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 2019

- Recurring earnings up 9% to R10.86 per share
- Sum-of-the-parts value of R329.73 per share as at 18 April 2019
- Dividend for the year up 10% to R4.56 per share

OVERVIEW

PSG is an investment holding company consisting of underlying investments that operate across a diverse range of industries, which include banking, financial services, education and food and related business, as well as early-stage investments in select growth sectors. PSG's market capitalisation (net of treasury shares) is approximately R60bn.

PERFORMANCE

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

SOTP

The calculation of PSG's SOTP value is simple and requires limited subjectivity as more than 90% of the value is calculated using JSE-listed share prices, while other investments are included at market-related valuations. At 28 February 2019, the SOTP value per PSG share was R311.45 (2018: R255.17), representing a 22% increase. At 18 April 2019, it was R329.73 per share. The five-year compound annual growth rate ("CAGR") of PSG's SOTP value per share and share price at 28 February 2019 was 27% and 24%, respectively.

Asset/(liability)	28 Feb 2017 Rm	28 Feb 2018 Rm	28 Feb 2019 Rm	18 Apr 2019 Rm	Share of total	Five-year CAGR^^
Capitec*	25 727	29 540	46 351	50 439	67%	48%
PSG Konsult*	6 084	7 048	8 700	8 400	11%	16%
Curro* (including Stadio until unbundling in Oct 2017)	11 180	7 987	5 714	5 913	8%	(2%)
PSG Alpha	1 909	5 201	4 712	4 683	6%	21%
Stadio* (since unbundling from Curro in Oct 2017)		2 379	1 253	1 239		
Other investments**	1 909	2 822	3 459	3 444		
Zeder*	5 398	4 823	3 166	3 255	4%	1%
Dipeo**	812	535				n/a
Other assets	3 586	2 603	1 702	2 237	4%	
Cash^	1 513	1 000	323	369		
Pref investments and loans receivable^	2 002	1 558	1 297	1 786		
Other^	71	45	82	82		
Total assets	54 696	57 737	70 345	74 927	100%	

Perpetual pref funding*	(1 350)	(1 278)	(1 367)	(1 446)	
Other debt^	(949)	(949)	(1 020)	(1 535)	
Total SOTP value	52 397	55 510	67 958	71 946	
Shares in issue (net of treasury shares) (m)	217.5	217.5	218.2	218.2	
SOTP value per share (R)	240.87	255.17	311.45	329.73	27%
Share price (R)	251.43	217.50	259.78	272.90	24%

* Listed on the JSE   ** SOTP value
^ Carrying value   ^^ Based on share price/SOTP value per share as at 28 Feb 2019

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

Capitec remains PSG's largest investment comprising 66% of its total SOTP assets as at 28 February 2019 (2018: 51%), and the major contributor to PSG's recurring earnings.

RECURRING EARNINGS

PSG's recurring earnings per share increased by 9% to R10.86 (2018: R9.94) following commendable performance from Capitec, PSG Konsult and Curro, offset by PSG Alpha and Zeder.

	28 Feb 2017 Rm	28 Feb 2018 Rm	Change %	28 Feb 2019 Rm
Capitec	1 164	1 369		1 625
PSG Konsult	300	348		361
Curro (including Stadio until unbundling in Oct 2017)	96	110		137
PSG Alpha (including Stadio since unbundling in Oct 2017)	133	172		216
Zeder	275	205		207
Dipeo	(20)	(56)		(29)
PSG Corporate	29	(7)		(45)
Other (mainly pref div income)	112	136		84
Recurring earnings before funding	2 089	2 277	12	2 556
Funding (net of interest income)	(104)	(135)		(199)
Recurring earnings	1 985	2 142	10	2 357
Non-recurring items	160	(186)		(163)
Headline earnings	2 145	1 956	12	2 194
Non-headline items	17	(42)		(268)
Attributable earnings	2 162	1 914	1	1 926
Non-recurring items comprise:				
- Unrealised fair value gains/(losses) on Dipeo's investment portfolio	187	(131)		(246)
- Other	(27)	(55)		83
	160	(186)		(163)
Weighted average number of shares in issue (net of treasury shares) (m)	214.2	215.5	1	217.0
Earnings per share (R)				
- Recurring	9.27	9.94	9	10.86
- Headline	10.01	9.08	11	10.11
- Attributable	10.09	8.88	-	8.88
Dividend per share (R)	3.75	4.15	10	4.56

PSG's headline earnings per share increased by 11% mainly due to the aforementioned increase in recurring earnings, whilst attributable earnings per share showed no growth mainly as a result of

Zeder's impairment of its investment in Pioneer Foods following the decline in its share price.

CAPITEC (30.7%)

Capitec is a South African retail bank focused on delivering simplified and affordable banking solutions.

It reported a 19% 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 (60.6%)

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

It reported a 4% increase in recurring headline earnings per share for the year under review.

PSG Konsult has its primary listing on the JSE, with secondary listings on the Namibian Stock Exchange and the Mauritian Stock Exchange, and its comprehensive results are available at www.psg.co.za.

CURRO (55.4%)

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

Its schools-only business (i.e. excluding Stadio's results prior to its unbundling in October 2017) reported a 23% increase in headline earnings per share for its financial year ended 31 December 2018.

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

PSG ALPHA (98.1%)

PSG Alpha serves as incubator to identify and help build the businesses of tomorrow. Given its nature, this portfolio is likely to yield volatile earnings, while providing optionality. Its major investments include shareholdings in Stadio (private higher education - 44%), CA Sales (FMCG distribution - 47.7%), Evergreen (retirement lifestyle villages - 50%) and Energy Partners (manufacturer, owner and operator of energy assets - 54.1%).

PSG Alpha reported a 7% decline in recurring earnings per share for the year under review following investments in initially low earnings-yielding start-up businesses such as Stadio and Evergreen.

ZEDER (43.8%)

Zeder is an investor in the broad agribusiness industry. Its largest investment is a 27.1% interest in Pioneer Foods, comprising 43% of Zeder's total SOTP assets.

It reported no increase in recurring headline earnings per share for the year under review.

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.

DIPEO (49%)

Dipeo, a BEE investment holding company, is 51%-owned by the Dipeo BEE Education Trust of which all beneficiaries are black individuals. The trust will use its share of the value created in Dipeo to fund black students' education.

Dipeo's most significant investments as at 28 February 2019 included shareholdings in Curro (5.2%), Stadio (3.4%), Pioneer Foods (4.3%), Quantum Foods (4.4%), Kaap Agri (20%) and Energy Partners (15.7%). The investment in Energy Partners remain subject to a BEE lock-in period.

During the year under review, Dipeo's SOTP value turned negative (i.e. liabilities exceeded assets) following a continued decline in mainly Pioneer Foods' share price, with a resultant negative impact on PSG Group's SOTP value through reducing its investment in Dipeo to zero and impairing PSG Group's pref investment in Dipeo to the extent required. PSG Group also ceased to account for recurring pref dividend income from 1 September 2018.

PROSPECTS

Despite obvious challenges, PSG remains positive about South Africa and the opportunities it presents. We believe PSG's investment portfolio is suitably positioned to continue yielding above-average returns.

DIVIDENDS

Ordinary shares

PSG's policy remains to pay up to 100% of available 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 304 cents (2018: 277 cents) per share from income reserves for a total gross dividend of 456 cents (2018: 415 cents) per share in respect of the year ended 28 February 2019.

The final dividend amount, net of South African dividend tax of 20%, is 243.2 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 232 108 050, 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, 14 May 2019
Trading ex-dividend commences	Wednesday, 15 May 2019
Record date	Friday, 17 May 2019
Payment date	Monday, 20 May 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 15 May 2019, and Friday, 17 May 2019, both days inclusive.

Preference shares

The directors of PSG Financial Services declared a gross dividend of 418.82 cents per share in respect of the cumulative, non-redeemable, non-participating preference shares for the six months ended 28 February 2019, which was paid on Monday, 25 March 2019. The related detailed announcement was disseminated on the JSE's Stock Exchange News Service.

A SPECIAL THANK YOU TO JANNIE MOUTON

We would like to extend a special word of thanks to Jannie Mouton, PSG's founder and chairman of 24 years, who retired from the board during the year under review. Jannie, we are eternally grateful to you and the team for the fantastic company you have built and the positive contribution that you have made to South Africa. The PSG board wishes you only the very best.

INTRODUCTION TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 28 February 2019

Basis of presentation and accounting policies

These summary consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The JSE Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of these summary consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements, as amended for the adoption of the various revisions to

IFRS which are effective for the year ended 28 February 2019. Apart from the adoption of IFRS 9 Financial Instruments, these revisions have not resulted in material changes to the group's reported results and disclosures in these summary consolidated financial statements.

IFRS 9, adopted by the group effective 1 March 2018, is a new standard which replaced IAS 39 Financial Instruments: Recognition and Measurement. The standard, inter alia, replaced the multiple classification and measurement models in IAS 39 with a single model that has only two categories: amortised cost and fair value. Furthermore, the standard replaced the incurred credit loss impairment model in IAS 39 with an expected credit loss impairment model.

The group applied IFRS 9 retrospectively without restating comparative figures and therefore the group's equity as at 1 March 2018 was adjusted for the differences in the carrying amounts of financial instruments as measured in terms of IFRS 9 and IAS 39, respectively. The resultant impact was an adjustment against ordinary shareholders' equity and non-controlling interests of R231m and R32m, respectively. The group was most significantly impacted by Capitec's application of the expected credit loss impairment model to its loan book. The net charge (i.e. debit against retained earnings) to Capitec's equity was R648m, with the resultant impact on PSG Group's equity being R199m in respect of its 30.7% investment in Capitec.

In preparing these summary consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were materially the same as those that applied to the group's annual financial statements for the year ended 28 February 2018.

Preparation

These summary 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 conclusion together with these summary consolidated financial statements are 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.

PSG Financial Services

PSG Financial Services is a wholly-owned subsidiary of PSG Group, except for the 17 415 770 (2018: 17 415 770) perpetual preference shares which are listed on the JSE. These preference shares are included in non-controlling interests in PSG Group's summary 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.

Linked investment contracts, consolidated mutual funds and other client-related balances ("client-related balances")

Client-related balances result in assets and liabilities of equal value being recognised in the summary consolidated statement of financial position, although not directly related to PSG Group shareholders. These balances mainly stem from:

- PSG Life (an existing subsidiary of PSG Konsult) issuing linked investment contracts to clients in terms of which the value of policy benefits payable (included under "investment contract liabilities") is directly linked to the fair value of the supporting assets. The group is thus not exposed to the financial risks associated with these assets and liabilities.
- The group consolidates mutual funds deemed to be controlled in terms of IFRS 10 Consolidated Financial Statements, with the group's own investments in these mutual funds having been derecognised and all the funds' underlying assets having 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" and the group is thus not exposed to the financial risks associated with these assets and liabilities.

Re-presentation of the summary consolidated financial statements

The consolidated annual financial statements previously differentiated in a note between assets, liabilities, income, expenses and cash flows attributable to i) own balances (i.e. those attributable to the ordinary shareholders of PSG Group and its subsidiaries) and ii) client-related balances. However, for the sake of transparency to assist users in gaining a better understanding of the impact of client-related balances on the reported amounts, the aforementioned split has now been incorporated into the summary consolidated statement of financial position, summary consolidated income statement and summary consolidated statement of cash flows contained in this announcement. Although no previously reported results were restated, the layout thereof was amended to give effect to the aforementioned improved disclosures.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 28 February 2019

	Reviewed 2019			Audited* 2018		
	Own balances Rm	Client-related balances Rm	Total Rm	Own balances Rm	Client-related balances Rm	Total Rm
Assets						
Property, plant and equipment	11 149		11 149	9 310		9 310
Intangible assets	4 541		4 541	3 825		3 825
Investment in ordinary shares of associates	14 578		14 578	13 886		13 886
Investment in preference shares of/loans granted to associates	178		178	141		141
Investment in ordinary shares of joint ventures	855		855	432		432
Loans granted to joint ventures	5		5	8		8
Employee benefit assets	43		43	39		39
Unit-linked investments	776	45 719	46 495	635	41 565	42 200
Equity securities	659	2 337	2 996	2 017	2 304	4 321
Debt securities	1 873	4 390	6 263	2 597	3 547	6 144
Deferred income tax assets	303		303	245		245
Biological assets	593		593	558		558
Investment in investment contracts		16	16		15	15
Loans and advances	443		443	577		577
Trade and other receivables	3 268	1 321	4 589	2 898	1 594	4 492
Derivative financial assets	22	11	33	34	9	43
Inventory	1 696		1 696	1 723		1 723
Current income tax assets	102		102	90		90
Reinsurance assets	109		109	86		86
Cash and cash equivalents	1 552	280	1 832	1 924	355	2 279
Non-current assets held for sale			-	7		7
Total assets	42 745	54 074	96 819	41 032	49 389	90 421
Equity						
Ordinary shareholders' equity	18 115		18 115	17 143		17 143
Non-controlling interests	11 776		11 776	11 729		11 729
Total equity	29 891	-	29 891	28 872	-	28 872
Liabilities						
Insurance contracts	543		543	543		543
Investment contract liabilities		25 932	25 932		24 279	24 279
Third-party liabilities						

arising on consolidation of mutual funds		26 715	26 715		23 600	23 600
Deferred income tax liabilities	963		963	997		997
Borrowings	7 666	111	7 777	7 231	101	7 332
Derivative financial liabilities	64	14	78	92	17	109
Employee benefit liabilities	528		528	541		541
Trade and other payables	3 046	1 302	4 348	2 698	1 392	4 090
Reinsurance liabilities	5		5	3		3
Current income tax liabilities	39		39	55		55
Total liabilities	12 854	54 074	66 928	12 160	49 389	61 549
Total equity and liabilities	42 745	54 074	96 819	41 032	49 389	90 421
Net asset value per share (R)	83.06			79.39		
Net tangible asset value per share (R)	62.24			61.67		

* Re-presented as detailed in the introduction to the summary consolidated financial statements.

SUMMARY CONSOLIDATED INCOME STATEMENT
for the year ended 28 February 2019

	Reviewed 2019 Own balances Rm	Reviewed 2019 Client-related balances Rm	Reviewed 2019 Total Rm	Audited* 2018 Own balances Rm	Audited* 2018 Client-related balances Rm	Audited* 2018 Total Rm
Revenue from sale of goods	13 041		13 041	13 956		13 956
Cost of goods sold	(11 460)		(11 460)	(11 934)		(11 934)
Gross profit from sale of goods	1 581	-	1 581	2 022	-	2 022
Income						
Changes in fair value of biological assets	194		194	195		195
Investment income	492	1 810	2 302	474	1 585	2 059
Fair value (losses)/gains	(268)	644	376	(279)	2 037	1 758
Fair value adjustment to investment contract liabilities		(1 073)	(1 073)		(1 670)	(1 670)
Fair value adjustment to third-party liabilities arising on consolidation of mutual funds		(1 336)	(1 336)		(1 873)	(1 873)
Commission, school, net insurance and other fee income	9 329	(90)	9 239	6 983	(184)	6 799
Other operating income	216		216	185	92	277
	9 963	(45)	9 918	7 558	(13)	7 545
Expenses						
Insurance claims and loss adjustments, net of recoveries	(582)		(582)	(629)		(629)
Marketing, administration and other expenses	(9 185)	57	(9 128)	(7 312)	29	(7 283)
	(9 767)	57	(9 710)	(7 941)	29	(7 912)
Net income from associates and joint ventures						

Share of profits of associates and joint ventures	2 360		2 360	1 926		1 926
Loss on impairment of associates	(676)		(676)	(8)		(8)
Net profit/(loss) on sale/dilution of interest in associates	20		20	(14)		(14)
	1 704	-	1 704	1 904	-	1 904
Profit before finance costs and taxation	3 481	12	3 493	3 543	16	3 559
Finance costs	(676)		(676)	(516)		(516)
Profit before taxation	2 805	12	2 817	3 027	16	3 043
Taxation	(464)	(12)	(476)	(600)	(16)	(616)
Profit for the year	2 341	-	2 341	2 427	-	2 427
Attributable to:						
Owners of the parent	1 926			1 914		
Non-controlling interests	415			513		
	2 341			2 427		

* Re-presented as detailed in the introduction to the summary consolidated financial statements.

EARNINGS/DIVIDEND PER SHARE AND NUMBER OF SHARES IN ISSUE
for the year ended 28 February 2019

	Change %	Reviewed 2019	Audited 2018
Earnings per share (R)			
- Recurring	9	10.86	9.94
- Headline (note 1)	11	10.11	9.08
- Attributable	-	8.88	8.88
- Diluted headline	12	9.99	8.90
- Diluted attributable	1	8.76	8.70
Dividend per share (R)	10	4.56	4.15
- Interim		1.52	1.38
- Final		3.04	2.77
Number of shares (m)			
- In issue		232.1	231.4
- In issue (net of treasury shares)		218.1	215.9
- Weighted average		217.0	215.5
- Diluted weighted average		217.7	217.9

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 28 February 2019

	Reviewed 2019 Rm	Audited 2018 Rm
Profit for the year	2 341	2 427
Other comprehensive loss for the year, net of taxation	(50)	(92)
Items that may be subsequently reclassified to profit or loss		
Currency translation adjustments	(19)	(106)
Cash flow hedges	7	(13)
Share of other comprehensive (losses)/income and equity movements of associates	(36)	7
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	(2)	20

	Reviewed 2019 Rm	Audited 2018 Rm
Total comprehensive income for the year	2 291	2 335
Attributable to:		
Owners of the parent	1 912	1 847
Non-controlling interests	379	488
	2 291	2 335

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 28 February 2019

	Reviewed 2019 Rm	Audited 2018 Rm
Ordinary shareholders' equity at beginning of the year	16 912	15 900
Previously reported	17 143	
Adjustment due to the initial application of new IFRS standards	(231)	
Total comprehensive income	1 912	1 847
Issue of shares	157	1
Share-based payment costs - employees	73	66
Release of treasury shares	111	30
Transactions with non-controlling interests	(121)	135
Dividends paid	(929)	(836)
Ordinary shareholders' equity at end of the year	18 115	17 143
Non-controlling interests at beginning of the year	11 697	10 900
Previously reported	11 729	
Adjustment due to the initial application of new IFRS standards	(32)	
Total comprehensive income	379	488
Issue of shares	433	1 399
Share-based payment costs - employees	39	32
Subsidiaries/businesses acquired (note 3.1)	25	47
Subsidiaries deconsolidated/sold (note 3.2)	(106)	
Transactions with non-controlling interests	(191)	(723)
Dividends paid	(500)	(414)
Non-controlling interests at end of the year	11 776	11 729
Total equity	29 891	28 872

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 28 February 2019

	Reviewed 2019			Audited* 2018		
	Own balances Rm	Client-related balances Rm	Total Rm	Own balances Rm	Client-related balances Rm	Total Rm
Net cash flow from operating activities						
Cash generated from/ (utilised by) operations (note 2)	1 714	(1 851)	(137)	1 512	(1 253)	259
Interest income	439	1 335	1 774	602	1 013	1 615
Dividend income	922	476	1 398	781	421	1 202
Finance costs	(656)	(12)	(668)	(463)		(463)
Taxation paid	(693)		(693)	(503)	(29)	(532)
Net cash flow from operating activities	1 726	(52)	1 674	1 929	152	2 081
Net cash flow from investing activities	(963)	(23)	(986)	(2 937)	-	(2 937)
Cash flow from						

subsidiaries/businesses acquired (note 3.1)	(852)		(852)	(428)		(428)
Cash flow from subsidiaries deconsolidated/sold (note 3.2)	(59)		(59)	27		27
Cash flow from first-time consolidation of mutual fund		10	10			-
Cash flow from deconsolidation of mutual funds		(33)	(33)			-
Acquisition of ordinary shares in associates and joint ventures	(402)		(402)	(598)		(598)
Acquisition of property, plant and equipment	(1 451)		(1 451)	(1 641)		(1 641)
Other investing activities**	1 801		1 801	(297)		(297)
Net cash flow from financing activities	(983)	-	(983)	684	100	784
Dividends paid to:						
PSG Group shareholders	(929)		(929)	(836)		(836)
Non-controlling interests	(500)		(500)	(414)		(414)
Capital contributions by non-controlling interests	198		198	804		804
Net acquisition from non-controlling interests	(124)		(124)	(429)		(429)
Borrowings drawn	1 508		1 508	3 306	100	3 406
Borrowings repaid	(1 274)		(1 274)	(1 787)		(1 787)
Proceeds from delivery of holding company’s treasury shares	119		119	39		39
Shares issued	19		19	1		1
Net (decrease)/increase in cash and cash equivalents	(220)	(75)	(295)	(324)	252	(72)
Exchange gains on cash and cash equivalents	7		7	9		9
Cash and cash equivalents at beginning of the year	638	355	993	953	103	1 056
Cash and cash equivalents at end of the year***	425	280	705	638	355	993

* Re-presented as detailed in the introduction to the summary consolidated financial statements.

** Cash flow from other investing activities during the year comprised mainly proceeds of R1.2bn from Capespan’s, a subsidiary of Zeder, disposal of its equity security investment in Joy Wing Mau, a fruit distributor in China, as well as withdrawals of R0.7bn from the PSG Money Market Fund (i.e. disposal of debt securities) at a PSG Group-level, as further detailed below.

*** It is important to note that the treasury functions of PSG Group and each of its subsidiaries operate on a decentralised basis and thus independent from one another. All available cash held at a PSG Group-level is invested in the PSG Money Market Fund, while some of the available cash held at a subsidiary-level is invested in the PSG Money Market Fund. Available cash held at a PSG Group-level and invested in the PSG Money Market Fund amounted to R0.3bn (2018: R1bn) at the reporting date.

As a result of the group’s consolidation of the PSG Money Market Fund, the cash invested therein is derecognised and all of the fund’s underlying highly liquid debt securities are recognised on the summary consolidated statement of financial position. Third parties’ cash invested in the PSG Money Market Fund is recognised as a payable and included under “third-party liabilities arising on consolidation of mutual funds”.

The table below reconciles the cash and cash equivalents reported per the summary consolidated statement of financial position to that reported per the summary consolidated statement of cash flows. It furthermore also reconciles such balances to the liquid cash resources at both a PSG Group- and subsidiary-level.

	Reviewed 2019 Own balances Rm	Reviewed 2019 Client-related balances Rm	Reviewed 2019 Total Rm	Audited* 2018 Own balances Rm	Audited* 2018 Client-related balances Rm	Audited* 2018 Total Rm
Cash and cash equivalents (per the summary consolidated statement of financial position)	1 552	280	1 832	1 924	355	2 279
Bank overdrafts (included in “borrowings” per the summary consolidated statement of financial position)	(1 127)		(1 127)	(1 286)		(1 286)
Cash and cash equivalents (per the summary consolidated statement of cash flows)	425	280	705	638	355	993
Debt securities (per the summary consolidated statement of financial position)	1 873	4 390	6 263	2 597	3 547	6 144
Liquid cash resources	2 298	4 670	6 968	3 235	3 902	7 137
PSG Group-level (invested in the PSG Money Market Fund)	323			1 000		
Subsidiary-level	1 975			2 235		

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 28 February 2019

	Reviewed 2019 Rm	Audited 2018 Rm
1. Headline earnings		
Profit for the year attributable to owners of the parent	1 926	1 914
Non-headline items		
Gross amounts	659	30
Loss on impairment of associates	676	8
Net (profit)/loss on sale/dilution of interest in associates	(20)	14
Profit from subsidiaries deconsolidated/sold (note 3.2)	(8)	(85)
Fair value gain on step-up from associate to subsidiary	(2)	(11)
Net loss on sale/impairment of intangible assets (including goodwill)	120	153
Net (profit)/loss on sale/impairment of property, plant and equipment	(1)	1
Non-headline items of associates	(81)	(31)
Bargain purchase gain (note 3.1)	(25)	(18)
Reversal of impairment of non-current assets held for sale		(1)
Non-controlling interests	(390)	(137)
Taxation	(1)	149
Headline earnings	2 194	1 956

	Reviewed 2019 Own balances	Reviewed 2019 Client-related balances	Reviewed 2019 Total	Audited* 2018 Own balances	Audited* 2018 Client-related balances	Audited* 2018 Total

	Rm	Rm	Rm	Rm	Rm	Rm
2. Cash generated from/ (utilised by) operations						
Profit before taxation	2 805	12	2 817	3 027	16	3 043
Share of profits of associates and joint ventures	(2 360)		(2 360)	(1 926)		(1 926)
Depreciation and amortisation	582		582	503		503
Investment income	(492)	(1 810)	(2 302)	(474)	(1 585)	(2 059)
Finance costs	676		676	516		516
Working capital changes and other non-cash items	503	(53)	450	(134)	316	182
Cash generated from/ (utilised by) operations	1 714	(1 851)	(137)	1 512	(1 253)	259

* Re-presented as detailed in the introduction to the summary consolidated financial statements.

3. Subsidiaries/businesses consolidated and deconsolidated

3.1 Subsidiaries/businesses acquired

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

Commercial, industrial and personal short-term insurance brokerage businesses of ABSA Insurance and Financial Advisers (Pty) Ltd ("AIFA businesses")
During June and December 2018, the group, through PSG Konsult, acquired the AIFA businesses for a cash consideration of R52m, as well as still outstanding deferred and contingent consideration of R45m and R7m, respectively. Goodwill of R35m arose in respect of, inter alia, the workforce of the acquired businesses.

MBS Education Investments (Pty) Ltd and Milpark Education (Pty) Ltd ("Milpark")
During March 2018, the group, through Stadio, being a subsidiary of PSG Alpha, acquired an effective interest of 87.2% in Milpark for a cash consideration of R211m (of which R4m was deferred and subsequently paid) and the issue of Stadio shares worth R51m. Milpark is involved in the private higher education sector in South Africa, offering complementary services to Stadio's existing operations. Goodwill of R222m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

Interactive Tutor (Pty) Ltd ("Media Works")
During May 2018, the group, through FutureLearn, being a subsidiary of PSG Alpha, acquired all the issued share capital of Media Works for a cash consideration of R109m, of which R15m was contingent and remained outstanding. Media Works provides adult education and training services in South Africa. Goodwill of R88m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

Cooper College (Pty) Ltd and related entities ("Cooper")
During April 2018, the group, through Curro, acquired an effective interest of 97% in Cooper for a cash consideration of R210m. Cooper operates a private school in Johannesburg, South Africa, being complementary to Curro's existing operations. Goodwill of R69m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

Baobab Primary School operations and properties ("Baobab")
During July 2018, the group, through Curro, acquired the business operations and properties of Baobab for a cash consideration of P65m (R84m). Baobab operates a private school in Gaborone, Botswana, being complementary to Curro's existing operations. Goodwill of R19m arose in respect of, inter alia, the workforce, expected synergies, economies of scale and the business's growth potential.

Sagewood School operations and properties ("Sagewood")
During January 2019, the group, through Curro, acquired the business operations and properties

of Sagewood for a cash consideration of R83m. Sagewood operates a private school in Johannesburg, South Africa, being complementary to Curro's existing operations. Goodwill of R29m 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/businesses acquired, as well as goodwill and non-controlling interests recognised from business combinations during the year under review, can be summarised as follows:

Reviewed	AIFA businesses Rm	Milpark Rm	Media Works Rm	Cooper Rm	Sub-total Rm
Identifiable net assets acquired	69	46	24	149	288
Goodwill recognised	35	222	88	69	414
Non-controlling interests recognised		(6)	(3)	(8)	(17)
Total consideration	104	262	109	210	685
Ordinary shares issued by a subsidiary		(51)			(51)
Deferred consideration	(45)	(4)			(49)
Contingent consideration	(7)		(15)		(22)
Cash consideration paid	52	207	94	210	563
Cash consideration paid	(52)	(207)	(94)	(210)	(563)
Cash and cash equivalents acquired		34	17	2	53
Cash flow from subsidiaries/businesses acquired	(52)	(173)	(77)	(208)	(510)

Reviewed	Sub-total Rm	Baobab Rm	Sagewood Rm	Other Rm	Total Rm
Identifiable net assets acquired	288	65	54	166	573
Goodwill recognised	414	19	29	99	561
Bargain purchase gain				(25)	(25)
Non-controlling interests recognised	(17)			(8)	(25)
Derecognition of investment in associates				(7)	(7)
Total consideration	685	84	83	225	1 077
Ordinary shares issued by subsidiaries	(51)			(13)	(64)
Deferred consideration	(49)				(49)
Contingent consideration	(22)			(34)	(56)
Cash consideration paid	563	84	83	178	908
Cash consideration paid	(563)	(84)	(83)	(178)	(908)
Cash and cash equivalents acquired	53	9	1	(7)	56
Cash flow from subsidiaries/businesses acquired	(510)	(75)	(82)	(185)	(852)

Transaction costs relating to the business combinations were immaterial and expensed in the summary consolidated income statement.

The aforementioned business combinations' accounting have been finalised and do not contain any contingent consideration or indemnification asset arrangements, unless otherwise stated. Non-controlling interests were measured with reference to their proportionate share of the identifiable net assets acquired.

Had the aforementioned business combinations been accounted for with effect from 1 March 2018 instead of their respective acquisition dates, the summary consolidated income statement would have reflected additional revenue and after-tax profit for the year of approximately R561m and R41m, respectively.

Receivables of R125m are included in the identifiable net assets acquired, which are all considered to be recoverable. The fair value of these receivables consequently approximates its carrying value.

3.2 Subsidiaries deconsolidated/sold

The subsidiaries deconsolidated/sold during the year under review included:

Provest Group (Pty) Ltd ("Provest")
During January 2019, the group, through PSG Alpha, had foregone control over Provest when an existing non-controlling shareholder subscribed for further shares in Provest, thereby diluting PSG Alpha's interest in Provest from 50.5% to 42.3%.

The amounts of identifiable net assets of the businesses deconsolidated/sold, as well as non-controlling interest derecognised and the remaining interest in associate recognised during the year under review, can be summarised as follows:

Reviewed	Provest Rm	Other Rm	Total Rm
Identifiable net assets derecognised	(255)	(4)	(259)
Derecognition of non-controlling interest	106		106
Recognition of investment in associate	157		157
Profit from subsidiaries deconsolidated/sold	(8)		(8)
Total consideration	-	(4)	(4)
Cash consideration received		4	4
Cash and cash equivalents derecognised	(63)		(63)
Cash flow from subsidiaries deconsolidated/sold	(63)	4	(59)

4. Capital commitments and contingencies

The most significant capital commitments relate to Curro's continued expansion and development of new campuses. At the reporting date, authorised and contracted capital expenditure amounted to R712m (2018: R516m), while authorised but not yet contracted capital expenditure amounted to R1.8bn (2018: R1.1bn).

5. Events subsequent to the reporting date

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

6. Financial instruments

6.1 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 summary consolidated financial statements do not include all financial risk management information and disclosures set out in the consolidated annual financial statements, and therefore they should be read in conjunction with the consolidated annual financial statements for the year ended 28 February 2018, as well as those for the year ended 28 February 2019 (to be published during May 2019). Risk management continues to be carried out by each entity within the group under policies approved by the respective boards of directors.

6.2 Fair value estimation

The information below analysis 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: quoted prices (unadjusted) in active markets.
Level 2: input other than quoted prices included within level 1 that is observable for the

asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: input for the asset or liability that is not based on observable market data (that is, unobservable input).

The carrying value of financial assets and liabilities carried at amortised cost approximates their fair value, while those measured at fair value can be summarised as follows:

28 February 2019 (reviewed)	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Assets				
Unit-linked investments		46 040	455	46 495
Equity securities	2 822	143	31	2 996
Debt securities	876	5 320		6 196
Investment in investment contracts		16		16
Derivative financial assets		33		33
Closing balance	3 698	51 552	486	55 736
Liabilities				
Investment contract liabilities		25 439	435	25 874
Third-party liabilities arising on consolidation of mutual funds		26 715		26 715
Derivative financial liabilities		53	25	78
Trade and other payables			159	159
Closing balance	-	52 207	619	52 826
28 February 2018 (audited)				
Assets				
Unit-linked investments		41 481	719	42 200
Equity securities	2 330	1 312	679	4 321
Debt securities	922	1 501		2 423
Investment in investment contracts		15		15
Derivative financial assets		43		43
Closing balance	3 252	44 352	1 398	49 002
Liabilities				
Investment contract liabilities		23 421	698	24 119
Third-party liabilities arising on consolidation of mutual funds		23 600		23 600
Derivative financial liabilities		70	39	109
Trade and other payables			45	45
Closing balance	-	47 091	782	47 873

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

	Reviewed 2019		Audited 2018	
	Assets Rm	Liabilities Rm	Assets Rm	Liabilities Rm
Opening balance	1 398	782	1 161	1 251
Additions	230	312	1 188	542
Disposals	(1 700)	(627)	(915)	(1 029)
Fair value adjustments	504	35	31	18
Other movements	54	117	(67)	
Closing balance	486	619	1 398	782

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, which in turn represent the largest portion of level 3 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
Unit-linked investments	Quoted exit price provided by the fund manager	Not applicable - daily prices are publicly available
Equity securities	Valuation model that uses market inputs	Price-earnings multiples
Debt securities	Valuation model that uses market inputs	Bond interest rate curves, issuer credit ratings and liquidity spreads
Investment in investment contracts	Prices are obtained from the insurer of the particular investment contract	Not applicable - prices provided by registered long-term insurers
Derivative financial assets and liabilities	Exit price on recognised over-the-counter platforms	Not applicable
Investment contract liabilities	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 - daily prices are publicly available

7. Segment report

The group's classification into seven reportable segments, namely Capitec, PSG Konsult, Curro, PSG Alpha, Zeder, Dipeo and PSG Corporate, remains unchanged. These segments represent the major investments of the group and the services rendered by each are set out in the commentary section to this announcement.

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, PSG Alpha's investments in Stadio and CA Sales, and Zeder's investments in Capespan, Zaad and Agrivision Africa.

Recurring earnings are calculated on a proportional basis, and include the proportional 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 earnings. Non-recurring earnings include, inter alia, 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 Group'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 summary consolidated 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:

Revenue
from

28 February 2019 (reviewed)	external customers (own balances) Rm	Recurring earnings (segment profit) Rm	Non-recurring earnings Rm	Headline earnings Rm	SOTP value Rm
Capitec		1 625		1 625	46 351
PSG Konsult	4 480	361	8	369	8 700
Curro	2 549	137		137	5 714
PSG Alpha	7 958	216	(59)	157	4 712
Zeder	7 731	207	130	337	3 166
Dipeo	17	(29)	(246)	(275)	
PSG Corporate	71	(45)		(45)	
Funding	56	(199)	4	(195)	(2 387)
Other		84		84	1 702
Total	22 862	2 357	(163)	2 194	67 958
Revenue from sale of goods	13 041				
Investment income	492				
Commission, school, net insurance and other fee income	9 329				
Non-headline items				(268)	
Earnings attributable to non-controlling interests				415	
Taxation				476	
Profit before taxation				2 817	

28 February 2018 (audited)	Revenue from external customers (own balances) Rm	Recurring earnings (segment profit) Rm	Non-recurring earnings Rm	Headline earnings Rm	SOTP value Rm
Capitec		1 369		1 369	29 540
PSG Konsult	4 166	348		348	7 048
Curro	2 139	110	(1)	109	7 987
PSG Alpha	6 270	172	(22)	150	5 201
Zeder	8 562	205	(21)	184	4 823
Dipeo	2	(56)	(131)	(187)	535
PSG Corporate	165	(7)		(7)	
Funding	109	(135)	(11)	(146)	(2 227)
Other		136		136	2 603
Total	21 413	2 142	(186)	1 956	55 510
Revenue from sale of goods	13 956				
Investment income	474				
Commission, school, net insurance and other fee income	6 983				
Non-headline items				(42)	
Earnings attributable to non-controlling interests				513	
Taxation				616	
Profit before taxation				3 043	

On behalf of the board

KK Combi	Piet Mouton	Wynand Greeff
Chairman	Chief Executive Officer	Chief Financial Officer

Stellenbosch
24 April 2019

DIRECTORS:
ZL Combi (Chairman)^, PE Burton^^, FJ Gouws**, WL Greeff (CFO)*, AM Hlobo^, JA Holtzhausen*,

B Mathews^, JJ Mouton**, PJ Mouton (CEO)*, CA Otto^
* Executive ** Non-executive ^ Independent non-executive ^^ Lead independent

The following changes to the board and its sub-committees took effect during the year under review and up to the date of this announcement:

- On 20 November 2018, Mr JF Mouton retired as director and chairman;
- On 11 January 2019, Mr ZL Combi was appointed as chairman;
- On 13 February 2019, Mr PE Burton was appointed as chairman of both the PSG Group Remuneration Committee and the PSG Group Social and Ethics Committee, while Mr CA Otto was appointed as chairman of the PSG Group Nomination Committee; and
- On 11 April 2019, Ms AM Hlobo was appointed as director and member of the PSG Group Audit and Risk Committee.

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SPONSOR:
PSG Capital

AUDITOR:
PricewaterhouseCoopers Inc