Investment in ordinary shares of associates and joint ventures	13 212	12 061
Investment in preference shares of/loans granted to associates and joint ventures	144	105
Deferred income tax assets	194	193
Financial assets linked to investment contracts (note 7)	22 561	19 836
Cash and cash equivalents	14	115
Other financial assets	22 547	19 721
Other financial assets (notes 6.2 and 7)	27 035	21 448
Inventory	1 667	1 618
Trade and other receivables (note 8)*	3 838	5 204
Current income tax assets	64	40
Cash and cash equivalents	2 035	1 862
Non-current assets held for sale	14	76
Total assets	82 061	71 748
Equity		
Ordinary shareholders' equity	15 900	13 634
Non-controlling interests	10 900	10 127
Total equity	26 800	23 761
Liabilities		
Insurance contracts	544	607
Financial liabilities under investment contracts (note 7)	22 561	19 836
Borrowings	5 411	5 604
Other financial liabilities	156	102
Third-party liabilities arising on consolidation of mutual funds (notes 6.2 and 7)	21 394	15 729
Deferred income tax liabilities	857	617
Trade and other payables and employee benefit liabilities (note 8)	4 281	5 287
Current income tax liabilities	57	205
Total liabilities	55 261	47 987
Total equity and liabilities	82 061	71 748
Net asset value per share (R)	73.81	63.64
Net tangible asset value per share (R)	59.38	50.97

* Reclassified as set out in note 11.

Condensed consolidated statement of changes in equity	Change %	Reviewed Feb-17 Rm	Audited Feb-16 Rm
Ordinary shareholders' equity at beginning of the year		13 634	9 999
Total comprehensive income		1 974	1 516
Issue of shares		75	2 455
Share-based payment costs - employees		60	51
Net movement in treasury shares		21	56
Transactions with non-controlling interests		832	55
Dividends paid		(696)	(498)
Ordinary shareholders' equity at end of the year		15 900	13 634
Non-controlling interests at beginning of the year		10 127	9 097
Total comprehensive income		856	614
Issue of shares		1 415	1 515

Share-based payment costs - employees		27	19
Subsidiaries acquired (note 6.1)		14	6
Transactions with non-controlling interests		(1 188)	(821)
Dividends paid		(351)	(303)
Non-controlling interests at end of the year		10 900	10 127
Total equity		26 800	23 761
Dividend per share (R)			
- Interim		1.25	1.00
- Final		2.50	2.00
	25	3.75	3.00

Condensed consolidated statement of cash flows	Reviewed Feb-17 Rm	Audited Feb-16 Rm
Net cash flow from operating activities		
Cash generated from operations (note 5)*	257	900
Interest income*	1 476	861
Dividend income*	1 078	680
Finance costs	(433)	(464)
Taxation paid	(553)	(446)
Net cash flow from operating activities before cash movement in policyholder funds	1 825	1 531
Cash movement in policyholder funds*	(101)	88
Net cash flow from operating activities	1 724	1 619
Net cash flow from investing activities	(1 674)	(4 181)
Cash flow from subsidiaries acquired (note 6.1)	(491)	(274)
Cash flow from consolidation of mutual funds (note 6.2)	32	96
Acquisition of ordinary shares in associates	(147)	(62)
Proceeds from disposal of ordinary shares in associates	13	111
Acquisition of property, plant and equipment	(1 631)	(1 504)
Other investing activities	550	(2 548)
Net cash flow from financing activities	76	2 754
Dividends paid to group shareholders	(696)	(498)
Dividends paid to non-controlling interests	(351)	(303)
Capital contributions by non-controlling interests	1 183	733
Acquisition from non-controlling interests	(202)	(229)
Borrowings drawn	495	1 134
Borrowings repaid	(449)	(632)
Proceeds from delivery of holding company’s share incentive trust treasury shares	21	94
Shares issued	75	2 455
Net increase in cash and cash equivalents	126	192
Exchange losses on cash and cash equivalents	(71)	(17)
Cash and cash equivalents at beginning of the year	1 001	826
Cash and cash equivalents at end of the year**	1 056	1 001
Cash and cash equivalents consist of:		
Cash and cash equivalents per the statement of financial position	2 035	1 862
Cash and cash equivalents attributable to equity holders	1 946	1 696
Other clients’ cash and cash equivalents	89	166
Cash and cash equivalents linked to investment contracts	14	115
Bank overdrafts attributable to equity holders (included in borrowings)	(993)	(976)
	1 056	1 001

* These line items are impacted by linked investment contracts and consolidated mutual funds as detailed in note 7.

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

Notes to the condensed consolidated financial statements

1. Basis of presentation and accounting policies

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

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

2. Preparation

These condensed consolidated preliminary financial statements were compiled under the supervision of the group Chief Financial Officer, 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 (2016: 17 415 770) perpetual preference shares which are listed on the JSE. These preference shares are included in non-controlling interests in the condensed consolidated statement of financial position. No separate financial statements are presented in this announcement for PSG Financial Services as it is the only directly held asset of PSG Group.

	Reviewed Feb-17 Rm	Audited Feb-16 Rm
4. Headline earnings		
Profit for the year attributable to owners of the parent	2 162	1 483
Non-headline items		
Gross amounts	(8)	(283)
Impairment/(reversal of impairment) of investment in associates	6	(8)
Net profit on sale/dilution of investment in associates	(10)	(295)
Net loss on sale of investment in subsidiaries		2
Fair value gain on step-up from associate to subsidiary	(39)	(4)
Net loss on sale/impairment of intangible assets (including goodwill)	5	14
Net loss/(profit) on sale/reversal of impairment of property, plant and equipment	11	(18)

Non-headline items of associates	18	29
Bargain purchase gain	(15)	(4)
Impairment of available-for-sale financial assets and non-current assets held for sale	16	1
Non-controlling interests	(10)	166
Taxation	1	4
Headline earnings	2 145	1 370

	Reviewed Feb-17 Rm	Audited Feb-16 Rm

5. Cash generated from operations

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

6. Business combinations

6.1 Subsidiaries acquired

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

Windhoek Gymnasium business operations ("Windhoek Gymnasium")

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

De Jager Kids (Pty) Ltd and Building Blocks Prep School (Pty) Ltd ("Building Blocks")

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

St Conrads College business operations ("St Conrads")

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

ITSI Holdings (Pty) Ltd ("ITSI")

During September 2016, the group, through PSG Alpha, increased its shareholding in ITSI from 47% to 61.8% for a consideration of R25m. ITSI is a provider of education solutions predominantly in South Africa. Goodwill of R46m arose in respect of, inter alia, the workforce and the business's growth potential.

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

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

Ref NRG (Pty) Ltd ("Refsols")

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

Groot Patrysvlei farming operations ("Groot Patrysvlei")

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

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

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

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

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

Reviewed	Sub-total Rm	Refsols Rm	Groot Patrysvlei Rm	Port Stevedores Rm	Other Rm	Total Rm
Identifiable net assets acquired	271	24	73	43	23	434
Goodwill recognised	169	52		7	25	253
Gain on bargain purchase	(15)					(15)

Non-controlling interests recognised	(3)	(6)			(5)	(14)
Derecognition of investment in associates at fair value	(25)	(25)			(8)	(58)
Purchase consideration	397	45	73	50	35	600
Deferred/contingent consideration	(54)			(17)		(71)
Cash consideration paid	343	45	73	33	35	529
Cash consideration paid	(343)	(45)	(73)	(33)	(35)	(529)
Cash and cash equivalents acquired	24	3		3	8	38
Cash flow from subsidiaries acquired	(319)	(42)	(73)	(30)	(27)	(491)

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

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

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

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

6.2 Consolidation of mutual funds

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

7. Linked investment contracts and consolidated mutual funds

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

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

The income statement impact recognised from the assets and liabilities pertaining to the linked investment contracts and consolidated mutual funds are split from the corresponding income statement line items attributable to the equity holders of the group below:

		Reviewed Feb-17		Audited Feb-16
	Linked investment contracts and		Linked investment contracts and	

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

The statement of cash flows impact recognised from the assets and liabilities pertaining to the linked investment contracts and consolidated mutual funds are split from the corresponding statement of cash flows line items attributable to the equity holders of the group below:

		Reviewed Feb-17			Audited Feb-16	
	Linked investment contracts and consolidated mutual funds Rm	Equity holders Rm	Total Rm	Linked investment contracts and consolidated mutual funds Rm	Equity holders Rm	Total Rm
Cash (utilised by)/ generated from operations	(1 236)	1 493	257	(478)	1 378	900
Interest income	802	674	1 476	340	521	861
Dividend income	375	703	1 078	82	598	680
Finance costs		(433)	(433)		(464)	(464)
Taxation paid	(50)	(503)	(553)	(14)	(432)	(446)
Cash movement in policyholder funds	(101)		(101)	88		88
Net cash flow from operating activities	(210)	1 934	1 724	18	1 601	1 619
Net cash flow from investing activities	32	(1 706)	(1 674)	96	(4 277)	(4 181)
Net cash flow from financing activities		76	76		2 754	2 754
Net (decrease)/increase in cash and cash equivalents	(178)	304	126	114	78	192
Exchange losses on cash and cash equivalents		(71)	(71)		(17)	(17)
Cash and cash equivalents at beginning of the year	281	720	1 001	167	659	826
Cash and cash equivalents at end of the year	103	953	1 056	281	720	1 001

8. Trade and other receivables and payables

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

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

9. Corporate actions

Apart from the transactions set out in note 6.1, the group's most significant corporate actions are detailed in the commentary section of this announcement.

10. Financial instruments

10.1 Financial risk factors

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

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

10.2 Fair value estimation

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

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

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

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:

	Level 1	Level 2	Level 3	Total
	Rm	Rm	Rm	Rm

28 February 2017 (reviewed)				
Assets				
Derivative financial assets		64		64
Equity securities	2 257	1 606	50	3 913
Debt securities	1 005	1 686		2 691
Unit-linked investments		36 545	1 111	37 656
Investment in investment contracts		16		16
Closing balance	3 262	39 917	1 161	44 340
Liabilities				
Derivative financial liabilities		38	114	152
Investment contracts		21 317	1 099	22 416
Trade and other payables			38	38
Third-party liabilities arising on consolidation of mutual funds		21 394		21 394
Closing balance	-	42 749	1 251	44 000
29 February 2016 (audited)				
Assets				
Derivative financial assets		92		92
Equity securities	1 747	1 021	69	2 837
Debt securities	846	1 421	23	2 290
Unit-linked investments		28 407	1 311	29 718
Investment in investment contracts		74		74
Closing balance	2 593	31 015	1 403	35 011
Liabilities				
Derivative financial liabilities		32	65	97
Investment contracts		18 173	1 299	19 472
Trade and other payables			5	5
Third-party liabilities arising on consolidation of mutual funds		15 729		15 729
Closing balance	-	33 934	1 369	35 303

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

	Reviewed Feb-17		Audited Feb-16	
	Assets Rm	Liabilities Rm	Assets Rm	Liabilities Rm
Opening balance	1 403	1 369	1 200	1 184
Additions	193	295	453	406
Disposals	(454)	(449)	(790)	(785)
Fair value adjustments	19	36	540	559
Other movements				5
Closing balance	1 161	1 251	1 403	1 369

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

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

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

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

11. Reclassification of prior year figures

Presentation in the income statement

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

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

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

Presentation in the statement of financial position

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

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

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

12. Segment report

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

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

Headline earnings comprise recurring and non-recurring headline earnings. Recurring headline earnings are calculated on a proportional basis, and include the proportional headline earnings of underlying investments, excluding marked-to-market adjustments and once-off items. The result is that investments in which the group holds less than 20% and which are generally not equity accountable in terms of accounting standards, are equity accounted for the purpose of calculating the consolidated recurring headline earnings. Non-recurring headline earnings include once-off gains and losses and marked-to-market fluctuations, as well as the resulting taxation charge on these items.

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

Year ended 29 February 2016	Income **	Inter-segment income **	Recurring headline earnings (segment profit)	Non-recurring headline earnings	Headline earnings	SOTP value^

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

	Reviewed Feb-17 Rm	Audited Feb-16 Rm
Reconciliation of segment revenue to IFRS revenue:		
Segment revenue as stated above:		
Income^^	21 878	18 750
Inter-segment income	(128)	(178)
Less:		
Changes in fair value of biological assets	(224)	(244)
Fair value gains and losses^^	(1 540)	(778)
Fair value adjustment to investment contract liabilities	976	1 439
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds^^	1 239	202
Other operating income	(158)	(98)
IFRS revenue***	22 043	19 093
Non-recurring headline earnings comprised the following:		
Non-recurring items from investments	186	(271)
Other (losses)/gains	(26)	21
	160	(250)

* 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.

*** IFRS revenue comprises "revenue from sale of goods", "investment income" and "commission, school, net insurance and other fee income" as 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.

^^ Reclassified as set out in note 11.

13. Capital commitments, contingencies and suretyships

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

14. Related-party transactions

Related-party transactions similar to those disclosed in the consolidated annual financial statements for the year ended 29 February 2016 took place during the year under review.

15. Events subsequent to the reporting date

No material event has occurred between the reporting date and the date of approval of these condensed consolidated financial statements.

On behalf of the board

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

Stellenbosch
19 April 2017

DIRECTORS:
JF Mouton (Chairman)+, PE Burton^^, ZL Combi^, FJ Gouws+, WL Greeff (CFO)*, JA Holtzhausen*, MJ Jooste+ (Alt: AB la Grange), B Mathews^, JJ Mouton+, PJ Mouton (CEO)*, CA Otto^
* Executive   + Non-executive   ^ Independent non-executive   ^^ Lead independent director

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AUDITOR:
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