PSG Konsult

PSG KONSULT LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1993/003941/06)
(Share Code: KST, ISIN: ZAE000191417)
("**PSG Konsult**" or "**the Company**")

PSG KONSULT PRE-LISTING STATEMENT

The definitions and interpretations commencing on page 5 of this Pre-listing Statement apply to this cover page.

This Pre-listing Statement is prepared and issued in terms of the JSE Listings Requirements. This Pre-listing Statement is not an invitation to the public to subscribe for Shares in PSG Konsult. It is issued in compliance with the JSE Listings Requirements for the purpose of providing information to the public and investors in respect of PSG Konsult.

The JSE has granted PSG Konsult a listing by way of introduction of all its issued ordinary shares on the JSE main board under the abbreviated name "PSG KST", share code "KST" and ISIN ZAE000191417 with effect from the commencement of trade on Wednesday, 18 June 2014.

As at the Listing Date, the total authorised share capital of PSG Konsult will comprise 3 000 000 000 ordinary no par value Shares.

On the Listing Date the issued share capital of PSG Konsult will consist of 1 262 046 111 ordinary no par value Shares, while the stated capital of PSG Konsult will amount to R1 321 823 928. As at the Listing Date, 357 875 Shares will be held in treasury.

On the Listing Date all Shares in issue shall rank *pari passu* with each other in all respects, including in respect of voting rights and dividends.

Shareholders are advised that their Shares may only be traded on the JSE in dematerialised form and accordingly all Shareholders who hold their Shares in certificated form will have to dematerialise their Shares in order to trade their Shares on the JSE. Such Shareholders must accordingly contact their CSDP or Broker in order to dematerialise their Shares. Please refer to paragraph 12 of this Pre-listing Statement for further information in this regard.

The Directors, whose names are set out in paragraph 7.1.1 of this Pre-listing Statement, collectively and individually accept full responsibility for the accuracy of the information contained in this Pre-listing Statement which relates to PSG Konsult and, in this regard, certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by the JSE Listings Requirements.

The Independent Reporting Accountants and each of the experts, whose names appear in the "Corporate Information" section of this Pre-listing Statement, have given and have not, prior to the formal approval of this Pre-listing Statement by the JSE, withdrawn their written consents to the inclusion of their names, and acting in the capacities stated and, where applicable, to their reports, being included in this Pre-listing Statement.

An abridged version of this Pre-listing Statement will be released on SENS on 9 June 2014 and published in the press on 10 June 2014.

Transaction adviser and Sponsor	Auditors and Independent Reporting Accountants	Lead independent sponsor
PSG CAPITAL	pwc	questco CORPORATE ADVISORY

Date of issue 9 June 2014

Copies of this Pre-listing Statement are available in English only and may, from 9 June 2014, be obtained from the registered office of PSG Konsult, from the Sponsor and the Transfer Secretaries, at the addresses set out in the "Corporate Information" section. A copy of this Pre-listing Statement will also be available on PSG Konsult's website (www.psg.co.za).

CORPORATE INFORMATION

Company secretary and registered office
PSG Management Services Proprietary Limited
(Registration number 2000/009351/07)
Building A, Pro Sano Park South Gate
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Tyger Waterfront
Tyger Valley
Bellville, 7530
(PO Box 3335, Tyger Valley, 7536)
Telephone: +27 21 915 4160
Facsimile: +27 21 915 4171

Date of incorporation
14 July 1993

Place of incorporation
South Africa

Auditors and Independent Reporting Accountants
PricewaterhouseCoopers Incorporated
(Registration number 1998/012055/21)
No 1 Waterhouse Place
Century City, 7441
(PO Box 2799, Cape Town, 8000)

Lead independent sponsor
Questco Proprietary Limited
(Registration number 2002/005616/07)
The Pivot
Entrance D, 2nd Floor
No. 1 Montecasino Boulevard
Fourways, 2055
(PO Box 98956, Sloane Park, 2152)

Attorneys
Cliffe Dekker Hofmeyr Incorporated
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town, 8001
(PO Box 695, Cape Town, 8000)

Transaction adviser and Sponsor
PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

and

1st Floor, Building 8
Inanda Greens Business Park
54 Wierda Road West
Wierda Valley
Sandton, 2196
(PO Box 650957, Benmore, 2010)

Transfer secretaries
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Bankers
ABSA Bank Limited
(Registration number 1986/004794/06)
Tygerberg Office Park
163 Hendrik Verwoerd Drive
Plattekloof
Cape Town
(PO Box 4110, Tyger Valley, 7536)

Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
20th Floor, Main Tower
Standard Bank Centre
Adderley Street
Cape Town, 8001
(PO Box 1436, Cape Town, 8000)

Rand Merchant Bank, a division of FirstRand Bank Limited
(Registration number 1929/001225/06)
3rd Floor, Great Westerford
240 Main Road
Rondebosch, 7700
(PO Box 911, Cape Town, 8000)

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SALIENT FEATURES

The definitions and interpretations commencing on page 5 apply to these salient features.

1. INTRODUCTION

PSG Konsult is one of the largest independent intermediary financial services providers in South Africa and is a leading independent financial services group, having been in operation since 1998. It offers a unique value-orientated approach to its clients' financial requirements, from asset and wealth management to insurance. Shares in PSG Konsult have traded over-the-counter since 2005 and have now been granted a listing on the main board of the JSE from Wednesday, 18 June 2014 onwards.

2. RATIONALE FOR LISTING

PSG Konsult's rationale for the Listing is:

2.1. to allow PSG Konsult access to capital markets in order to raise equity capital in the future, when required;

2.2. to provide Shareholders with a liquid, tradeable asset within a regulated environment, with a market-determined share price;

2.3. to give the general public an opportunity to acquire an equity stake in PSG Konsult and thereby share in its potential success in future;

2.4. to enhance PSG Konsult's ability to implement acquisitions and other transactions, involving the issuing of Shares as consideration;

2.5. to raise PSG Konsult's profile, to reflect its position as a leading independent financial services group; and

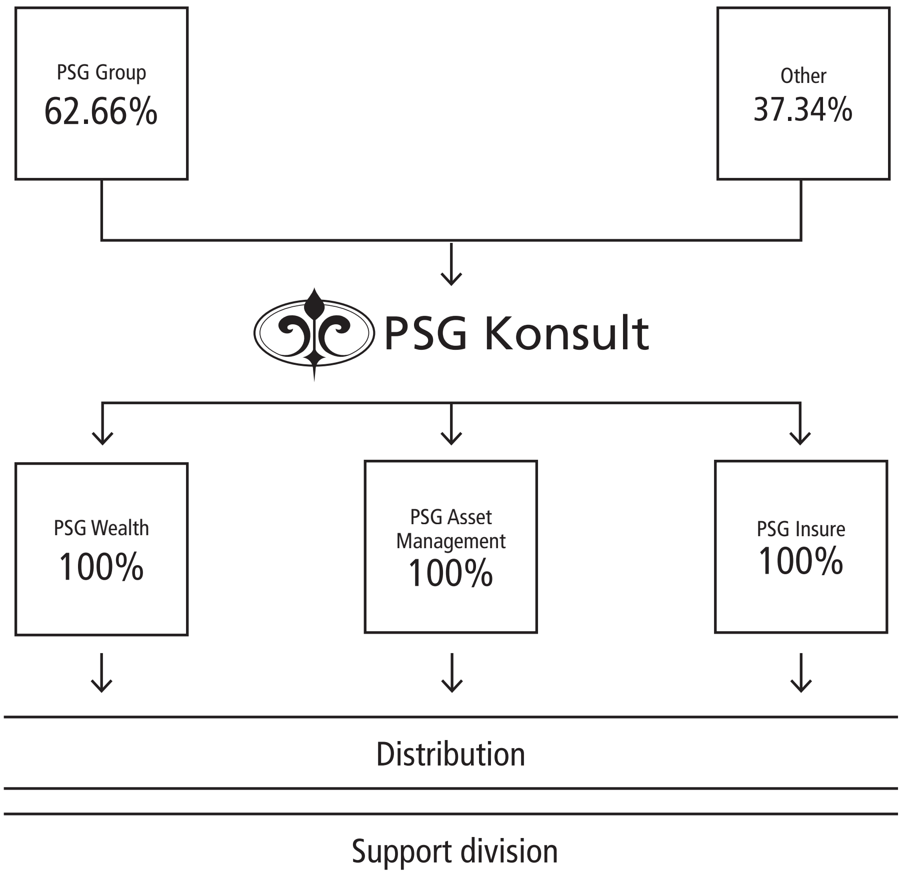
2.6. to incentivise employees and align their interests with those of Shareholders through the allocation of options for listed Shares.

3. BRIEF OVERVIEW OF PSG KONSULT

3.1. PSG Konsult is one of the largest independent intermediary financial services providers in South Africa, having, as at 28 February 2014, 193 offices throughout South Africa and Namibia, with 1 841 employees, of whom 618 were financial planners, portfolio managers, stockbrokers and asset managers, plus professional associates (accountants and attorneys), servicing more than 150 000 clients. As at 28 February 2014, PSG Konsult had total funds under management of approximately R112 billion and total funds under administration amounting to approximately R235 billion.

3.2. Over the course of the previous financial year, PSG Konsult restructured itself into three operating divisions, namely PSG Wealth, PSG Asset Management and PSG Insure. By utilising the synergies between these divisions under a simplified organisational structure, PSG Konsult is able to offer a holistic, integrated financial solution to its clients.

3.3. PSG Konsult is a subsidiary of listed PSG Group. A simplified structure diagram of the PSG Konsult Group is shown below, while the complete structure is detailed in **Annexure 8**.



3.4. PSG Konsult is a market-leading financial services provider. In this regard, PSG Konsult is proud of the following notable milestones, achievements and industry awards:

3.4.1. PSG Wealth received Business Day Investors Monthly's "Stockbroker of the Year" award for 2011, 2012 and 2013;

3.4.2. PSG Asset Management is a market leader with top quartile investment returns having been recorded across the entire domestic flagship range of its funds, which include the PSG Equity, PSG Flexible and PSG Balanced Funds over six months, one year, three years and five years up to 28 February 2014 in the respective Morningstar categories;

3.4.3. PSG Insure has received the Portfolio Administration Award for Performance Excellence at the 2013 National Santam Broker Awards and National Broker Award for Performance Excellence in Personal Lines.

3.5. Please refer to paragraph 3 of the Pre-listing Statement for a more detailed overview of PSG Konsult.

4. LISTING ON JSE

4.1. The JSE has granted PSG Konsult a listing by way of introduction of all its issued ordinary Shares on the JSE main board under the abbreviated name "PSG KST", share code "KST" and ISIN ZAE000191417 with effect from the commencement of trade on Wednesday, 18 June 2014. PSG Konsult will be listed in the "Financial Services" sector.

4.2. Shareholders are advised that their Shares may only be traded on the JSE in dematerialised form. Shareholders who wish to trade their shares following the listing will first need to dematerialise their shares into an account held at a suitable service provider. This can be either one of the CSDPs that offers a trading service or a JSE-registered Broker. The process takes a few days, depending on the volumes of certificates to be authenticated. While such Shares are undergoing dematerialisation, the Shareholder will be unable to trade them.

4.3. Shareholders who previously held unlisted Shares, who qualify to receive listed Shares, and who wish to trade their Shares on the JSE, should instruct their Broker or CSDP to liaise with Computershare, in order to arrange for their current listed share certificated allocation to be appropriately dematerialised and credited to their account. Computershare provides each such Shareholder with a statement of holdings, which, together with a signed transfer instruction form, must be surrendered to the Shareholder's Broker or CSDP. The Shareholder's Broker or CSDP will need to send those documents to Computershare to dematerialise the Shares. Computershare can be contacted through their call-centre on 0861 100 634 or at www.computershare.co.za.

4.4. Shareholders who do not wish to dematerialise their Shares, may request that a new share certificate be issued to them, by notifying Computershare thereof in writing. Such Shareholders will not be able to trade such Certificated Shares on the JSE.

SALIENT DATES

	2014
Abridged Pre-listing Statement published on SENS on	9 June
Pre-listing Statement posted to Shareholders on	9 June
Abridged Pre-listing Statement published in the press on	10 June
Listing of Shares on the JSE expected at commencement of trade on	18 June
Accounts at CSDPs/Brokers updated in respect of Dematerialised Shareholders on	18 June
Share certificates posted (if requested) to Certificated Shareholders by registered post on or about	18 June

Note:

The above dates are subject to change. Any such change will be announced on SENS.

DEFINITIONS AND INTERPRETATION

In this Pre-listing Statement and annexures hereto, unless the context indicates otherwise, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following words and expressions bear the meanings assigned to them below:

"Board" or "Directors"	the board of directors of PSG Konsult;
"Broker"	a "stockbroker" as defined in the Financial Markets Act, or its nominee;
"Certificated Shareholders"	Shareholders who hold Certificated Shares;
"Certificated Shares"	Shares that have not been dematerialised, title to which is evidenced by a share certificate or other Document of Title;
"Common Monetary Area"	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
"Companies Act"	Companies Act, No. 71 of 2008, as amended;
"CSDP"	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act, with whom a Shareholder holds a dematerialised share account;
"Custody Agreement"	a custody mandate agreement between a person and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares held on PSG Konsult's uncertificated securities register administered by a CSDP or Broker on behalf of that person;
"dematerialise" or "dematerialisation"	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in PSG Konsult's uncertificated securities register administered by a CSDP;
"Dematerialised Shareholders"	Shareholders who hold Dematerialised Shares;
"Dematerialised Shares"	Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
"Documents of Title"	share certificates, certified transfer deeds, balance receipts or any other physical documents of title pertaining to the Shares in question, acceptable to the Board;
"Exchange Control Regulations"	the Exchange Control Regulations, 1961, as amended from time to time, issued in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended from time to time;
"Financial Markets Act"	the Financial Markets Act, No 19 of 2012;
"IFRS"	International Financial Reporting Standards;
"Income Stream Acquisition Offer"	the offer outlined in paragraph 3.11 of the Pre-listing Statement;
"Independent Reporting Accountants" or "Auditors" or "PwC"	PricewaterhouseCoopers Incorporated (registration number 1998/012055/21), a personal liability company incorporated under the laws of South Africa;
"JSE"	the exchange, licensed under the Financial Markets Act, operated by the JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa;
"JSE Listings Requirements"	the Listings Requirements of the JSE in force as at the Last Practicable Date;
"King III Code"	the King Report on Governance for South Africa, 2009;
"Last Practicable Date"	the last practicable date prior to the finalisation of this Pre-listing Statement, being 28 May 2014;

“the Listing”	the listing of the entire issued ordinary share capital of PSG Konsult on the JSE main board, which listing is expected to occur with the commencement of trade on Wednesday, 18 June 2014;
“Listing Date”	the date of the Listing;
“Memorandum of Incorporation”	the memorandum of incorporation of PSG Konsult, as approved by Shareholders on 17 March 2014, with the required special resolution having been adopted in terms of section 60 of the Companies Act;
“Pre-listing Statement”	this Pre-listing Statement dated 9 June 2014, including all annexures hereto;
“PSG Asset Management”	one of the three operating divisions in the PSG Konsult Group, comprising PSG Konsult’s wholly-owned subsidiary, PSG Asset Management Holdings Proprietary Limited (registration number 2011/001041/07) and its operating subsidiaries, details of which appear in paragraph 3.5;
“PSG Capital” or “Sponsor”	PSG Capital Proprietary Limited (registration number 2006/015817/07), a private company incorporated under the laws of South Africa;
“PSG Distribution Holdings”	PSG Distribution Holdings Proprietary Limited (registration number 2012/164483/07), a private company incorporated under the laws of South Africa, being a wholly-owned subsidiary of PSG Konsult;
“PSG Financial Services”	PSG Financial Services Limited (registration number 1919/000478/06), a public company incorporated under the laws of South Africa, with its registered office at 1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600, being the direct holding company of PSG Konsult and being itself the wholly-owned subsidiary of PSG Group;
“PSG Group”	PSG Group Limited (registration number 1970/008484/06), a public company incorporated under the laws of South Africa and listed on the JSE main board, with its registered office at 1st Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600, being the holding company of PSG Financial Services and, accordingly, the ultimate holding company of PSG Konsult;
“PSG Insure”	one of the three operating divisions in the PSG Konsult Group, comprising PSG Konsult’s wholly-owned subsidiary, PSG Insure Holdings Proprietary Limited (registration number 2008/018534/07 and its operating subsidiaries, details of which appear in paragraph 3.6;
“PSG Konsult” or “the Company”	PSG Konsult Limited (registration number 1993/003941/06), a public company incorporated under the laws of South Africa, being a subsidiary of PSG Group;
“PSG Konsult Group” or “the Group”	PSG Konsult and its subsidiaries, the structure of which is detailed in **Annexure 8**;
“PSG Konsult Group Company”	any company forming part of the PSG Konsult Group;
“PSG Konsult SIT”	the PSG Konsult Group Share Incentive Trust, a trust duly registered in South Africa, with Master’s reference number IT3607/2012;
“PSG Konsult SIT Deed”	the amended trust deed for the PSG Konsult SIT, concluded on or about 29 May 2014 between PSG Konsult (as founder) and Messrs Jacob de Vos du Toit and Petrus Johannes Mouton (as trustees);
“PSG Wealth”	one of the three operating divisions in the PSG Konsult Group, comprising PSG Konsult’s wholly-owned subsidiary, PSG Wealth Holdings Proprietary Limited (registration number 2012/194963/07) and its operating subsidiaries, details of which appear in paragraph 3.4;
“PSG Wealth Financial Planning”	PSG Wealth Financial Planning Proprietary Limited (registration number 1999/006725/07), a private company incorporated under the laws of South Africa, being a wholly-owned subsidiary of PSG Konsult;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“Register”	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
“SENS”	the Stock Exchange News Service of the JSE;

"Share Incentive Scheme"	the share incentive scheme operated under the PSG Konsult SIT, in terms of the PSG Konsult SIT Deed;
"Shareholders"	registered holders of Shares;
"Shares"	ordinary no par value shares in the share capital of PSG Konsult;
"South Africa"	the Republic of South Africa;
"Strate"	Strate Limited (registration number 1998/022242/06), a public company incorporated under the laws of South Africa, a central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE;
"Transfer Secretaries" or "Computershare"	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa; and
"Western Group Holdings"	Western Group Holdings Limited (registration number 2004/499), a public company incorporated under the laws of Namibia, being a subsidiary of PSG Konsult (60% shareholding) and having as its remaining 40% shareholder, Swanvest 120 Proprietary Limited (a wholly-owned subsidiary of Santam Limited).

PSG KONSULT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1993/003941/06)

(Share Code: KST, ISIN: ZAE000191417)

("**PSG Konsult**" or "**the Company**")

Directors

W Theron *(Non-executive chairman)* *

FJ Gouws *(Chief Executive Officer)*

MIF Smith *(Chief Financial Officer)*

JF Mouton *

PJ Mouton *

J de V du Toit *(Lead director)* *#

PE Burton *#

ZL Combi *#

* Non-executive

\# Independent

PRE-LISTING STATEMENT

1. INTRODUCTION

PSG Konsult is one of the largest independent intermediary financial services providers in South Africa and is a leading independent financial services group, having been in operation since 1998. It offers a unique value-orientated approach to its clients' financial requirements, from asset and wealth management to insurance. Shares of PSG Konsult have traded over-the-counter since 2005 and have now been granted a listing on the main board of the JSE from Wednesday, 18 June 2014 onwards.

2. RATIONALE FOR LISTING

PSG Konsult's rationale for the Listing is:

2.1. to allow PSG Konsult access to capital markets in order to raise equity capital in the future, when required;

2.2. to provide Shareholders with a liquid, tradeable asset within a regulated environment, with a market-determined share price;

2.3. to give the general public an opportunity to acquire an equity stake in PSG Konsult and thereby share in its potential success in future;

2.4. to enhance PSG Konsult's ability to implement acquisitions and other transactions, involving the issuing of Shares as consideration;

2.5. to raise PSG Konsult's profile, to reflect its position as a leading independent financial services group; and

2.6. to incentivise employees and align their interests with those of Shareholders through the allocation of options for listed Shares.

3. OVERVIEW OF PSG KONSULT

3.1. **Introduction**

3.1.1. PSG Konsult is one of the largest independent intermediary financial services providers in South Africa, having, as at 28 February 2014, 193 offices throughout South Africa and Namibia with 1 841 employees, of whom 618 were financial planners, portfolio managers, stockbrokers and asset managers, plus 402 professional associates (accountants and attorneys), servicing more than 150 000 clients. As at 28 February 2014, PSG Konsult had total funds under management of approximately R112 billion and total funds under administration amounting to approximately R235 billion.

3.1.2. PSG Konsult offers a complete range of wealth management and preservation financial products and services to its clients.

3.1.3. A brief description of the three PSG Konsult business segments is as follows:

3.1.3.1. PSG Wealth consists of five business units – Distribution, PSG Online, LISP Platform, Multi-Management and Employee Benefits – and is designed to meet the requirements of individuals, families and businesses. Through its highly skilled wealth managers, PSG Wealth offers a wide range of personalised services, including portfolio management, stockbroking, local and offshore investments, estate planning, financial planning, local and offshore fiduciary services, multi-managed solutions, and retirement products. Wealth offices are fully equipped to deliver a high-quality personal service to its select customers.

3.1.3.2. PSG Asset Management is an established investment management company with a proven investment track record. It offers investors a simple, but comprehensive range of local and global investment products and its products include local and international unit trust funds.

3.1.3.3. PSG Insure, through its registered insurance brokers and PSG Konsult's short-term insurance subsidiary Western National Insurance Company Limited, offers a full range of tailor-made short-term insurance products and services from personal (home, car and household insurance) to commercial (business and Agri-insurance) requirements. To harness the insurance solutions available to customers effectively, PSG Insure's expert insurance specialists, through a strict due diligence process, will simplify the selection process for the most appropriate solution for clients. In addition to the intermediary services offered, PSG Administration supports clients through the claim process, administrative issues and general policy maintenance, including an annual reappraisal of clients' portfolios, when the need arise.

3.2. **Key principles**

3.2.1. Decisions taken by the PSG Konsult Group are underpinned by three basic principles. The PSG Konsult Group at all times seeks to:

3.2.1.1. maximise every rand of revenue earned relative to an acceptable unit of risk taken;

3.2.1.2. focus on generating recurring revenue, which leads to enhanced sustainable earnings; and

3.2.1.3. optimise profit margins to ensure that the PSG Konsult Group earns an acceptable return on capital.

3.2.2. The PSG Konsult Group has applied the above business principles by:

3.2.2.1. reducing notional risk by closing down those business areas and products that carried undue risk relative to their earnings contribution;

3.2.2.2. streamlining business processes in order to reduce operational risk and secure greater business efficiencies;

3.2.2.3. reducing financial leverage by repaying debt;

3.2.2.4. structuring operating costs as variable, where possible; and

3.2.2.5. focussing on product and service innovation to ensure the sustainability of the PSG Konsult Group's profit margins rather than financial leverage to generate an acceptable return on capital.

3.3. **Group restructure**

3.3.1. PSG Konsult is a subsidiary of listed PSG Group. A simplified structure diagram of the PSG Konsult Group is shown in paragraph 3.3 of the "Salient Features" section of this Pre-listing Statement, while the complete structure is detailed in **Annexure 8**.

3.3.2. Over the course of the previous financial year, PSG Konsult restructured itself from seventeen separate business units down to eleven, within three operating divisions: PSG Wealth, PSG Asset Management and PSG Insure. PSG Konsult's holistic product offering across the three divisions enables it to meet a broad spectrum of client needs, allowing PSG Konsult to benefit at several points throughout the value chain.

3.3.3. The simplified structure has further allowed PSG Konsult to streamline operations and maximise the effectiveness of its governance and risk management processes across the Group. New channels of reporting and assurance have been built into the structure, whereby each of the three divisions is regularly monitored and assessed in terms of its risk appetite, compliance and financial sustainability.

3.4. **PSG Wealth**

PSG Wealth is the first of the three operating divisions in the PSG Konsult Group and provides the following services to clients:

3.4.1. financial planning;

3.4.2. stockbroking (local, offshore, bonds, currency futures, CFDs (contracts for difference) and SSFs (single stock futures));

3.4.3. estate and trust advisory services;

3.4.4. employee benefits; and

3.4.5. multi-management.

3.5. **PSG Asset Management**

PSG Asset Management is the second of the three operating divisions in the PSG Konsult Group and engages in:

3.5.1. investment management (local and off-shore); and

3.5.2. investment administration.

3.6. **PSG Insure**

PSG Insure is the third of the three operating divisions in the PSG Konsult Group and provides the following services:

3.6.1. short-term insurance advisory services (commercial and personal lines);

3.6.2. short-term insurance administration; and

3.6.3. insurance product development and underwriting.

3.7. **Intermediary services**

Financial intermediary services are provided via PSG Distribution Holdings and its subsidiaries to all three operating divisions of the PSG Konsult Group.

3.8. **Major subsidiaries**

PSG Konsult has the following major subsidiaries, as defined in the JSE Listings Requirements.

3.8.1. PSG Wealth Holdings Proprietary Limited;

3.8.2. PSG Asset Management Holdings Proprietary Limited;

3.8.3. PSG Insure Holdings Proprietary Limited;

3.8.4. PSG Distribution Holdings;

3.8.5. PSG Wealth Financial Planning; and

3.8.6. PSG Life Limited.

3.9. **Financial position**

PSG Konsult is well-positioned, taking into account the following:

3.9.1. the Group enjoys low gearing levels, due to a predominately equity-funded business;

3.9.2. the businesses operated by the Group are highly cash generative;

3.9.3. Global Credit Rating has awarded the Group an A2 short-term rating with a stable outlook;

3.9.4. all regulated entities within the Group are adequately capitalised in order to achieve their growth objectives;

3.9.5. the majority of businesses operated by the Group are not capital or balance sheet intensive; and

3.9.6. sufficient funding facilities are in place to fund growth plans.

3.10. **Performance**

3.10.1. PSG Konsult is a market-leading financial services provider. In this regard:

3.10.1.1. PSG Asset Management is a market leader with top quartile investment returns having been recorded across the entire domestic flagship range over six months, one year, three years and five years up to 28 February 2014 in the respective Morningstar categories. Highlights in the 2014 Morningstar South Africa Fund Awards rankings include:

3.10.1.1.1. PSG Equity Fund, which is currently ranked second out of 120 funds in the general equity sector over one year, first out of 85 funds over five years and second out of 42 funds since inception in March 2002;

3.10.1.1.2. PSG Flexible Fund, which is currently ranked sixth out of 71 funds over one year, first out of 13 funds over 10 years and third out of 15 funds since inception in November 2004;

3.10.1.1.3. PSG Balanced Fund, which is currently ranked ninth out of 106 funds over one year, third out of 64 funds over five years and fourth out of 13 funds since inception in June 1999;

3.10.1.1.4. PSG Stable Fund, which is currently ranked 36th out of 90 funds in its sector over one year and 34th out of 78 funds since inception in September 2011; and

3.10.1.1.5. PSG Optimal Income Fund, which is currently ranked fifth out of 55 funds in its sector over one year, sixth out of 33 funds over five years and twelfth out of 22 funds since inception in April 2006;

3.10.1.2. PSG Online has been awarded Business Day Investors Monthly's "Stockbroker of the Year" award for the third consecutive year; and

3.10.1.3. PSG Insure has received the Portfolio Administration Award for Performance Excellence at the 2013 National Santam Broker Awards and National Broker Award for Performance Excellence in Personal Lines.

3.11. **Income Stream Acquisition Offer**

In order to standardise its revenue-sharing model and allow financial advisers to invest in its future, the PSG Konsult Group approached all of its advisory offices with an offer to acquire/purchase an increased interest in the income stream of each those offices. Where advisory offices accepted the offer, PSG Konsult Group settled the purchase consideration largely through the issuing of Shares, with 35 794 660 Shares being issued on 1 March 2014 to such advisory offices. The PSG Konsult Group is now entitled to up to 30% of the income stream of those advisory offices which accepted the Income Stream Acquisition Offer.

4. PROSPECTS

4.1. PSG Konsult operates in a complex and highly competitive financial environment where investor activity is often difficult to predict, especially following the 2008 global economic crisis. The sharp rise in regulatory requirements, particularly in the financial services industry, has made for a business environment that prioritises transparency, fairness and consumer empowerment. Recent years in South Africa have seen considerably subdued investment activity, though the JSE continues to deliver a strong performance.

4.2. Against this backdrop, the financial services industry has had to adapt to offer superior financial products and services that appeal to a cautious public. PSG Konsult embraces the competitive environment and actively introduces innovative ideas to improve the Group's financial products and advisory services. The nature of the business is that it is largely dependent on equity markets and therefore highly susceptible to regulatory change. However, the Group's diverse product range and the strength of its advisory services will, in the opinion of the Board, help to shield the Group from market volatility and regulatory restrictions.

4.3. The Group's strategic focus for the 2015 financial year is top line revenue growth, which will, in the opinion of the Board, enable the Group to unlock operational leverage scale benefits now that the Group has successfully bedded down the repositioning of the Group. This will be achieved as follows:

4.3.1. implementing and executing the three-year strategic plans which have been devised for each of the Group's underlying businesses;

4.3.2. positioning the Group as a fully-fledged financial services business through its comprehensive range of services and products;

4.3.3. optimising the synergies that exist between business segments in order to create further business development opportunities; and

4.3.4. extending the Group's sharing in the value chain and, in particular, growing the asset management and short-term insurance activities.

4.4. The Board is cautiously optimistic that its strategy to have a larger share in the value chain, will enable PSG Konsult to deliver sustainable superior returns for Shareholders.

4.5. PSG Konsult is committed to growing the business in an increasingly challenging financial services sector by maintaining a secure competitive trading environment for advisers and employees. PSG Konsult plans to drive performance through both variable and share incentivisation arrangements for senior key individuals. PSG Konsult's expert financial planners, portfolio managers, short-term insurance brokers and stockbrokers, who are at the core of the business, will continue to offer an innovative and unique one-stop integrated service, providing for a diverse range of needs and offering appropriate financial and related products.

5. DIVIDEND POLICY

Given the Group's sound growth aspirations, as well as a desire to reduce risk, which includes the reduction in financial leverage, coupled with PSG Konsult's desire to self-fund rather than issue equity, the Board has resolved to manage the dividend per share payout ratio to support the stated objectives for the current financial year ending 28 February 2015 and ultimately to adjust the dividend payout ratio to between 45% and 50% of recurring headline earnings. The general approach followed by the Board is to declare one third thereof as an interim dividend, with the remaining two thirds being declared as a final dividend.

6. MANAGEMENT OF PSG KONSULT

6.1. PSG Konsult is governed by the Board. The Board is responsible for ensuring that PSG Konsult complies with all of its statutory and regulatory obligations, as specified in the Companies Act, its Memorandum of Incorporation and, following the Listing, in the JSE Listings Requirements.

6.2. The PSG Konsult executive committee meets quarterly and acts as a consolidating oversight committee for the Group. The executive committee has the following members:

Name	Position
Francois Gouws	CEO: PSG Konsult Group
Niraj Gudka	COO: PSG Konsult Group
Mike Smith	CFO: PSG Konsult Group
Wayne Waldeck	CEO: PSG Wealth Group
Corrie de Bruyn	CEO: PSG Wealth – Platform & Services
Anet Ahern	CEO: PSG Asset Management
Rikus Visser	CEO: PSG Insure
Dan Hugo	CEO: PSG Distribution
Leon Taylor	Group Legal & Compliance Manager
Gerhardt Burger	Group Risk Manager
Maryka Meladu	Group Human Resources Manager

6.3. An informal management control committee meets weekly via telecom to discuss business performance, divisional key initiatives, the approval of all planned appointments and other key operational-related issues. As at the Last Practicable Date, the management committee had the following members –

Name	Position
Francois Gouws	CEO: PSG Konsult Group
Niraj Gudka	COO: PSG Konsult Group
Mike Smith	CFO: PSG Konsult Group
Wayne Waldeck	CEO: PSG Wealth Group
Corrie de Bruyn	CEO: PSG Wealth – Platform & Services
Anet Ahern	CEO: PSG Asset Management
Rikus Visser	CEO: PSG Insure
Dan Hugo	CEO: PSG Distribution

6.4. The Board has appointed a number of further committees to assist the Board in discharging its duties, with the particulars of such committees appearing in **Annexure 4**.

6.5. No part of the business of PSG Konsult or any of its subsidiaries is managed, or is proposed to be managed, by a third party under a contract or arrangement.

7. DIRECTORS

7.1. Composition of the Board

7.1.1. The full names, ages, business address and capacities of the Directors of PSG Konsult are provided below:

Full name	Age	Capacity	Business Address
Francois Johannes Gouws	49	Chief executive officer	42 Brook Street London W1H 7TB United Kingdom
Michael Ian Frain Smith	46	Chief financial officer	Building A Pro Sano Park South Gate Carl Cronje Drive Tyger Waterfront Tyger Valley Bellville, 7530
Willem Theron	61	Non-executive director and chairman	Suite 2/1, Hemel and Aarde Village Corner of Hemel and Aarde and Main Road Hermanus, 7200
Johannes Fredericus Mouton	67	Non-executive director	1st Floor, Ou Kollege 35 Kerk Street Stellenbosch, 7600
Petrus Johannes Mouton	37	Non-executive director	1st Floor, Ou Kollege 35 Kerk Street Stellenbosch, 7600
Patrick Ernest Burton	61	Independent non-executive director	11 Riverton Road Rondebosch, 7700
Jacob de Vos du Toit	59	Lead independent non-executive director	6th Floor, The Terraces Black River Park (South) Fir Street Observatory, 7925
Zitulele Luke Combi	62	Independent non-executive director	1st Floor, Inanda 6 Dorp Street Stellenbosch, 7600

7.1.2. The following changes occurred to the Board over the past 12 months:

7.1.2.1. Messrs L de Wit and TW Biesenbach resigned from the Board with effect from 12 April 2013;

7.1.2.2. Mr FJ Gouws succeeded Mr W Theron as chief executive officer with effect from 1 July 2013;

7.1.2.3. Mr W Theron replaced Mr J de V du Toit as non-executive chairman with effect from 1 July 2013;

7.1.2.4. Mr MIF Smith replaced Mr HB Lindes as chief financial officer with effect from 18 July 2013;

7.1.2.5. Mr PE Burton was appointed as an independent non-executive director with effect from 2 March 2014; and

7.1.2.6. Mr ZL Combi was appointed as an independent non-executive director with effect from 16 April 2014.

7.1.3. Profiles of the Directors, detailing their experience, appear in **Annexure 6**.

7.2. Directors of major subsidiaries

The full names, ages, business address and capacities of the directors of PSG Konsult's major subsidiaries appear in **Annexure 12**.

7.3. Additional information

7.3.1. A list of other directorships held by the Directors of PSG Konsult and the directors of its major subsidiaries is set out in **Annexure 7**.

7.3.2. Save for the following persons, all Directors of PSG Konsult and all directors of its major subsidiaries are South African citizens:

7.3.2.1. Mr FJ Gouws is a dual citizen of both the United Kingdom and South Africa; and

7.3.2.2. Mr NM Gudka is a citizen of the United Kingdom.

7.3.3. No Director of PSG Konsult and no director of a major subsidiary is a partner with unlimited liability.

7.3.4. None of the Directors of PSG Konsult and none of the directors of its major subsidiaries:

7.3.4.1. have been declared bankrupt, insolvent or have entered into any individual voluntary compromise arrangements;

7.3.4.2. have been directors with an executive function of any company put under, or proposed to be put under, any business rescue plans, or that is or was the subject of an application for business rescue, any notices in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangements with creditors generally or any class of creditors, at the time of such event or within the 12 months preceding any such event;

7.3.4.3. have been partners in a partnership that was the subject of any compulsory liquidation, administration or partnership voluntary arrangement, at the time of such event or within the 12 months preceding any such event;

7.3.4.4. have entered into any receiverships of any asset(s) or of a partnership where such directors are or were partners during the preceding 12 months;

7.3.4.5. have been publicly criticised by a statutory or regulatory authority, including recognised professional bodies, or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;

7.3.4.6. have been involved in any offence of dishonesty;

7.3.4.7. have been removed from an office of trust, on the grounds of misconduct, involving dishonesty; or

7.3.4.8. have been the subject of any court order declaring him delinquent or placing him under probation in terms of section 162 of the Companies Act and/or section 47 of the Close Corporations Act, 1984 or been disqualified by a court to act as a director in terms of section 219 of the Companies Act, 1973.

7.4. **Chief financial officer**

Mr MIF Smith is the chief financial officer of PSG Konsult. The audit and risk committee has considered and satisfied itself of the appropriateness of the expertise and experience of Mr Smith.

7.5. **Borrowing powers**

7.5.1. The provisions of the Memorandum of Incorporation regarding the borrowing powers exercisable by Directors are set out in **Annexure 3** to this Pre-listing Statement. The Memorandum of Incorporation does not provide for the borrowing powers of the PSG Konsult Directors to be varied and any variation of such powers would accordingly require Shareholders to approve a special resolution amending the Memorandum of Incorporation.

7.5.2. The borrowing powers of PSG Konsult Directors have not been exceeded during the three years preceding the Last Practicable Date and no exchange control or other restrictions have been imposed on PSG Konsult's borrowing powers in that period.

7.6. **Appointment and qualification of Directors**

7.6.1. The relevant provisions of the Memorandum of Incorporation regarding the term of office of Directors, the manner of their appointment and rotation are set out in **Annexure 3**. No person has the right in terms of any agreement in respect of the appointment of any Director or any number of Directors.

7.6.2. The relevant provisions of the Memorandum of Incorporation relating to the qualification of Directors appear in **Annexure 3**. Apart from satisfying the qualification and eligibility requirements set out in section 69 of the Companies Act and the applicable provisions set out in clause 27.4 of the Memorandum of Incorporation (an extract of which appears in **Annexure 3**), a person need not satisfy any eligibility requirements or qualifications to become or remain a Director of PSG Konsult.

7.6.3. The Memorandum of Incorporation does not prescribe an age limit at which Directors are to retire.

7.7. **Remuneration of Directors**

7.7.1. PSG Konsult may pay remuneration to non-executive Directors for their services as directors in accordance with a special resolution approved by Shareholders within the previous two years, as set out in section 66(8) and (9) of the Companies Act, and the power of PSG Konsult in this regard is not limited or restricted by the Memorandum of Incorporation.

7.7.2. Any Director who (1) serves on any executive or other committee; or (2) devotes special attention to the business of PSG Konsult; or (3) goes or resides outside South Africa for the purpose of PSG Konsult; or (4) otherwise performs or binds himself to perform services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Board may from time to time determine.

7.7.3. Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with the business of PSG Konsult and attending meetings of the Directors or of committees of the Directors of PSG Konsult.

7.7.4. The remuneration of executive Directors shall be determined by a disinterested quorum of Directors or a remuneration committee appointed by the Board. Such remuneration shall be in addition to or in substitution of any ordinary remuneration as a Director of PSG Konsult, as the Board may determine, and it may consist of a salary or a commission on profits or dividends or both, as the Board may direct.

7.7.5. The remuneration of Directors for the previous financial year ended 28 February 2014, is set out below:

7.7.5.1. Salary, fees and bonuses

	Salary (R)	Directors' fees (R)	Fees for other services (R)	Bonuses (R)
W Theron [(2) (3)]	2 082 333	–	–	–
PE Burton [(5)]	–	–	–	–
J de V du Toit [(3) (10)]	–	243 892	–	–
JF Mouton [(6)]	–	–	–	–
PJ Mouton [(6)]	–	–	–	–
FJ Gouws [(2)]	4 000 000	–	–	8 000 000
MIF Smith [(4)]	1 481 769	–	–	2 750 000
L de Wit [(1)]	–	–	–	–
TW Biesenbach [(1)]	1 871 790	–	–	1 000 000
HB Lindes [(4)]	388 679	–	–	–
ZL Combi [(9)]	–	–	–	–
Total	**9 824 571**	**243 892**	**–**	**11 750 000**

Notes: Please see notes to the table at paragraph 7.7.5.2 below.

7.7.5.2. Contributions and expenses

	Provident fund, medical aid and pension contributions (R)	Expense allowance (R)	Group life company contributions (R)	Total remuneration (R)
W Theron [(2) (3)]	–	180 000	12 895	2 275 228
PE Burton [(5)]	–	–	–	–
J de V du Toit [(3) (10)]	–	–	–	243 892
JF Mouton [(6)]	–	–	–	–
PJ Mouton [(6)]	–	–	–	–
FJ Gouws [(2) (7)]	–	–	–	12 000 000
MIF Smith [(4)]	46 844	96 000	24 207	4 398 820
L de Wit [(1)]	–	–	–	–
TW Biesenbach [(1)]	315 210	60 000	33 480	3 280 480
HB Lindes [(4) (8)]	71 730	41 667	7 972	510 048
ZL Combi [(9)]	–	–	–	–
Total	**433 784**	**377 667**	**78 554**	**22 708 468**

Notes:

(1) Mr L de Wit and Mr TW Biesenbach resigned from the Board with effect from 12 April 2013.

(2) Mr FJ Gouws succeeded Mr W Theron as chief executive officer with effect from 1 July 2013.

(3) Mr W Theron replaced Mr J de V du Toit as non-executive chairman with effect from 1 July 2013.

(4) Mr MIF Smith replaced Mr HB Lindes as chief financial officer with effect from 18 July 2013.

(5) Mr PE Burton was appointed as an independent non-executive director with effect from 2 March 2014. PE Burton is an independent non-executive director of PSG Group, the ultimate holding company of PSG Konsult. The JSE Listings Requirements require that PSG Konsult also discloses remuneration and benefits received or receivable by Directors of PSG Konsult from, *inter alia*, PSG Konsult's holding companies. Mr Burton's fees for acting as director of PSG Group for the financial year ended 28 February 2014 amounted to R193 150. Such remuneration is accordingly not payable to him by PSG Konsult.

(6) Mr JF Mouton is the non-executive chairman and Mr PJ Mouton the chief executive officer of PSG Group, the ultimate holding company of PSG Konsult. PSG Konsult paid an amount of R350 000 to PSG Group, in respect of the financial year ended 28 February 2014, in consideration for Messrs JF Mouton and PJ Mouton acting as Directors of PSG Konsult. Messrs JF Mouton and PJ Mouton are remunerated by a subsidiary of PSG Group for their services to PSG Group, which services include acting as Directors on the Board of PSG Konsult. Such remuneration is accordingly not payable to them by PSG Konsult. Further particulars regarding such remuneration are contained in **Annexure 10** to this Pre-listing Statement.

(7) In connection with Mr FJ Gouws, who is a UK tax resident, the Company is obliged to pay UK National Insurance tax payments which in the 2014 financial year amounted to R759 000.

(8) In addition, Mr HB Lindes received a retrenchment package of R416 874, as well as a relocation amount of R217 500, during the financial year ended 28 February 2014.

(9) Mr ZL Combi was appointed as an independent non-executive director with effect from 16 April 2014. Mr Combi is an independent non-executive director of PSG Group, the ultimate holding company of PSG Konsult. Mr Combi's fees for acting as director of PSG Group for the financial year ended 28 February 2014 amounted to R115 560. Such remuneration is accordingly not payable to him by PSG Konsult.

(10) Mr J de V du Toit received director fees R190 710 from PSG Group for its financial year ended 28 February 2014 and director fees of R106 000 from Capespan Group Limited for its financial year ended 31 December 2013. Such remuneration is accordingly not payable to him by PSG Konsult.

7.7.6. The Share Incentive Scheme has, as its main object and purpose, the incentivisation and retention of employees. The awarding, vesting and exercising of options in Shares are regulated under the PSG Konsult SIT Deed. Options vest in four tranches on the second, third, fourth and fifth anniversaries of the option award date, with each tranche having to be exercised by the participant within a specified period thereafter, failing which such options lapse.

	Award date	No. options	Award strike price	Vested as at Last Practicable Date	Unvested as at Last Practicable Date
FJ Gouws					
Award 1	1 July 2012	10 000 000	R1.83	–	10 000 000
Award 2	1 March 2013	12 500 000	R2.83	–	12 500 000
Award 3	1 March 2014	6 500 000	R5.06	–	6 500 000
W Theron					
Award 1	1 March 2011	5 801 231	R1.54	2 900 616	2 900 615
Award 2	1 March 2013	3 000 000	R2.83	–	3 000 000
MIF Smith					
Award 1	1 March 2011	633 117	R1.54	316 558	316 559
Award 2	1 March 2013	1 000 000	R2.83	–	1 000 000
Award 3	1 March 2014	1 800 000	R5.06	–	1 800 000
TW Biesenbach					
Award 1	1 March 2011	3 068 182	R1.54	1 534 091	1 534 091
Award 2	1 March 2013	3 000 000	R2.83	–	3 000 000
HB Lindes					
Award 1	1 March 2011	1 168 831	R1.54	1 168 831	–

7.7.7. Directors are not entitled to any commission and are not party to any gain or profit-sharing arrangements with PSG Konsult. Save for the emoluments set out in the tables at paragraphs 7.7.5 and 7.7.6 above, no other material benefits were received by Directors for the previous financial year ended 28 February 2014.

7.7.8. No fees have been paid to any third party in lieu of directors' fees.

7.7.9. There will be no variation in the remuneration receivable by any of the Directors as a consequence of the Listing.

7.7.10. During September 2012, PSG Corporate Services Proprietary Limited (a wholly-owned subsidiary of PSG Financial Services) advanced loan funding in the amount of R61 250 000 to Lanchian Investments Proprietary Limited (RF) ("**Lanchian**"), a company related to Mr FJ Gouws. The loan proceeds were utilised by Lanchian to acquire 35 million Shares in PSG Konsult ("**Gouws Shares**"). The loan funding was subsequently converted into preference share funding subscribed for by PSG Financial Services. The preference share funding is repayable by Lanchian after seven years and carries a fixed dividend rate of 8.44%, with the Gouws Shares serving as security for the repayment of such funding. At the redemption date, should the market value of the Gouws Shares be less than the preference share funding redemption amount, Mr FJ Gouws has an option to put his shareholding in Lanchian to PSG Financial Services at a nominal amount of R1.

7.7.11. Save as set out in paragraph 7.7.10, PSG Konsult has not, in the three years preceding the date of this Pre-listing Statement, paid (or agreed to pay) any amounts (whether in cash or in securities or otherwise) or given any benefits to any Director or to any company in which he is beneficially interested, directly or indirectly, or of which he is a director ("**the associate company**") or to any partnership, syndicate or other association of which he is a member ("**the associate entity**"), to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the associate company or the associate entity in connection with the promotion or formation PSG Konsult.

7.8. **Interests of directors**

7.8.1. Save as set out below, no director of PSG Konsult or of any of its subsidiaries (including any person who may have resigned as a director within the last 18 months) has any material beneficial interest, directly or indirectly, in any transactions that were effected by PSG Konsult (1) during the current or immediately preceding financial year, or (2) during an earlier financial year and remain in any respect outstanding or unperformed:

7.8.1.1. **Acquisition of shares in Western Group Holdings**

7.8.1.1.1. Messrs HP Visser, J Hellweg and MC Spies are directors of Western Group Holdings, a PSG Konsult Group Company.

7.8.1.1.2. PSG Konsult entered into a series of agreements between 2011 and 2012 with Messrs HP Visser, J Hellweg and MC Spies and certain other parties, in terms of which PSG Konsult initially acquired a 24% interest in Western Group Holdings and thereafter increased such interest by a further 51%, by subscribing for and by purchasing further shares in Western Group Holdings from, *inter alia*, Messrs HP Visser, J Hellweg and MC Spies. At the time these agreements were concluded, Western Group Holdings was not yet a subsidiary of PSG Konsult and Messrs HP Visser, J Hellweg and MC Spies were not directors of any PSG Konsult Group Company.

7.8.1.1.3. By virtue of Western Group Holdings becoming a subsidiary of PSG Konsult in 2012, Messrs HP Visser, J Hellweg and MC Spies become directors of a PSG Konsult Group Company.

7.8.1.1.4. A further sale of shares agreement was concluded on or about 3 June 2013, in terms of which family trusts of Messrs HP Visser, J Hellweg and MC Spies disposed of all remaining shares held by them in Western Group Holdings (amounting to 10% of the issued share capital of Western Group Holdings) to PSG Konsult, for a combined purchase consideration of R22 000 000, while providing detailed warranties to PSG Konsult.

7.8.1.2. **Acquisition of increased income stream**

Mr DJ Klopper, a director of PSG Wealth Financial Planning, is a 15.3% shareholder of Stanford Asset Management Proprietary Limited (registration number 2005/030615/07) ("**Stanford Asset Management**"), which operates the Pretoria East advisory office under the PSG Konsult umbrella. Pursuant to the Income Stream Acquisition Offer made by PSG Konsult to all its advisory offices, Stanford Asset Management entered into an agreement with PSG Wealth Financial Planning, in terms of which the PSG Konsult Group acquired an increased interest in the income stream of that advisory office, so that the PSG Konsult Group shall from 1 March 2014 onwards be entitled to 30% of such income stream, for a total purchase consideration of R40 236 800, settled in cash and through the issuing of Shares to Stanford Asset Management.

7.8.2. Save for being a Shareholder of PSG Konsult, no Director has had any material beneficial interest, either direct or indirect, in the Listing and no promoter or Director of PSG Konsult is or was a member of a partnership, syndicate or other association of persons that has or had such an interest.

7.8.3. Save for being a Shareholder of PSG Konsult, no Director has had any material beneficial interest, either direct or indirect, in the promotion of the Company. No cash or securities have been paid and no benefit has been given to any promoter within the last three years.

7.8.4. As at the Last Practicable Date, the direct and indirect beneficial interests of the Directors (including any Directors who have resigned during the 18 months preceding the Last Practicable Date) and their associates in the issued share capital of PSG Konsult, were as follows:

Director	Total Number of Shares held	Total % of Shares in issue held	Direct Number of Shares held	Direct % of Shares in issue held	Indirect Number of Shares held	Indirect % of Shares in issue held
W Theron [(2)] [(3)]	22 450 616	1.78	–	–	22 450 616	1.78
PE Burton [(5)]	–	–	–	–	–	–
J de V du Toit [(3)]	15 891 642	1.26	–	–	15 891 642	1.26
JF Mouton	–	–	–	–	–	–
PJ Mouton	–	–	–	–	–	–
FJ Gouws [(2)]	51 202 819	4.06	16 202 819	1.28	35 000 000	2.77
MIF Smith [(4)]	1 708 279	0.14	–	–	1 708 279	0.14
L de Wit [(1)]	18 971 990	1.50	–	–	18 971 990	1.50
TW Biesenbach [(1)]	6 700 084	0.53	2 849 788	0.23	3 850 296	0.31
HB Lindes [(4)]	2 334 675	0.18	2 334 675	0.18	–	–
ZL Combi [(6)]	–	–	–	–	–	–
Total	**119 260 105**	**9.45**	**21 387 282**	**1.69**	**97 872 823**	**7.76**

Notes:

(1) L de Wit and TW Biesenbach resigned from the Board with effect from 12 April 2013.

(2) FJ Gouws succeeded W Theron as chief executive officer with effect from 1 July 2013.

(3) W Theron replaced J de V du Toit as non-executive chairman with effect from 1 July 2013.

(4) MIF Smith replaced HB Lindes as chief financial officer with effect from 18 July 2013.

(5) PE Burton was appointed as an independent non-executive director with effect from 2 March 2014.

(6) Mr ZL Combi was appointed as an independent non-executive director with effect from 16 April 2014.

7.8.5. There have been no changes in the shareholdings of the Directors in PSG Konsult between the end of the financial year ended 28 February 2014 and the Last Practicable Date, save for the following:

7.8.5.1. on 9 April 2014 Mr W Theron exercised and took delivery of 1 450 308 Shares vesting in terms of the PSG Konsult SIT and sold 8 500 000 Shares on the same date;

7.8.5.2. on 9 April 2014 Mr MIF Smith exercised and took delivery of 158 279 Shares vesting in terms of the PSG Konsult SIT;

7.8.5.3. on 9 April 2014 Mr TW Biesenbach exercised and took delivery of 767 045 Shares vesting in terms of the PSG Konsult SIT. Mr Biesenbach has disposed of 649 757 Shares between 28 February 2014 and the Last Practicable Date; and

7.8.5.4. Mr J de Vos du Toit disposed of 9 220 793 Shares he held indirectly between 28 February 2014 and the Last Practical Date.

7.9. **Service contracts of directors**

7.9.1. Employment agreements have been concluded with Mr FJ Gouws and Mr MIF Smith as the executive Directors. The employment agreements concluded with them, include standard termination and other provisions for contracts of this nature.

7.9.2. No restraint of trade payments have been paid or are payable to any of the Directors.

8. SHARE CAPITAL

8.1. **Authorised and issued share capital**

8.1.1. The authorised and issued share capital of PSG Konsult, as at the Last Practicable Date, is set out below:

Description	Number of Shares
Authorised share capital	
Ordinary no par value Shares	3 000 000 000
Issued share capital	
Ordinary no par value Shares	1 262 046 111

8.1.2. As at the Last Practicable Date:

8.1.2.1. the stated capital of PSG Konsult amounted to R1 321 823 928.

8.1.2.2. 357 875 Shares were held in treasury;

8.1.2.3. no debentures had been created or issued by PSG Konsult; and

8.1.2.4. all Shares in issue were fully paid up and freely transferable.

8.1.3. On the Listing Date all Shares in issue shall rank *pari passu* with each other in all respects, including in respect of voting rights and dividends.

8.2. **Major and controlling Shareholders**

8.2.1. The table below lists those persons who are, as far as PSG Konsult is aware, beneficially interested, as at the Last Practicable Date, directly or indirectly, in 5% or more of the Shares in issue.

Shareholder	Number of Shares held	% of Shares in issue held
PSG Financial Services (1)	790 813 029	62.66
Total	**790 813 029**	**62.66**

Notes:

(1) PSG Financial Services, the direct Shareholder of PSG Konsult, is a wholly-owned subsidiary of PSG Group.

8.2.2. PSG Group is the controlling shareholder of PSG Konsult and there has been no change in this regard during the past five years.

8.3. **Rights attaching to Shares**

Salient provisions in the Memorandum of Incorporation relating to the rights attaching to Shares, appear in **Annexure 3** hereto.

8.4. **Changes to share capital**

8.4.1. The share capital of PSG Konsult has undergone the following alterations in the three years prior to the date of this Pre-listing Statement:

8.4.1.1. A special resolution converting PSG Konsult's entire authorised and issued share capital from par value ordinary shares of one cent each into no par value Shares, was approved by Shareholders at PSG Konsult's annual general meeting on 21 June 2013 and was subsequently registered with the Companies and Intellectual Property Commission.

8.4.1.2. At the same annual general meeting, Shareholders also approved a special resolution increasing PSG Konsult's authorised share capital from 1 500 000 000 to 3 000 000 000 Shares, which resolution was subsequently registered with the Companies and Intellectual Property Commission.

8.4.2. Save as set out in paragraph 8.4.1 above, there have been no other changes to PSG Konsult's authorised share capital (including no share consolidations or subdivisions) over the three years preceding the date of this Pre-listing Statement.

8.5. **Options and preferential rights in respect of Shares**

There is no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any Shares.

8.6. **Dividends**

8.6.1. In terms of the Memorandum of Incorporation all unclaimed monies that are due to any Shareholder pursuant to the declaration of a dividend shall be held by PSG Konsult in trust until lawfully claimed by such Shareholder, or until the Shareholder's claim to such money has prescribed in terms of the applicable laws of prescription.

8.6.2. No arrangements exist under which future dividends are waived or are agreed to be waived.

8.7. **Rights offer**

8.7.1. During the course of 2012 PSG Konsult undertook a partially underwritten, non-renounceable, transferable rights offer in respect of 107 230 121 Shares (such Shares being, at that time, par value shares with a value of one cent per Share) at an issue price of 175 cents per Share, in the ratio of one rights offer Share for every ten Shares held by a Shareholder at the close of business on 22 August 2012.

8.7.2. The rights offer issue price of 175 cents per Share reflected a discount of approximately 10.3% in comparison to an average daily traded price for the last 30 trading days as at 30 August 2012, being the last practicable date of the rights offer.

8.7.3. The above rights offer was partially underwritten by the members at the time of the executive committee of PSG Konsult (up to a maximum of 30 792 573 rights offer Shares) and by PSG Financial Services (also up to a maximum of 30 792 573 rights offer Shares). No underwriting fee was payable by PSG Konsult to either the PSG Konsult executive committee members or to PSG Financial Services as underwriters of the rights offer.

8.7.4. PSG Konsult succeeded in raising capital of R187 652 000 through this rights offer.

8.8. **Shares issued**

8.8.1. As part of an internal restructuring of the PSG Konsult Group, 339 213 062 Shares were issued by PSG Konsult on 1 March 2011 pursuant to a share swap involving the amalgamation of PSG Asset Management Holdings Proprietary Limited.

8.8.2. On 1 March 2014, pursuant to the Income Stream Acquisition Offer, PSG Konsult issued 35 794 660 Shares to those advisory offices which had accepted its offer, with those Shares being issued at an issue price of R4.50 per Share. Further particulars regarding the Income Stream Acquisition Offer appear in paragraph 3.11 above.

8.8.3. On 1 November 2012 PSG Konsult issued 30 051 282 Shares at an issue price of R1.95 per Share in consideration for the acquisition of a further 51% shareholding in Western Group Holdings, thereby raising its effective interest to 75%.

8.8.4. On 1 March 2013 PSG Konsult issued 12 335 157 Shares to the PSG Konsult SIT, to be utilised in respect of the Share Incentive Scheme.

8.8.5. On 9 April 2014 PSG Konsult issued 4 333 681 Shares to the PSG Konsult SIT, to be utilised in respect of the Share Incentive Scheme.

8.8.6. Save as set out in paragraph 8.7 and in paragraphs 8.8.1 to 8.8.5 above, neither PSG Konsult nor any of its subsidiaries has issued any shares within the three years preceding this Pre-listing Statement.

8.9. **No other listings**

As at the date of this Pre-listing Statement no securities of PSG Konsult are listed on the JSE or on any other stock exchange. Upon the Listing, all of PSG Konsult's issued ordinary Shares will be listed on the JSE under the abbreviated name "PSG KST", share code "KST" and ISIN ZAE000191417. As at the Listing Date, no Shares of PSG Konsult will be listed on any other stock exchange.

8.10. **Listing criteria**

PSG Konsult complies with the JSE's listing criteria, in that:

8.10.1. the stated capital of PSG Konsult amounts to R1 321 823 928;

8.10.2. PSG Konsult has 1 262 046 111 Shares in issue;

8.10.3. PSG Konsult has an audited profit history for the preceding three financial years, the last of which reported an audited profit before tax of R383 637 000 (financial year ended 28 February 2014);

8.10.4. more than 20% of the issued ordinary share capital of PSG Konsult is held by the public; and

8.10.5. PSG Konsult has more than 300 public shareholders.

9. FINANCIAL INFORMATION

9.1. **Historical financial information of PSG Konsult**

A report on the historical financial information of PSG Konsult, showing the financial results of PSG Konsult for the financial years ended 28 February 2014, 28 February 2013 and 29 February 2012, is presented in **Annexure 1** and is the responsibility of the Directors, while the Independent Reporting Accountants' report thereon is included as **Annexure 2** to this Pre-listing Statement.

9.2. **Material changes**

9.2.1. There have been no material changes in the financial or trading position of PSG Konsult and its subsidiaries since the end of its last financial year ended 28 February 2014.

9.2.2. There have been no material changes in the business of PSG Konsult, and no changes in the trading objects of PSG Konsult, within the past five years preceding this Pre-listing Statement.

9.3. **Material commitments, lease payments and contingent liabilities**

As at the Last Practicable Date, PSG Konsult had no material commitments, lease payments or contingent liabilities.

9.4. **Borrowings**

9.4.1. PSG Konsult has a collaterised revolving facility with Societe Generale. This facility is available for a twelve month period and will be renegotiated at the end of each period. The facility is secured by the underlying ALSI 100 equity securities, South African Government Bonds Securities and cash of R2 363 789 860 held by the clients in their BDA accounts in terms of the scrip lending facility entered into with Online Securities Limited. The facility does not give rise to any conversion or redemption rights. The facility is subject to interest at the repo rate plus 1.3%. As at 28 February 2014, the outstanding balance of the facility amounted to R301 570 000.

9.4.2. As at the Last Practicable Date, no debentures have been issued by PSG Konsult or any of its subsidiaries and no material loans have been advanced to them, save for the collaterised revolving facility referred to in paragraph 9.4.1 above.

9.4.3. No debentures have been created in terms of a trust deed and no replacement debentures have been issued by PSG Konsult.

9.4.4. No loan capital is currently outstanding.

9.5. **Loans receivable**

As at the Last Practicable Date, no material loans have been made by PSG Konsult or by any of its subsidiaries.

9.6. **Guarantees to participants of the Share Incentive Scheme**

9.6.1. Investec Bank Limited ("**Investec**") provides loan facilities to participants of the Share Incentive Scheme (which includes executive directors of PSG Konsult and of its major subsidiaries), to enable those participants to fund the strike price payments due by them when exercising options under the Share Incentive Scheme. PSG Konsult has provided a guarantee to Investec, as security for aforesaid loan facilities to participants of the Share Incentive Scheme ("**Investec Guarantee**").

9.6.2. The table below sets out the balance of the Investec loan facilities secured by the Investec Guarantee, as at 30 April 2014:

Name	**Investec loan facilities (R)**
TW Biesenbach	6 365 219
WV Waldeck	5 288 595
DPB Hugo	4 164 963
CA de Bruyn	2 653 927
RN King	1 431 445
L Taylor	1 108 965
J Theron	632 702
NM Gudka	430 425
CE Nortjie	287 087
TPP Collopy	223 279
C Krumm	222 462
G Burger	7 578
Total – Investec Guarantee	**22 816 647**

9.6.3. The Share Incentive Scheme has, as its main object and purpose, the incentivisation and retention of employees. By providing the Investec Guarantee to Investec, PSG Konsult enables participants of the Share Incentive Scheme to fund the strike price of options awarded to them so as to acquire Shares, thereby incentivising employees.

9.7. Save as set out in paragraphs 7.7.10 and 9.6 above, the PSG Konsult Group has not made any loans to, or furnished any security for the benefit of, any Director or manager of PSG Konsult (or of any associate of any such director or manager).

10. GROUP ACTIVITIES

10.1. **Principal immovable property owned and leased**

The situation, area and tenure, including, in the case of leasehold property, the rental and unexpired term of the leases, of the principal immovable properties occupied by the PSG Konsult Group, are detailed in **Annexure 11**.

10.2. **Intercompany financial and other transactions**

10.2.1. All inter-company balances between PSG Konsult Group Companies, before elimination on consolidation, are disclosed in **Annexure 9**.

10.2.2. Save for the inter-company balances referred to in paragraph 10.2.1 above, there are no material inter-company financial and other transactions.

10.3. **Material acquisitions**

The PSG Konsult Group has not undertaken any material acquisitions within the last three years and is not currently contemplating any potential material acquisitions.

10.4. **Property disposed of or to be disposed of**

The PSG Konsult Group has not disposed of any material property during the last three years and is not currently contemplating any material disposals.

10.5. **Adequacy of working capital**

The Directors are of the opinion that the working capital available to the PSG Konsult Group is adequate for the present requirements of PSG Konsult and the PSG Konsult Group, that is, for a period of 12 months from the date of issue of this Pre-listing Statement.

10.6. **Royalties**

No royalties or items of a similar nature are payable by PSG Konsult Group.

11. KING III CODE AND CORPORATE GOVERNANCE

Shareholders are referred to **Annexure 4**, which concerns the application of the King III Code and other corporate governance principles.

12. LISTING ON JSE, DEMATERIALISING SHARES

12.1. The JSE has granted PSG Konsult a listing by way of introduction of all its issued ordinary shares on the JSE main board under the abbreviated name "PSG KST", share code "KST" and ISIN ZAE000191417 with effect from the commencement of trade on Wednesday, 18 June 2014. PSG Konsult will be listed in the "Financial Services" sector.

12.2. Shareholders are advised that their Shares may only be traded on the JSE in dematerialised form. Shareholders who wish to trade their shares following the listing will first need to dematerialise their shares into an account held at a suitable service provider. This can be either one of the CSDPs that offers a trading service or a JSE-registered Broker. The process takes a few days, depending on the volumes of certificates to be authenticated. While such Shares are undergoing dematerialisation, the Shareholder will be unable to trade them.

12.3. Shareholders who previously held unlisted Shares, who qualify to receive listed Shares, and who wish to trade their Shares on the JSE, should instruct their Broker or CSDP to liaise with Computershare, in order to arrange for their current listed share certificated allocation, to be appropriately dematerialised and credited to their account. Computershare provides each such Shareholder with a statement of holdings, which, together with a signed transfer instruction form, must be surrendered to the Shareholder's Broker or CSDP. The Shareholder's Broker or CSDP will then need to send those documents to Computershare to dematerialise the Shares. Computershare can be contacted through their call-centre on 0861 100 634 or at www.computershare.co.za.

12.4 Shareholders who do not wish to dematerialise their Shares, may request that a new share certificate be issued to them, by notifying Computershare thereof in writing. Such Shareholders will not be able to trade such Certificated Shares on the JSE.

13. ADDITIONAL INFORMATION

13.1. **Promoters' and other interests**

13.1.1. No amounts have been paid or have accrued as payable and no benefit was given or proposed to be given within the last three years to any promoter or to any partnership, syndicate or other association of which he is or was a member.

13.1.2. No director or promoter has any material beneficial interest, direct or indirect, in the promotion of PSG Konsult.

13.1.3. No commissions were paid, or accrued as payable, by PSG Konsult within the three years preceding the date of this Pre-listing Statement in respect of any underwriting.

13.1.4. No commissions, discounts (save for the discount detailed in paragraph 8.7.2), brokerages or other special terms have been granted by PSG Konsult within the three years preceding the date of this Pre-listing Statement in connection with the issue or sale of any securities, stock or debentures in the capital of PSG Konsult.

13.2. **Government protection and investment encouragement law**

There is no Government protection or investment encouragement law affecting PSG Konsult or its subsidiaries.

13.3. **Exchange control**

13.3.1. This Pre-listing Statement is not an invitation to the public to subscribe for Shares in PSG Konsult and does not amount to a prospectus. Should PSG Konsult in future issue shares to Shareholders, Shareholders should ensure that they comply with the Exchange Control Regulations, to the extent that those regulations may be applicable to them. In this regard, the Exchange Control Regulations currently provide that:

13.3.1.1. a former resident of the Common Monetary Area who has emigrated, may use emigrant blocked funds to subscribe for Shares;

13.3.1.2. all payments in respect of subscriptions for Shares by an emigrant, using emigrant blocked funds, must be made through the authorised dealer in foreign exchange controlling the blocked assets;

13.3.1.3. any Shares issued pursuant to the use of emigrant blocked funds, will be credited to their blocked share accounts at the CSDP controlling their blocked portfolios;

13.3.1.4. any Shares subsequently re-materialised and issued in certificated form, will be endorsed "Non-Resident" and will be sent to the authorised dealer in foreign exchange through whom the payment was made; and

13.3.1.5. if applicable, refund monies payable in respect of unsuccessful applications or partly successful applications, as the case may be, for Shares in terms of a prospectus, emanating from emigrant blocked accounts, will be returned to the authorised dealer in foreign exchange through whom the payments were made, for credit to such applicants' blocked accounts.

13.3.2. In the event of any future offer of Shares by PSG Konsult, applicants resident outside the Common Monetary Area should note that, where such Shares are subsequently re-materialised and issued in certificated form, such share certificates will be endorsed "Non-Resident" in terms of the Exchange Control Regulations.

13.4. **Litigation**

13.4.1. There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which PSG Konsult is aware, which may have, or have during the 12 months preceding the Last Practicable Date had, a material effect on the financial position of the PSG Konsult Group.

13.4.2. PSG Konsult confirms, purely for purposes of transparency, that one of its subsidiaries, PSG Life Limited (previously PSG FutureWealth Limited), is involved in litigation with Worldwide Capital, but does not believe the potential effect of such claim to be material.

13.5. **Material contracts**

No material contracts or restrictive funding arrangements have been entered into by the PSG Konsult Group, other than in the ordinary course of business, (1) within the two years prior to the date of this Pre-listing Statement or, (2) at any other time where such agreement contains an obligation or settlement that is material to PSG Konsult as at the date of this Pre-listing Statement.

13.6. **Experts' consents**

The Independent Reporting Accountants and each of the experts, whose names appear in the "Corporate Information" section of this Pre-listing Statement, have given and have not, prior to the formal approval of this Pre-listing Statement by the JSE, withdrawn their written consents to the inclusion of their names, and acting in the capacities stated and, where applicable, to their reports, being included in this Pre-listing Statement.

13.7. **Expenses and listing fees**

The estimated costs of the Listing and for preparing and distributing this Pre-listing Statement to Shareholders, including the fees payable to professional advisers, are approximately R3 071 707, excluding VAT, and include the following:

		R
Transaction adviser and Sponsor	PSG Capital	1 500 000
Printing, publication, distribution and advertising expenses	Greymatter & Finch	400 000
JSE documentation fees	JSE	61 353
JSE listing fees	JSE	584 794
Transfer Secretaries	Computershare	80 000
Administration fees	Strate	20 000
Lead independent sponsor	Questco	100 000
Independent Reporting Accountant	PwC	225 560
Contingency		100 000
TOTAL		**3 071 707**

13.8. **Responsibility statement**

The Directors of PSG Konsult, whose names are set out in paragraph 7.1.1 of this Pre-listing Statement, collectively and individually accept full responsibility for the accuracy of the information contained in this Pre-listing Statement which relates to PSG Konsult and, in this regard, certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by the JSE Listings Requirements.

13.9. **Documents available for inspection**

The following documents, or copies thereof, will be available for inspection at the registered office of PSG Konsult and at the Stellenbosch and Johannesburg offices of PSG Capital at the addresses referred to in the "Corporate Information" section of this Pre-listing Statement, during normal office hours from the date of issue of this Pre-listing Statement until Monday, 30 June 2014:

13.9.1. the Memorandum of Incorporation of PSG Konsult and the memorandums of incorporation of its subsidiaries;

13.9.2. the PSG Konsult SIT Deed;

13.9.3. the Independent Reporting Accountants' report on the historical financial information of PSG Konsult, as reproduced at **Annexure 2** of this Pre-listing Statement;

13.9.4. the audited consolidated financial statements of PSG Konsult for the financial years ended 29 February 2012, 28 February 2013 and 28 February 2014;

13.9.5. the employment agreements of Messrs FJ Gouws and MIF Smith;

13.9.6. written consent letters by experts and advisers, as referred to in paragraph 13.6 above; and

13.9.7. a copy of this Pre-listing Statement.

SIGNED AT TYGER VALLEY ON 6 JUNE 2014 BY W THERON ON BEHALF OF ALL THE DIRECTORS OF THE COMPANY, AS LISTED BELOW, IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS

W THERON
Chairman

W Theron	FJ Gouws	MIF Smith	JF Mouton
PJ Mouton	J de V du Toit	PE Burton	ZL Combi

HISTORICAL FINANCIAL INFORMATION OF PSG KONSULT

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION OF PSG KONSULT LIMITED AND ITS SUBSIDIARIES FOR THE YEARS ENDED 29 FEBRUARY 2012, 28 FEBRUARY 2013 AND 28 FEBRUARY 2014

INTRODUCTION

The historical financial information Annexure 1 of PSG Konsult Limited and its subsidiaries set out below has been extracted from the audited annual financial statements of PSG Konsult Limited and its subsidiaries for the years ended 29 February 2012, 28 February 2013 and 28 February 2014. The annual financial statements were audited by PricewaterhouseCoopers Inc. and reported on without qualification.

This historical financial information was prepared by the finance department of PSG Konsult Limited and its subsidiaries, acting under the supervision of MIF Smith (CA) SA, the chief financial officer of PSG Konsult Limited.

The historical financial information of PSG Konsult Limited and its subsidiaries is the responsibility of the Directors of PSG Konsult Limited.

The historical financial information of PSG Konsult Limited and its subsidiaries for the years ended 29 February 2012, 28 February 2013 and 28 February 2014 were authorised for issue on 27 May 2014 by the board of Directors.

COMMENTARY

1. Nature of business and the year in review

PSG Konsult Limited is the holding company of various operating subsidiaries engaged in the provision of financial services, including investment management, stockbroking, insurance and investment broking, financial planning and advice, healthcare brokerage and administration, employment wealth benefits, management of local and foreign unit trusts, managed multi-manager solutions, retirement and structured products and the issue of short-term and long-term insurance contracts.

PSG Konsult (or “the group”) undertook a comprehensive restructuring process of in the previous year and refocused the business in 3 business models. Each of the three divisions, Wealth, Asset Management and Insure, has produced commendable results for the year ended 28 February 2014.

PSG Wealth has maintained its upward revenue trend, benefiting from positive client inflows, increased trading activity and favourable market conditions.

PSG Asset Management is a high-growth area for the group. The increased brand awareness has facilitated strong client inflows from both retail and institutional investors.

PSG Insure has shown subdued revenue growth amid a fiercely competitive market, particularly on the personal lines business, but inward reinsurance income has shown significant growth. The claims ratios have been negatively affected by adverse weather conditions experienced during November/December 2013 in Gauteng, and the weaker exchange rate has negatively affected the cost of motor claims.

At the year-end, the group had 193 offices and 1 841 employees, of whom 618 were financial planners, portfolio managers, stockbrokers and asset managers, plus 402 professional associates (accountants and attorneys). During the course of the year, we appointed 27 new advisers through a combination of organic growth and the selective acquisition of additional adviser books of business. The recently implemented performance management system will assist in attracting and retaining excellent people who will successfully take the business into the future.

With effect from 1 June 2013, PSG Konsult increased its shareholding in Western Group Holdings Limited (Western) from 75% to 90%. Following Financial Services Board (“FSB”) approval on 16 September 2013, PSG Konsult acquired the remaining 10% minority shareholding in Western and subsequently sold 40% of its shareholding to Santam. Western now has two strong partners within a highly competitive and capital-intensive industry.

2. Financial results

The operating results and the state of affairs of the group and company are fully set out in the statements of financial position, income statements, statements of comprehensive income, statements of changes in equity, statements of cash flows and notes thereto.

3. Dividends

An interim dividend of 4,0 cents per share was paid to shareholders in October 2013 (2013: 3,5 cents per share). A final dividend of 7,3 cents per share (2013: 7,3 cents per share) was declared by PSG Konsult Limited after year-end (9 April 2014) and is payable on 12 May 2014, bringing the total dividend for this year to 11.3 cents per share (2013: 10.8 cents per share). No provision for this final dividend payment has been included in the financial statements.

HISTORICAL FINANCIAL INFORMATION

No material change in the nature of the business of the Issuer and its subsidiaries occurred, and no material fact or circumstance has occurred between the end of the latest financial year of the Issuer and the date of this Pre-listing Statement, in so far as not already dealt with in historical financial information outlined in this **Annexure 1**. The historical financial information was audited by PricewaterhouseCoopers and should be read in conjunction with their Independent Reporting Accountants Report set out in **Annexure 2**.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 28 February 2014

	Notes	**2014 R000**	Restated 2013 R000	Restated 2012 R000
ASSETS				
Intangible assets	1	**721 936**	732 524	815 357
Property and equipment	2	**47 590**	27 355	26 749
Investment property	3	**2 245**	2 036	–
Investment in associated companies	4	**39 548**	43 031	11 350
Investment in joint ventures	5	**12 057**	8 682	–
Deferred income tax	6	**52 101**	29 271	33 116
Equity securities	7	**604 880**	1 012 773	874 968
Debt securities	8	**2 121 432**	2 011 484	2 048 742
Unit-linked investments	9	**10 218 629**	6 802 013	5 326 086
Investment in investment contracts	10	**505 444**	848 645	994 380
Loans and advances	11	**109 995**	119 433	67 529
Derivative financial instruments	12	**21 190**	15 955	9 532
Reinsurance assets	13, 19	**66 248**	50 883	–
Deferred acquisition costs	25	**1 025**	1 110	–
Receivables including insurance receivables	14	**2 129 358**	1 704 156	2 377 207
Current income tax assets		**12 878**	9 440	4 125
Cash and cash equivalents (including money market investments)	15	**709 184**	470 662	360 750
Total assets		**17 375 740**	13 889 453	12 949 891
EQUITY				
Equity attributable to owners of the parent				
Stated/share capital	16	**1 134 746**	12 096	10 723
Share premium	16	**–**	1 093 831	849 507
Treasury shares	16	**(546)**	(620)	(2 571)
Other reserves	17	**(445 146)**	(463 262)	(469 740)
Retained earnings		**399 487**	276 968	338 924
		1 088 541	919 013	726 843
Non-controlling interest	18	**86 222**	34 190	17 725
Total equity		**1 174 763**	953 203	744 568
LIABILITIES				
Insurance contracts	19	**493 163**	378 084	29 949
Deferred income tax	6	**53 423**	58 481	68 005
Borrowings	20	**412 188**	222 597	178 678
Derivative financial instruments	12	**28 406**	17 139	7 831
Investment contracts	21	**12 692 768**	10 272 444	9 144 681
Third-party liabilities arising on consolidation of mutual funds	22	**372 169**	109 032	124 614
Deferred reinsurance acquisition revenue	25	**2 842**	2 889	–
Trade and other payables	24	**2 129 914**	1 871 862	2 646 565
Current income tax liabilities		**16 104**	3 722	5 000
Total liabilities		**16 200 977**	12 936 250	12 205 323
Total equity and liabilities		**17 375 740**	13 889 453	12 949 891

CONSOLIDATED INCOME STATEMENT
for the year ended 28 February 2014

	Notes	2014 R000	Restated 2013 R000	Restated 2012 R000
Gross written premium		**618 217**	126 648	–
Less: Reinsurance written premium		**(185 881)**	(58 859)	–
Net premium		**432 336**	67 789	–
Change in unearned premium				
– Gross		**(36 204)**	(19 005)	–
– Reinsurers' share		**2 116**	4 053	–
Net insurance premium revenue		**398 248**	52 837	–
Commission and other fee income	26	**1 805 142**	1 460 872	1 336 712
Investment income	27	**380 034**	345 185	272 631
Net fair value gains and losses on financial instruments	28	**1 171 564**	972 968	436 811
Fair value adjustment to investment contract liabilities	21	**(1 239 669)**	(1 028 090)	(484 557)
Other operating income	29	**42 117**	42 247	42 229
Total income		**2 557 436**	1 846 019	1 603 826
Insurance claims and loss adjustment expenses	30	**(440 401)**	(80 191)	279
Insurance claims and loss adjustment expenses recovered from reinsurers	30	**121 404**	33 945	–
Net insurance benefits and claims		**(318 997)**	(46 246)	279
Commission paid	31.1	**(824 757)**	(605 771)	(491 055)
Depreciation, amortisation and impairment expenses	31.2	**(40 596)**	(166 179)	(55 198)
Employee benefit expenses	31.3	**(451 887)**	(382 257)	(354 943)
Fair value adjustment to third-party liabilities	31.4	**(79 387)**	(29 888)	(8 965)
Marketing, administration and other expenses	31.5	**(325 555)**	(294 540)	(289 080)
Total expenses		**(2 041 179)**	(1 524 881)	(1 198 962)
Share of profit/(loss) of associated companies	4	**3 118**	4 157	(38)
Loss on impairment of associated companies	4	**(342)**	(51)	–
Share of profits of joint ventures	5	**3 375**	158	–
Total profit/(loss) from associated companies and joint ventures		**6 151**	4 264	(38)
Profit before finance costs and taxation		**522 408**	325 402	404 826
Finance costs	32	**(138 771)**	(189 398)	(169 631)
Profit before taxation		**383 637**	136 004	235 195
Taxation	33	**(117 677)**	(82 633)	(73 516)
Profit for the year		**265 960**	53 371	161 679
Attributable to:				
Owners of the parent		**249 258**	58 131	154 322
Non-controlling interest		**16 702**	(4 760)	7 357
		265 960	53 371	161 679
Earnings per share (cents)				
Basic and diluted	34	**20.40**	5.10	14.40

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2014

	Note	**2014** R000	2013 R000	2012 R000
Profit for the year		**265 960**	53 371	161 679
Other comprehensive income for the year, net of taxation*	33	**985**	408	824
Currency translation adjustments		**985**	892	340
Fair value gains/(losses) on available-for-sale financial assets		**–**	625	(942)
Recycling adjustment on available-for-sale financial assets		**–**	(1 109)	1 426
Total comprehensive income for the year		**266 945**	53 779	162 503
Attributable to:				
Owners of the parent		**250 243**	58 539	155 146
Non-controlling interest		**16 702**	(4 760)	7 357
		266 945	53 779	162 503

* Items included in other comprehensive income for the year may be subsequently reclassified to profit or loss.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 28 February 2014

	Attributable to equity holders of the group					
	Share capital and share premium R000	Treasury shares R000	Other reserves* R000	Retained earnings R000	Non-controlling interest R000	Total R000
Balance at 1 March 2011	353 363	–	(126 508)	263 866	10 787	501 508
Comprehensive income						
Profit for the year	–	–	–	154 322	7 357	161 679
Other comprehensive income	–	–	824	–	–	824
Currency translation adjustments	–	–	340	–	–	340
Fair value losses on available-for-sale financial assets	–	–	(942)	–	–	(942)
Recycling adjustment on available-for-sale financial assets	–	–	1 426	–	–	1 426
Total comprehensive income	–	–	824	154 322	7 357	162 503
Transactions with owners	506 867	(2 571)	(344 056)	(79 264)	(419)	80 557
Issue of ordinary shares related to business combinations	506 867	–	–	–	–	506 867
Share-based payments costs – employees	–	–	2 284	–	–	2 284
Treasury shares acquired	–	(2 571)	–	–	–	(2 571)
Business combinations	–	–	(344 122)	–	10 104	(334 018)
Transactions with non-controlling interest	–	–	–	(5 355)	(994)	(6 349)
Disposal of subsidiaries	–	–	(2 218)	2 218	(5 327)	(5 327)
Dividend paid	–	–	–	(76 127)	(4 202)	(80 329)
Balance at 29 February 2012	860 230	(2 571)	(469 740)	338 924	17 725	744 568
Comprehensive income						
Profit/(loss) for the year	–	–	–	58 131	(4 760)	53 371
Other comprehensive income	–	–	408	–	–	408
Currency translation adjustments	–	–	892	–	–	892
Fair value losses on available-for-sale financial assets	–	–	625	–	–	625
Recycling adjustment on available-for-sale financial assets	–	–	(1 109)	–	–	(1 109)
Total comprehensive income	–	–	408	58 131	(4 760)	53 779
Transactions with owners	245 697	1 951	6 070	(120 087)	21 225	154 856
Issue of ordinary shares related to business combinations	58 600	–	–	–	–	58 600
Rights issue	187 097	–	–	–	–	187 097
Share-based payments costs – employees	–	–	2 441	–	–	2 441
Treasury shares sold	–	29 003	–	(293)	–	28 710
Treasury shares acquired	–	(25 398)	–	–	–	(25 398)
Release of profits from treasury shares to retained earnings	–	(1 654)	–	1 654	–	–
Non-controlling interest arising on business combinations	–	–	–	–	22 113	22 113
Transactions with non-controlling interest	–	–	–	(1 686)	(64)	(1 750)
Disposal of subsidiary	–	–	335	(335)	–	–
Deferred tax on equity-settled share-based payments	–	–	3 294	–	–	3 294
Dividend paid	–	–	–	(119 427)	(824)	(120 251)
Balance at 28 February 2013	1 105 927	(620)	(463 262)	276 968	34 190	953 203

* Refer to note 17 for detail of the other reserves.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 28 February 2014

	Attributable to equity holders of the group					
	Stated capital R000	Treasury shares R000	Other reserves* R000	Retained earnings R000	Non-controlling interest R000	Total R000
Balance at 28 February 2013	1 105 927	(620)	(463 262)	276 968	34 190	953 203
Comprehensive income						
Profit for the year	–	–	–	249 258	16 702	265 960
Other comprehensive income	–	–	985	–	–	985
Currency translation adjustments	–	–	985	–	–	985
Total comprehensive income	–	–	985	249 258	16 702	266 945
Transactions with owners	28 819	74	17 131	(126 740)	35 330	(45 386)
Issue of ordinary shares	28 819	–	–	–	–	28 819
Share-based payment costs – employees	–	–	5 941	–	–	5 941
Treasury shares sold	–	74	–	–	–	74
Non-controlling interest arising on business combinations	–	–	–	–	(42)	(42)
Capital contribution by non-controlling interest	–	–	–	–	16 735	16 735
Transactions with non-controlling interest(Refer to note 39.7)	–	–	–	11 197	20 099	31 296
Disposal of subsidiary	–	–	–	–	(424)	(424)
Deferred tax on equity-settled share-based payments	–	–	11 190	–	–	11 190
Dividend paid	–	–	–	(137 936)	(1 038)	(138 974)
Balance at 28 February 2014	1 134 746	(546)	(445 146)	399 487	86 222	1 174 763

* Refer to note 17 for detail of the other reserves.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 28 February 2014

	Notes	2014 R000	Restated 2013 R000	Restated 2012 R000
Cash flows from operating activities				
Cash generated by/(utilised in) operating activities*	39.1	**153 725**	(97 343)	(58 488)
Interest income		**299 998**	246 976	194 036
Dividend income		**79 651**	98 077	78 595
Finance costs		**(35 728)**	(30 870)	(30 085)
Taxation paid	39.2	**(124 953)**	(84 981)	(82 470)
Operating cash flows before policyholder cash movement		**372 693**	131 859	101 588
Policyholder cash movement		**(13 762)**	(32 122)	(126 810)
Net cash flow from operating activities		**358 931**	99 737	(25 222)
Cash flows from investing activities				
Acquisition of subsidiaries/books of business	39.3	**137**	60 623	250 936
Acquisition of associated companies	39.5	**–**	(19 362)	–
Loans advanced to associated companies		**–**	(281)	–
Proceeds from disposal of associated companies	39.6	**10 519**	167	–
Repayment of loans by associated companies		**1 885**	9 116	–
Acquisition of intangible assets		**(24 756)**	(42 887)	(45 459)
Proceeds from disposal of book of business		**5 714**	31 884	39 607
Proceeds from disposal of intangible assets		**6**	–	–
Proceeds from disposal of subsidiaries	39.4	**(1 730)**	2 955	5 457
Proceeds from disposal of property and equipment		**1 847**	939	1 519
Proceeds from disposal of investment property		**4 500**	–	–
Purchases of property and equipment		**(20 144)**	(9 247)	(12 768)
Deferred consideration paid for acquisition of books of businesses	39.3	**–**	(51 781)	(33 071)
Additional payment on subsidiary disposed of		**–**	(555)	–
Loans advanced to joint ventures		**(125)**	(236)	–
Net cash flow from investing activities		**(22 147)**	(18 665)	206 221
Cash flows from financing activities				
Dividends paid		**(137 936)**	(119 427)	(76 127)
Dividends paid to non-controlling interest		**(1 038)**	(824)	(4 202)
Capital contributions by non-controlling interest (ordinary shares)		**16 735**	–	–
Acquired from non-controlling interest		**(56 489)**	(1 750)	(6 655)
Disposal to non-controlling interest	39.7	**87 784**	–	308
Repayments of borrowings		**(35 297)**	(92 425)	(47 500)
Advance of borrowings		**–**	52 760	36 693
Purchase of treasury shares by subsidiary		**–**	(25 398)	(2 571)
Holding company's treasury shares sold by subsidiary		**74**	28 710	–
Advanced payment for acquisition from non-controlling interest		**(1 526)**	–	–
Shares issued		**28 819**	–	–
Rights issue		**–**	187 097	–
Net cash flow from financing activities		**(98 874)**	28 743	(100 054)
Net increase in cash and cash equivalents		**237 910**	109 815	80 945
Cash and cash equivalents at beginning of year		**470 621**	360 705	279 676
Exchange gains on cash and cash equivalents		**642**	101	84
Cash and cash equivalents at end of year	39.8	**709 173**	470 621	360 705

* The comparative figures were restated for the change in accounting policy for the IFRS 10 retrospective application as well as to reflect the Societe Generale loan facility under operating activities rather than under financing activities as it better reflects the nature of this facility, being the scrip lending business within the stockbroking business. Refer to note 42 for the detail of the restatement.

ACCOUNTING POLICIES
for the year ended 28 February 2014

The principal accounting policies applied in the preparation of these consolidated and standalone financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. BASIS OF PREPARATION

The consolidated and standalone financial statements of PSG Konsult Limited have been prepared in accordance with International Financial Reporting Standards (IFRS), as defined by IAS 1; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council, and the manner required by the Companies Act of South Africa. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of 'available-for-sale' financial assets, financial assets and financial liabilities (including derivative financial instruments) classified as 'at fair value through profit or loss', long-term insurance contract liabilities that are measured in terms of the financial soundness valuation (FSV) basis as set out in SAP 104 – Calculation of the value of assets, liabilities and capital adequacy requirement of Long-Term Insurers, short-term insurance contract liabilities that are measured in terms of the basis set out in APN 401, investments in associated companies and an investment in a joint venture using the equity method of accounting.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed further on in the accounting policies.

The group's 2013 and 2012 financial results have been restated for the impact of the changes on accounting policy regarding IFRS 10 Consolidated Financial Statements, a reclassification relating to the consolidated statement of cash flows, a reclassification within the short-term insurance liabilities buildup and a restatement of the segment report due to the restructuring of the group (effective 1 March 2013). Refer to note 42 for further detail of the impact of the changes in accounting policy and the restatements. Refer to the consolidated statements of cash flows and Annexure D – Segment reporting for further detail.

These restatements had no impact on the 2013 or 2012 financial year reported earnings, diluted earnings or headline earnings per share, nor on the net asset value of the group.

2. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS AND AMENDMENTS THAT ARE EFFECTIVE FOR THE FIRST TIME IN 2014

2.1 New and amended standards, interpretations and amendments adopted by the group

The following new standards, interpretations or amendments, which are relevant to the group's operations, became effective during the year:

- Amendments to IAS 1 Presentation of Financial Statements: Items of Other Comprehensive Income (effective 1 July 2012)

  The amendments require the separation of items of other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The required disclosure is provided in the group's statement of other comprehensive income.
- Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013)
- Amendments to IAS 27 Consolidated and Separate Financial Statements and IAS 28 Investments in Associates (effective 1 January 2013)
  Consequential amendments resulting from the issue of IFRS 10, 11 and 12.
- IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013)
  The group has adopted aforementioned suite of new standards which deal with the accounting treatment for the group's interests in its investees. The group has reviewed its accounting policies and the principles of control set out in IFRS 10 and concluded that the adoption of same will result in a change in accounting policy as IFRS 10 requires retrospective application. Refer to the change in accounting policy note for further detail. The group continues to account for its investment in joint ventures using the equity method of accounting. The adoption of these new standards did not result in any other material changes.
- Amendment to the transition requirements in IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interest in Other Entities (effective 1 January 2013)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
  The group has adopted the new standard on how to measure fair value and enhance fair value disclosures. The adoption did not have a material impact on the financial statements.
- Amendments to IAS 1 Presentation of Financial Statements (effective 1 January 2013)
- Amendments to IAS 19 Employee Benefits (effective 1 January 2013)
- Amendments to IAS 16 Property, Plant and Equipment (effective 1 January 2013)
- Amendments to IAS 32 Financial Statements Presentation (effective 1 January 2013)

2.2 New and amended standards, interpretations and amendments not currently relevant to the group's operations

The following new standards, interpretations and amendments, which are not currently relevant to the group's operations, had no impact on the measurement of amounts or disclosures in the current or prior year:

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective 1 January 2013)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective 1 January 2013)
- Improvements to IFRSs 2011

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS AND AMENDMENTS THAT ARE NOT YET EFFECTIVE

The following new standards, interpretations and amendments have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2014 or later periods and have not been early adopted by the group:

- Amendments to IAS 19 Employee Benefits (effective 1 July 2014)^
- Amendment to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)*
- Amendment to IAS 36 (effective 1 January 2014)+
  The amendment introduces additional disclosures regarding fair value measurements when there has been impairment or a reversal of impairment.
- Amendment to IAS 39 Financial Instruments: Recognition and measurement – Novation of derivative and continuation of hedge accounting (effective 1 January 2014)^
- IFRS 9 Financial Instruments (effective date 1 January 2018)^
  New standard that is the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard replaces the multiple classification and measurement models in IAS 39 with a single model that has only two categories: amortised cost and fair value.
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities (effective 1 January 2014)*
- IFRS 14 Regulatory Deferred Accounts (effective 1 January 2016)*
- IFRIC 21 Levies (effective 1 January 2014)*
- Annual improvements to IFRSs (2013)

^ Management is in the process of assessing the impact of these standards, interpretations and amendments on the reported results of the group and company.

* Management has assessed the impact of these standards, interpretations and amendments on the reported results of the group and company and do not foresee any impact.

\+ Management has assessed the impact of these amendments on the reported results of the group and company and foresee only minor disclosure changes.

4. GROUP FINANCIAL STATEMENTS

The group annual financial statements comprise those of the company, its subsidiaries, associated companies, joint ventures and the share incentive trust (share trust). Accounting policies of the subsidiaries and associates have been changed, where necessary, to ensure consistency with policies adopted by the group.

4.1 Subsidiaries (including mutual funds)

Subsidiaries are all entities (including structured entities, special-purpose entities, collective investment schemes and hedge funds) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases. Special-purpose entities (SPEs) are also consolidated where the substance of the relationship indicates that the SPE is controlled by the group.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises a non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If a business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurements are recognised in profit and loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss, or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Shares in the company held by the share trust have been consolidated into the financial results of the group, as the group effectively controls these shares, and are accounted for as treasury shares.

Investments in subsidiaries are accounted for at cost less impairment in the separate financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

4.2 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with owners in their capacity as owners. The difference between fair value of any consideration paid/received and the relevant share acquired/disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

4.3 Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

4.4 Accounting for the company's acquisition of the controlling interest in subsidiaries under common control

The IFRS on business combinations (IFRS 3) does not apply to business combinations effected between parties that are ultimately controlled by the same entity, both before and after the business combination (and where that control is not transitory), otherwise known as common control transactions. The group has elected to apply the principle of 'predecessor accounting', as determined by the generally accepted accounting principles in the United States of America, to such transactions.

The accounting policy for the acquiring entity would be to account for the transaction at book values in its consolidated financial statements. The book values of the acquired entity are the consolidated book values as reflected in the consolidated financial statements of the selling entity (highest level of consolidation). The excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired in common control transactions, will be allocated to the existing common control reserve in equity. As a result, no goodwill is recognised on acquisition. Where comparative periods are presented, the financial statements and financial information presented are not restated as the group elected to account for common control transactions from the date of the acquisition, therefore prospectively.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

4.5 Associated companies

Associated companies are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting. Under the equity method, the investments are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associated companies includes goodwill identified on acquisition (refer note 4), net of any accumulated impairment loss.

If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss, where appropriate.

Where equity securities are transferred to investment in associated companies upon gaining significant influence (step acquisition), the investment is transferred at its fair value. Goodwill is calculated at each stage of step acquisitions. The step acquisition investment in associated companies is initially carried at fair value of the group's share of net assets plus goodwill arising from each stage of the step acquisition.

The results of associated companies are accounted for according to the equity method, based on their most recent audited financial statements or latest management information. The equity method of accounting involves recognising the group's share of its associated companies' post-acquisition profits or losses in the income statement, and its share of post-acquisition movements in other comprehensive income and movements in other reserves, in the statement of comprehensive income and statement of changes in equity respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal and constructive obligations or made payments on behalf of the associated company.

The group determines at each reporting date whether there is any objective evidence that the investment in the associated company is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognises the amount as a loss on impairment of associated companies in the income statement. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Profits and losses resulting from upstream and downstream transactions between the group and its associated companies are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associated companies. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investment in associated companies are recognised in the income statement.

Loans to associated companies are disclosed under receivables including insurance receivables, and do not form part of the carrying amount of the investment.

The company accounts for investment in associated companies at cost less provision for impairment.

4.6 Joint arrangements

The group has applied IFRS 11 to all joint arrangements as of 1 March 2013. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method of accounting.

Under the equity method of accounting, the investment in joint ventures are initially recognised at cost and subsequently measured in the consolidated statement of financial position at an amount that reflects the group's share of the net assets of the joint venture (including goodwill). The equity method of accounting involves recognising the group's share of its joint ventures' post-acquisition profits or losses in the income statement, and its share of post-acquisition movements in other comprehensive income and movements in other reserves, in the statement of comprehensive income and the statement of changes in equity respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

5. SEGMENT REPORTING

The Chief Executive Officer, supported by the group management committee (Manco) is the group's chief operating decision-maker (CODM) as it is responsible for the overall strategic decision-making. Management has determined the operating segments based on the information reviewed by the Manco for the purposes of allocating resources and assessing performance of the operating segments. The composition of the reportable segments represents the internal reporting structure and the monthly reporting to the CODM. The current reporting structure was implemented with effect from 1 March 2013 and comparative figures have been adjusted to reflect the new reportable segments applicable.

6. FOREIGN CURRENCY TRANSLATION

6.1 Functional and presentation currency

Items included in the financial statements of each of the company entities are measured using the currency of the primary economic environment in which those entities operate (the 'functional currency').

The consolidated and separate financial statements are presented in South African rand, being the company's functional and presentation currency.

6.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement as part of net fair value gains and losses on financial instruments.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gains and losses. Translation differences on non-monetary financial assets and liabilities, such as equity securities classified as at fair value through profit or loss, are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equity securities classified as available-for-sale, are included in other comprehensive income.

6.3 Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- Assets and liabilities are translated at closing exchange rates.
- All resulting exchange differences are recognised in other comprehensive income and as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as the foreign entity's assets and liabilities and are translated at the closing rate. Exchange differences are recognised in the statement of comprehensive income.

Group entities with functional currencies other than the presentation currency, mainly have the following functional currencies:

	2014		2013		2012	
	Average	**Closing**	Average	Closing	Average	Closing
British pound	**15.81**	**17.88**	13.30	13.39	11.83	11.96
United States dollar	**10.00**	**10.72**	8.38	8.85	7.40	7.55

Exchanges rates used are based on interbank bid rates.

7. PROPERTY AND EQUIPMENT

Property and equipment are stated at historical cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Land is not depreciated.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method at rates considered appropriate to reduce book values to estimated residual values over the useful lives of the assets, as follows:

Owner occupied buildings	25 years
Leasehold improvements	over the remaining lease period
Motor vehicles	4 to 5 years
Office equipment	5 to 10 years
Computer equipment	3 to 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

If the estimates of the remaining useful lives or residual values change, the remaining carrying values are depreciated prospectively, taking into account the revised estimates.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

8. INVESTMENT PROPERTY

Property held for long-term rental yields and capital appreciation that is not occupied by the companies in the group is classified as investment property.

Investment property comprises freehold land and buildings. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value with fair value changes recognised in the income statement as investment income.

Fair value is based on active market prices at the reporting date, adjusted, if necessary for any differences in the nature, location or condition of the specific asset. If this information is not available, the group uses alternative valuation methods such as discounted cash flow projections or recent prices on less active markets. These valuations are reviewed annually by the directors and/or an independent valuation expert. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Subsequent expenditure is charged to the asset's carrying value only when it is probable that the future economic benefits associated with the items will flow to the group and the cost can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they were incurred.

If an investment property becomes owner-occupied, it is reclassified as property and equipment and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes, and vice versa.

9. INTANGIBLE ASSETS

9.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associated company or joint venture undertaking at the date of acquisition. Goodwill is reported in the statement of financial position as an intangible asset. Goodwill on acquisition of associated companies is included in investments in associated companies. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The groups of cash-generating units are not larger than operating segments.

An excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities arises where the net assets of a subsidiary at the date of acquisition, fairly valued, exceed the cost of the acquisition. This excess arising on acquisitions is recognised as a gain on bargain purchase in profit or loss.

9.2 Trademarks and licences

Acquired trademarks and licences are shown at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over their estimated useful lives, which varies from 5 to 20 years and is reassessed annually. The carrying amount of each cash-generating unit is reviewed for impairment when an impairment indicator is identified.

9.3 Customer relationships

Acquired customer relationships are shown at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over their estimated useful lives ranging between 5 and 20 years, which reflect the expected life of the customer relationships acquired. The carrying amount of each cash-generating unit is reviewed for impairment when an impairment indicator is identified.

9.4 Deferred acquisition costs (DAC)

Commissions, fees and other incremental costs that vary with and are related to securing new investment contracts and renewing existing investment contracts are capitalised as a deferred acquisition cost intangible asset, since these costs relate to future economic benefits being generated beyond one year. Subsequent changes to the deferred acquisition costs payable are reversed/capitalised against the relevant intangible asset. The DAC intangible asset is subsequently amortised over the expected life of the investment contracts. All other costs are recognised as expenses when incurred.

An impairment test is conducted annually at reporting date on the DAC intangible asset balance to ensure that the amount will be recovered from future revenue generated by the applicable remaining investment management contracts.

9.5 Other intangible assets

Other intangible assets consist mainly of intellectual property rights and computer software. Intellectual property rights are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of these rights over their estimated useful lives of 20 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised using the straight-line method over their estimated useful lives ranging between 2 and 12 years. The carrying amount is reviewed for impairment when an impairment indicator is identified.

10. IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the group assesses whether there is any indication that an asset (excluding deferred tax assets) may be impaired. The recoverable amount, being the higher of fair value less costs to sell and value in use, is determined for any asset for which an indication of impairment is identified. Goodwill and intangible assets that have indefinite lives and are not subject to amortisation, or that are not yet available for use, are tested annually for impairment. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

For the purpose of assessing impairment, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely dependent on cash inflows of other assets or groups of assets (the ‘cash-generating unit’). An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised as an expense in profit or loss in the period in which they are identified. An impairment loss in respect of goodwill is not reversed. In respect of other assets, reversal of impairment losses is recognised in profit or loss in the period in which the reversal is identified, to the extent that the asset is not increased to a carrying value higher than it would have been had no impairment loss been recognised for the asset in prior years.

11. FINANCIAL INSTRUMENTS

Financial instruments recognised on the statement of financial position include financial assets, consisting of equity securities, debt securities, unit-linked investments, investment in investment contracts, loans and advances, derivative financial assets, receivables including insurance receivables, cash and cash equivalents, as well as financial liabilities, consisting of borrowings, derivative financial liabilities, investment contracts, third-party liabilities arising on consolidation of mutual funds and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

12. OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously, where the maturity date for the financial asset and liability is the same, and where the financial asset and liability are denominated in the same currency.

13. FINANCIAL ASSETS

The group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

13.1 Classification

(a) Financial assets at fair value through profit or loss

This category has two subcategories: financial assets held for trading, and those designated at fair value through profit or loss at inception.

A financial asset is classified into the 'financial asset at fair value through profit and loss' at inception if acquired principally for the purpose of selling in the short term or if it forms part of a portfolio of financial assets in which there is evidence of short-term profittaking, or if so designated by management. Derivatives are categorised as held for trading.

Financial assets designated as at fair value through profit or loss at inception are the following:

- Those relating to the group's linked insurance company, PSG Life Limited (previously PSG Asset Management Life Limited), are those that are held in internal funds to match insurance and investment contract liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis.
- Those that are managed and whose performance is evaluated on a fair value basis.
  Information about these financial assets is provided internally on a fair value basis to the group's key management personnel. The investment strategy applied to the group's short-term insurance group, Western Group Holdings Limited, is to invest in equity and debt securities, and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through income.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities – other than those that meet the definition of loans and receivables – that the group's management has the positive intention and ability to hold to maturity.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the group intends to sell in the short term. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise loans and advances, receivables including insurance receivables and cash and cash equivalents in the statement of financial position.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

13.2 Recognition and measurement of financial assets

Purchases and sales of financial assets are recognised on trade date – the date on which the group commits to purchase or sell the asset. Financial assets not carried at fair value through profit or loss, are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as net fair value gains and losses on financial instruments.

Interest and dividend income arising on financial assets at fair value through profit or loss are recognised and disclosed separately under investment income in the income statement.

Interest on available-for-sale securities calculated using the effective-interest method is recognised in the income statement as part of investment income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of investment income when the group's right to receive payment is established.

When applicable, the group measures the fair value of an instrument using the quoted price in an active market for that instrument. The fair values of quoted investments are based on current stock exchange prices at the close of business on the statement of financial position date. If the market for a financial asset is not active, or if it is unquoted, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis refined to reflect the issuer's specific circumstances, premium/discount to net asset value and price-earnings techniques. The group's main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data.

The existence of published price quotations in an active market is the best evidence of fair value. The phrase 'quoted in an active market' means that 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.

Readily available means that the pricing information is currently accessible and regularly available means that transactions occur with sufficient frequency to provide pricing information on an ongoing basis.

It is not necessary for quoted prices to be obtained from regulated markets. Prices can be obtained from other sources although the available information may vary. For example, some industry groups or pricing services publish price information about certain instruments, while little or no information may be available about prices of other instruments.

An entity is not generally required to perform an exhaustive search for price information, but should consider any information that is publicly available, or that can be obtained reasonably from brokers, industry groups, publications of regulatory agencies or similar sources, such as journals and websites. It should be noted that these prices may be indicative prices only. It should not be assumed that these prices reflect the price in an active market.

Sources from which prices can be obtained (to qualify as 'quoted') include:

- Regulated exchange (e.g. JSE, BESA, SAFEX)
- Company secretary, transfer secretary or website (e.g. PSG Konsult's share price is published daily on our website)
- Brokers (e.g. PSG Online manages the OTC platform for trading)
- Daily newspapers and related sources (e.g. Business Day, Bloomberg)

Held-to-maturity investments are measured at amortised cost using the effective-interest method less any impairment, with income recognised on effective yield base.

Loans and receivables are carried at amortised cost using the effective-interest method. Specific provisions are made against identified doubtful receivables.

Loans advanced to associated companies, joint ventures and subsidiaries, which are interest free with no repayment terms, are carried at amortised cost using the effective-interest method. Discounting these loans does not have a material effect on the carrying amount.

The group does not apply hedge accounting.

13.3 Impairment of financial assets

The group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

For debt securities, the group uses the criteria referred to under loans and receivables below. If, in any subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit and loss, the impairment is reversed through the income statement.

Loans and receivables are considered impaired if, and only if, there is objective evidence of impairment as a result of events that occurred after initial asset recognition (known as loss events) and these loss events have an adverse impact on the assets' estimated future cash flows that can be reliably measured. Objective evidence that loans and receivables may be impaired, includes breach of contract, such as a default or delinquency in interest or principal payments. In this regard instalments past due date are considered in breach of contract. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the original effective interest rate. Impairment losses are recognised in the income statement, and reversed through the income statement.

Held-to-maturity investments are considered impaired when there is objective evidence that the group will not be able to collect all amounts due according to the original contract terms. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the investment is impaired. The amount of the impairment provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The movement in the amount of the provision is recognised in the income statement.

13.4 Investment in investment contracts

These are valued at fair value or amortised cost, if issued by an independent credible party, or at the value of the underlying investments supporting the investment contract policy adjusted for applicable liquidity or credit risk.

14. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised initially at fair value on the date on which a derivative contract is entered into. Subsequent to initial recognition, derivative financial instruments are measured at fair value through profit and loss. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only observable market data.

15. RECEIVABLES

Receivables are amounts due for services performed in the ordinary course of business. Receivables are initially measured at fair value and subsequently recognised at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The movement in the amount of the provision is recognised in the income statement. If collection is expected within one year or less, they are classified as current assets.

15.1 Insurance receivables

Insurance receivables are amounts due from clients for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Insurance receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective-interest method less provision for impairment.

16. CONTRACTS FOR DIFFERENCE (CFD)

The group enters into contracts for difference with clients whereby the group provides leveraged exposure to equities specified by the client. CFD exposure is limited to the JSE Top 100 shares and Satrix ETFs. The client pays an initial margin of between 15% (for JSE Top 100 shares) and 17.5% (for all other shares including Satrix ETFs) of the value of the equities. Margin calls are made for the full value of any decrease in value of the equities on a daily basis.

CFD positions with clients are funded with equal and opposite CFD positions with other financial institutions. External funding is only used on an intra-day basis to purchase the underlying equity positions which are then delivered to the financial institution, at the end of each business day, for settlement of the intra-day funding provided. The CFD positions are classified as financial assets or liabilities at fair value through profit or loss.

The group is contractually bound to pay out or recover any fair value adjustments from the parties entering into the contracts for difference, based on the fair value movement of the specified listed equities invested in for the client.

17. CASH AND CASH EQUIVALENTS (INCLUDING MONEY MARKET INVESTMENTS)

Cash and cash equivalents consist of cash held at call with banks and other short-term highly liquid investments with maturities of three months or less. Investments in money market funds are classified as cash equivalents, since these funds are held to meet short-term cash requirements, are highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included within borrowings in the statement of financial position.

18. INSURANCE AND INVESTMENT CONTRACTS – CLASSIFICATION

The group issues contracts that transfer insurance risk, financial risk or both.

A distinction is made between investment contracts (which fall within the scope of IAS 39 Financial Instruments: Recognition and Measurement) and insurance contracts (where the financial soundness valuation (FSV) method continues to apply, subject to certain requirements specified in IFRS 4 Insurance Contracts). A contract is classified as insurance where the group accepts significant insurance risk by agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk exists where it is expected that for the duration of the policy or part thereof, policy benefits payable on the occurrence of the insured event will exceed the amount payable on early termination before allowance for expense deductions at early termination. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during this period. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating, credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. These contracts are measured at the fair value of the corresponding financial assets.

A subsidiary of the group, PSG Life Limited (previously PSG Asset Management Life), is a linked insurance company and issues linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the supporting assets).

19. INSURANCE CONTRACTS

Policyholder contracts that transfer significant insurance risk are classified as insurance contracts.

Insurance contracts are classified into two categories, depending on the duration of or type of insurance risks; namely short-term and long-term insurance contracts.

(a) Short-term insurance

Short-term insurance provides benefits under short-term policies, which include property, business interruption, transportation, motor, personal all risk, accident and health, professional indemnity, public liability, marine, employers' liability, group personal accident, natural disasters and miscellaneous. Short-term insurance contracts are further classified into the following categories:

- Personal insurance, consisting of insurance provided to individuals and their personal property.
- Commercial insurance, providing cover on the assets and liabilities of business enterprises.

Recognition and measurement

i) Gross written premium

Gross premiums exclude value added tax and any other foreign indirect taxes. Premiums are accounted for as income when the risk related to the insurance policy incepts and are spread over the risk period of the contract by using an unearned premium provision. This also includes premiums received in terms of reinsurance agreements. All premiums are shown before deduction of commission payable to intermediaries.

ii) Claims incurred

Claims incurred consist of claims and claims handling expenses paid during the financial year and are charged to the income statement as incurred.

iii) Provision for unearned premium

Premiums are earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten. Unearned premiums, which represent the proportion of premiums written in the current year, which relate to risks that have not expired by the end of the financial year, are calculated on a time proportionate basis for even risk contracts and other bases that best represent the unearned risk profile for uneven risk contracts. The group has even risks contracts.

iv) Provision for unexpired risk

Provision is made for underwriting losses that may arise from unexpired risks when it is anticipated that unearned premiums will be insufficient to cover future claims, as well as claims-handling fees and related administrative costs. This liability adequacy test is performed annually to ensure the adequacy of short-term insurance liabilities.

v) Provision for claims

Provision is made on a prudent basis for the estimated final cost of all claims that have not been settled by the reporting date, less amounts already paid. Claims and loss adjustment expenses are charged to income as incurred, based on the estimated liability for compensation owed to the beneficiaries (contract holders or third parties damaged by the contract holders) of the insurance contracts. They include direct and indirect claims settlement costs and assessment charges and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the group. The group does not discount its claim provision for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).The group's own assessors or external assessors individually assess claims.

vi) Provision for claims incurred but not reported (IBNR)

Provision is also made for claims arising from insured events that occurred before the close of the reporting period, but which had not been reported to the group by that date (IBNR).

The group uses the prescribed minimum required provisions and methodologies for the calculation of IBNR within each of the jurisdictions in which it operates.

vii) Deferred acquisition costs (DAC)

Commissions that vary with and are related to securing new contracts and renewing existing contracts are deferred over the period in which the related premiums are earned, and recognised as a current asset. All other costs are recognised as expenses when incurred.

viii) Reinsurance contracts held

Contracts entered into by the group with reinsurers under which the group is compensated for losses on one or more contracts issued by the group and that meet the classification requirements for insurance contracts, are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Income received from insurance contracts entered into by the group under which the contract holder is another insurer (inwards reinsurance) is included in premium income.

The benefits to which the group is entitled under its reinsurance contracts held are classified as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within receivables including insurance receivables) on settled claims as well as estimates (classified as reinsurance assets) that are calculated based on the gross outstanding claims and IBNR provisions.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when incurred.

The reinsurer's share of unearned premiums represents the portion of the current year's outward reinsurance premiums that relate to risk periods covered by the related reinsurance contracts extending into the following year. The reinsurer's share of unearned premium is calculated using the 365th method.

Income from reinsurance contracts ceded, that varies with and is related to obtaining new reinsurance contracts and renewing existing reinsurance contracts, is deferred over the period of the related reinsurance contract and is recognised as a current liability.

The group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

ix) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, intermediaries and insurance contract holders and are included under receivables including insurance receivables and trade and other payables.

If there is objective evidence that the insurance receivable is impaired, the group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The group gathers objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated according to the same method used for these financial assets.

x) *Salvage reimbursements*

Some insurance contracts permit the group to sell (usually damaged) property acquired in settling a claim (i.e. salvage). The group may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in determining the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

(b) Long-term insurance

These contracts are valued in terms of the Financial Soundness Valuation (FSV) basis contained in SAP 104 issued by the Actuarial Society of South Africa and are reflected as 'Insurance contracts' liabilities.

Liabilities are valued as the present value of future cash flows due to benefit payments and administration expenses that are directly related to the contract discounted at the rate of return at year-end on the assets backing the policyholder funds. Future cash flows are projected on a best estimate basis with an allowance for compulsory margins for adverse deviations as prescribed by SAP 104. Best estimate assumptions are required for future investment returns, expenses, persistency, mortality and other factors that may impact on the financial position of the group. As per SAP 104, contractual premium increases are allowed for, but future voluntary premium increases are ignored.

In addition certain discretionary margins are created to allow profits to emerge over the lifetime of the policy to reflect the small number of policies and associated volatility. Where the number of policies is small, the prescribed margins alone do not result in an acceptable probability of the total reserve being sufficient to meet all liabilities.

The financial soundness methodology includes allowance for liability adequacy testing to ensure that the carrying amount of technical provisions is sufficient in view of estimated future cash flows. Where a shortfall is identified an additional provision is made.

The group reflects premium income relating to insurance business on a gross basis together with the gross amount of any reinsurance premiums. All premiums are accounted for when they become due and payable.

The group shows the gross amount of policyholder benefit payments in respect of insurance contracts together with the gross reinsurance recoveries and accounts for such transactions when claims are intimated.

20. FINANCIAL LIABILITIES

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities include borrowings, derivative financial liabilities, investment contracts, third-party liabilities arising on consolidation of mutual funds, accrual for other liabilities and charges, and trade and other payables. The group issues investments contracts without fixed terms (unit-linked) and with fixed and guaranteed terms (fixed interest rate).

Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the raising of the funds, for all financial liabilities carried at amortised cost. All financial liabilities measured at fair value through profit or loss are initially recognised at fair value. The best evidence of the fair value at initial recognition is the transaction price (i.e. the fair value of the consideration received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Financial liabilities at fair value through profit or loss are subsequently measured at fair value, with any resultant gains and losses recognised in the income statement. The net gain or loss recognised in the income statement incorporates any measurement gains or losses and interest expense on the financial liability. These financial liabilities are classified as current liabilities if they are either held for trading or expected to be settled within 12 months of the reporting date.

Third party financial liabilities on consolidation of mutual funds are effectively demand deposits and are consequently measured at fair value, which is the quoted unit values as derived by the fund administrator with reference to the rules of each particular fund. Fair value gains or losses are recognised in profit or loss.

Financial liabilities, or a portion thereof, are derecognised when the obligation specified in the contract is discharged, cancelled or expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and settlement amounts paid are included in the income statement.

Financial liabilities are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

The group uses its own credit risk spreads in determining the current value for its derivative liabilities and all other liabilities for which it has elected the fair value option. When the group's credit spreads widen, the group recognises a gain on these liabilities because the value of the liabilities has decreased. When the group's credit spreads narrow, the group recognises a loss on these liabilities because the value of the liabilities has increased.

20.1 Investment contracts

The fair value of a unit-linked financial liability is determined using the current unit price reflecting the fair values of the financial assets contained within the group's unitised investment funds linked to the financial liability, multiplied by the number of units attributed to the policyholder at a reporting date. No initial profit is recognised immediately as any profit on initial recognition is amortised in line with cash flow projections over the life of the contract.

For investment contracts with fixed and guaranteed terms, the amortised cost basis is used. In this case, the liability is initially measured at its fair value less transaction costs that are incremental and directly attributable to the acquisition or issue of the contract.

Subsequent measurement of investment contracts at amortised cost uses the effective-interest method. This method requires the determination of an interest rate (the effective interest rate) that exactly discounts to the net carrying amount of the financial liability, the estimated future cash payments or receipts through the expected life of the financial instrument.

The liability under investment contracts is derecognised when the contract expires, is discharged or is cancelled by the policyholder. For a contract that can be cancelled by the policyholder, the fair value cannot be less than the surrender value.

20.2 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective-interest method.

20.3 Trade and other payables

Trade and other payables are recognised when the group has a present obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits from the group. Trade and other payables are recognised initially at fair value, net of transaction costs incurred. Trade and other payables are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period using the effective-interest method. Trade and other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Insurance payables are obligations to pay for services that have been acquired in the ordinary course of business and include amounts due from agents, intermediaries and insurance contract holders. Insurance payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Insurance payables are recognised initially at fair value and subsequently measured at amortised cost using the effective-interest method.

20.4 Financial guarantee contracts

Financial guarantee contracts issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when it becomes due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised initially at fair value. Subsequently, the contract is measured at the higher of the amount determined in accordance with IAS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18, unless it was designated at fair value through profit and loss at inception and measured as such.

Financial guarantees are derecognised when the obligation is extinguished, expires or transferred.

The group and company does not recognise any financial guarantee contracts as, in the opinion of the directors, the possibility of losses from these guarantees are remote.

21. DEFERRED REVENUE LIABILITY (DRL)

Service fee income on investment management contracts is recognised on an accrual basis as and when the services are rendered. A DRL is recognised in respect of upfront fees, which are directly attributable to a contract that is charged for securing the investment management service contract. The DRL is then amortised to revenue when the services are provided, over the expected duration of the contract on a straight-line basis. The amount of the DRL that gets amortised in the next financial year will be classified as current assets and the rest of the DRL will be classified as non-current assets. Refer to accounting policy note 29 for the group's revenue recognition policy.

22. STATED AND SHARE CAPITAL AND TREASURY SHARES

Share capital represented the par value of ordinary shares issued, being classified as equity. During the year, the ordinary shares were converted to no par value shares, Resulting in the existing share capital and premium being transferred to stated share capital.

Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Treasury shares

The cost of treasury shares acquired are debited to the treasury share reserve, and upon disposal of such shares, the reserve is credited with the weighted average calculated cost attributable to the shares disposed of.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects. Any net income in relation to treasury shares (both fair value movements and dividends) is eliminated from group profits for the year. The number of shares in the earnings per share calculation is reduced for treasury shares held during the period on a weighted average basis.

Share trust

Certain of the group's remuneration schemes are operated through the PSG Konsult Group Share Incentive Trust. The share trust is considered to be a special-purpose entity controlled by the group and is therefore consolidated.

The shares purchased by the share trust are considered to be treasury shares and are treated in accordance with the group's policy for treasury shares.

23. CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the group's subsidiaries, associated companies and joint venture operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

23.1 Secondary tax on companies (STC) and dividends withholding tax (DWT)

On 1 April 2012, DWT became effective and replaced STC. DWT is levied on the shareholders (or beneficial owners) receiving the dividend; where STC was levied on the company declaring the dividend.

Prior to 1 April 2012

South African resident companies were subject to a dual corporate tax system, one part of the tax being levied on taxable income and the other, a secondary tax, on distributed income. A company incurred STC charges on the declaration or deemed declaration of dividends (as defined under tax law) to its shareholders. STC was not a withholding tax on shareholders, but a tax on companies.

The STC tax consequence of dividends was recognised as a taxation charge in the income statement in the same period that the related dividend was accrued as a liability. The dividend declared was reduced by dividends received during the dividend cycle. Where dividends declared exceeded the dividends received during a cycle, STC was payable at the then current STC rate (10%) on the net amount. Where dividends received exceeded dividends declared within a cycle, there was no liability to pay STC. The potential tax benefit related to excess dividends received was carried forward to the next dividend cycle as an STC credit. Deferred tax assets were recognised on unutilised STC credits to the extent that it was probable that the group would declare future dividends to utilise such STC credits.

After 1 April 2012

Shareholders are now subject to DWT on dividends received, unless they are exempt in terms of the amended tax law. DWT is levied at 15% of the dividend received. The DWT is categorised as a withholding tax, as the tax is withheld and paid to tax authorities by the company paying the dividend or by a regulated intermediary and not the beneficial owner of the dividend. Where a non-exempt group company is a beneficial owner of the dividend the DWT is recorded as an expense in the income statement when the dividend income is earned. The deferred tax asset is not raised on unutilised STC credits as the STC credits are now available for the benefit of the group's shareholders and not the group.

24. TRUST AND FIDUCIARY ACTIVITIES

The group acts as a trustee or in other fiduciary capacities that result in the holding, placing or managing of assets for the account of and the risk of clients. As these are not the assets of the group, they are not reflected on the statement of financial position.

25. EMPLOYEE BENEFITS

25.1 Pension obligations

The group only has defined-contribution plans. A defined-contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined-contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

25.2 Other post-retirement benefits

The group offers no other post-retirement benefits.

25.3 Share-based compensation

The group grants share options to certain employees under various equity-settled share-based compensation schemes.

The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the income statement, with the corresponding increase in a share-based payment reserve in the statement of change in equity and represents the fair value at grant date of the share options that will be delivered on vesting. The total amount to be expensed over the vesting period, which is five years, is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share options that are expected to become exercisable. At each reporting date, the entity revises its estimates of the number of share options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity. When the share options have vested the relevant amount is transferred from the share-based payment reserve to retained earnings. The fair value is determined by using the Black Scholes valuation model and the assumptions used to determine the fair value are detailed in note 16 to the group financial statements.

If the group cancels or settles a grant of equity instruments during the vesting period, the group accounts for the cancellation or settlement of the grant and recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

25.4 Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated annual leave as a result of services rendered by employees up to reporting date.

25.5 Profit sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged, or where there is a past practice that has created a constructive obligation.

25.6 Termination benefits

Termination benefits are employee benefits payable as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. The group recognises these termination benefits when the group is demonstrably committed either to terminating the employment of an employee or group of employees before the normal retirement date, or providing termination benefits as a result of an offer made in order to encourage voluntary redundancy. The group is demonstrably committed to a termination when the group has a detailed formal plan (with specified minimum contents) for the termination and it is without realistic possibility of withdrawal. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. Where termination benefits fall due more than 12 months after the reporting period, they are discounted. In the case of an offer made to encourage voluntary redundancy, 12 months after the reporting period, they are discounted. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. In the case of an offer made to encourage voluntary redundancy, benefits are immediately recognised as an expense.

26. PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

26.1 Provisions

Provisions are recognised when:

- the group has a present legal or constructive obligation, which has uncertain timing or amount, as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

26.2 Onerous contracts

The group recognises a provision for an onerous contract, except on insurance contracts, when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting the obligations under the contract.

26.3 Contingent liabilities and assets

A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. These contingent liabilities are not recognised in the statement of financial position but disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These contingent assets are not recognised in the statement of financial position but are disclosed in the notes to the financial statements if the inflow of financial benefits is probable.

27. LEASES

27.1 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated, any payment required by the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

27.2 Finance leases

Leases of property and equipment, where the group substantially has all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at inception of the lease at the lower of the fair value of the leased asset or the current value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges based on the interest rate charged on the outstanding balance. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period. The property and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

28. DIVIDEND DISTRIBUTIONS

Dividend distributions to the company's shareholders are recognised as a liability in the period in which the dividends are approved by the company's board of directors.

29. REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for services rendered in the ordinary course of the group's activities, as well as interest and dividend income. The group's activities include financial advice, stockbroking, fund management, financing and the issue of short-term and long-term insurance contracts.

Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion of services, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision became known by management.

29.1 Rendering of services

Fee income is recognised when the relevant company in the group is unconditionally entitled thereto. No profit is recognised when the outcome of a transaction cannot be estimated reliably. Fee income from the rendering of services can be summarised as follows:

Commissions, dealings and structuring

Revenue arising from advisory, stockbroking, portfolio management and brokerage activities is recognised in the accounting period in which the services are rendered with reference to completion of the specific transaction.

Investment management fees and initial fees

Charges for asset management services are paid by its customers using the following different approaches:

- Front-end fees are charged to the client on inception. This approach is used particularly for single-premium contracts. The consideration received is deferred as a liability and recognised over the life of the contract on a straight-line basis.
- Regular fees are charged to the customer by making a deduction from invested funds. Regular charges billed in advance are recognised on a straight-line basis over the billing period; fees charged at the end of the period are accrued as a receivable that is offset against the financial liability when charged to the customer.

29.2 Investment income

Interest income

Interest income is recognised using the effective-interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding discount as interest income. Interest income is included as part of investment income in the income statement.

Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income is included as part of investment income in the income statement.

30. SOLVENCY MARGIN

The solvency margin is calculated using the statutory method prescribed by the Financial Services Board and Namibia Financial Institutions Supervisory Authority.

31. CLAIMS

Claims on long-term insurance contracts, which include death, disability, maturity, surrender and annuity payments, are charged to income when notified of a claim based on the estimated liability for compensation owed to policyholders. Outstanding claims are recognised in insurance and other payables. Reinsurance recoveries are accounted for in the same period as the related claim.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

Refer to accounting policy note 19(a) for the policy with regard to the short-term insurance contracts.

32. MANAGED FUNDS ACTIVITIES

Certain companies within the group operate unit trusts and hold and invest funds on behalf of clients. Assets and liabilities representing such activities are not reflected on the statement of financial position, as these relate directly to clients. The values of these items are disclosed in the notes. Income from these activities is brought to account over the period to which the service relates.

33. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

33.1 Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy on goodwill. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (see note 1).

33.2 Fair value of derivatives and other unlisted financial instruments

The fair value of financial instruments that are trading on recognised over-the-counter (OTC) platforms is based on the closing bid price and classified as quoted instruments. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques as disclosed in the policy relating to financial assets. Please refer to accounting policy regarding derivative financial instruments for further detail regarding fair value valuation techniques.

The carry amount of the unlisted financial instruments are Rnil (2013: Rnil; 2012: R5.2 million) and would be an estimated R1 million lower/higher in the 2012 financial year (2014; 2013: no impact) were the discount rate used in the discount cash flow analysis to differ by 20% from management's estimates.

33.3 Investment contracts

The group issues a significant number of investment contracts that are designated as at fair value through profit or loss. These financial instruments are not quoted in active markets, and their fair values are determined by using valuation techniques. Such techniques (for example, valuation models) are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are validated before they are used and calibrated to ensure that outputs reflect actual experience and comparable market prices. The investment contract liabilities held at fair value are fully matched with the underlying assets. As such the fair value of the investment contract liabilities is determined with reference to the fair value of the underlying asset. The carrying amount of the investment contract liabilities is R12.7 billion (2013: R10.3 billion; 2012: R9.1 billion).

33.4 Recognition of intangible assets

With a business combination all identifiable assets are recognised at their respective fair values in the consolidated financial statements. The fair values of intangible assets acquired through business combinations are determined by using a discounted cash flow valuation method. The discount rate is based on the long-term risk-free rate with risk premiums added for market and other company and asset-specific risks. Intangible assets acquired through business combinations were valued using a discount rate of 17.87% for the 2013 financial year and between 17.50% and 23.00% for the 2012 financial year. No business combination occurred during the 2014 financial year which resulted in the recognition of an intangible asset.

Trademarks and customer relationships acquired through business combinations or acquisitions are valued on acquisition using discounted cash flow methodology based on assumptions and estimates regarding future revenue growth, weighted cost of capital, marketing costs and other economic factors affecting the value in use of these intangible assets. These assumptions reflect management's best estimates but are subject to inherent uncertainties, which may not be controlled by management. The cost of the trademarks and customer relationships are amortised over their estimated useful lives. The remaining useful lives of intangible assets are reassessed annually. If the estimate of the remaining useful lives changes, the remaining carrying values are amortised prospectively over that revised remaining useful life.

The main assumptions used in the valuation of key customer relationships are the useful lives of these assets and the future profitability and cancellation rate of the underlying revenue streams. The useful life of key customer relationships is estimated based on the cancellation experience of the existing business and the useful life of customer relationships of other players in the market. For the key customer relationships recognised during the 2013 and 2012 financial year a useful life of 20 years and an average cancellation rate of 10.00% for the 2013 financial year and 11.00% for the 2012 financial year were assumed.

If a useful life of 15 years were applied, the asset value would have been R0.06 million lower for the 2013 financial year and R0.4 million lower for the 2012 financial year; if a useful life of 25 years were applied, the asset value would have been R0.04 million higher for the 2013 financial year and R0.3 million higher for the 2012 financial year. Future profit margins, used in determining customer contracts and relationships values, were consistent with the margins applied in determining the fair value of the related investment.

Refer to the intangible asset accounting policy and note 1 for further detail.

33.5 Short-term insurance liabilities

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of the insurance company, principally in respect of the insurance liabilities of the company.

Insurance liabilities include the provisions for unearned premiums, outstanding claims and incurred but not reported (IBNR) claims.

Process to determine significant assumptions:

Insurance risks are unpredictable and the group recognises that it is not always possible to forecast, with absolute precision, future claims payable under existing insurance contracts. Over time, the group has developed a methodology that is aimed at establishing insurance provisions that have an above-average likelihood of being adequate to settle all its insurance obligations.

i) Unearned premiums

Unearned premiums represent the amount of income set aside by the group to cover the cost of claims that may arise during the unexpired period of risk of insurance policies in force at the reporting date.

The group raises provisions for unearned premiums on a basis that reflects the underlying risk profile of its insurance contracts. An unearned premium provision is created at the commencement of each insurance contract and is released as the risk covered by the contract expires. The group's insurance contracts have an even risk profile. Therefore, the unearned premium provision is released evenly over the period of insurance using a time proportion basis. At each reporting date an assessment is made of whether the provisions for unearned premiums are adequate.

A separate provision can be made, based on information available at the reporting date, for any estimated future underwriting losses relating to unexpired risks (unexpired risk provision).

The provisions for unearned premiums are first determined on a gross level and thereafter the reinsurance impact is recognised. Deferred acquisition costs and reinsurance commission revenue is recognised on a basis that is consistent with the related provisions for unearned premiums.

ii) Unexpired risk provision

If the expected value of claims and expenses attributable to the unexpired periods of policies in force at the statement of financial position date exceeds the unearned premiums provision in relation to those policies, after deduction of any deferred commission expenses, management assesses the need for an unexpired risk provision.

The need for an unexpired risk provision is assessed on the basis of information available at the reporting date. Claims events occurring after the statement of financial position date in relation to the unexpired period of policies in force at that time are not taken into account in assessing the need for an unexpired risk provision.

Management will base the assessment on the expected outcome of those contracts, including the available evidence of claims experience on similar contracts in the past year, as adjusted for known differences, events not expected to recur, and the normal level of seasonal claims.

iii) Outstanding claims

Outstanding claims represent the company's estimate of the cost of settlement of claims that have occurred and were reported by the reporting date, but that have not yet been finally settled.

Claims provisions are determined based on previous claims experience, knowledge of events, the terms and conditions of the relevant policies and on the interpretation of circumstances. Each notified claim is assessed on a separate case-by-case basis with due regard for the specific circumstances, information available from the insured and/or loss adjuster and past experience with similar cases and historical claims payment trends. The approach also includes the consideration of the development of loss payment trends, the levels of unpaid claims, legislative changes, judicial decisions and economic conditions. The group employs employees experienced in claims handling and rigorously applies standardised policies and procedures to claims assessment.

The ultimate cost of reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Therefore, case estimates are reviewed regularly and updated when new information becomes available.

The provision for outstanding claims is initially estimated at a gross level. A separate calculation is carried out to estimate reinsurance recoveries. The calculation of reinsurance recoveries considers the type of risk underwritten, the year in which the loss claim occurred and under which reinsurance programme the recovery will be made, the size of the claim and whether the claim was an isolated incident or formed part of a catastrophe reinsurance claim.

iv) *Claims incurred but not reported (IBNR)*
There is also considerable uncertainty concerning the eventual outcome of claims that have occurred but had not yet been reported to the insurer by the reporting date. The IBNR provision relates to these events.

The group uses the prescribed minimum required provisions and methodologies for the calculation of the provision for IBNR within each of the jurisdictions in which it operates.

33.6 Interests in subsidiaries and associates – mutual funds

The group has assessed its interests in the various mutual fund investments in which the group has the irrevocable asset management agreement over the mutual funds and in which the group has invested significantly. For other mutual funds, other factors such as the existence of control through voting rights held by the group in the fund, or significant economic power in the fund, are considered in the assessment of control. Judgement is required in the assessment of whether the group has control or significant influence in terms of the variability of returns from the group's involvement in the funds, the ability to use power to affect those returns and the significance of the group's investment in the funds. Based on the assessment of control or significant influence over these mutual funds, certain funds have been either been consolidated and others not.

33.7 Unconsolidated structured entities – mutual funds

The group invests in various mutual funds which are widely recognised as investment trusts that are regulated by government agencies, marketed and open to public investment. These funds provide investors with access to returns on underlying assets in terms of predefined mandates. Pricing information is publicly available.

Management do not consider these vehicles to be unconsolidated structured entities as defined under IFRS 12.

	Trademarks R000	Goodwill R000	Deferred acquisition costs R000	Customer relation-ships R000	Other intangibles R000	Total R000
1. INTANGIBLE ASSETS						
As at 28 February 2014						
Cost	**9 989**	**498 426**	**9 560**	**418 622**	**48 602**	**985 199**
Accumulated amortisation and impairment	**(9 989)**	**(98 774)**	**(3 110)**	**(122 952)**	**(28 438)**	**(263 263)**
Balance at end of year	**–**	**399 652**	**6 450**	**295 670**	**20 164**	**721 936**
Reconciliation						
Balance at beginning of year	**–**	**402 971**	**3 941**	**302 846**	**22 766**	**732 524**
Additions	**–**	**–**	**3 227**	**15 589**	**3 473**	**22 289**
Disposals	**–**	**–**	**–**	**–**	**(19)**	**(19)**
Disposal of books of business	**–**	**(3 319)**	**–**	**(2 461)**	**–**	**(5 780)**
Amortisation	**–**	**–**	**(718)**	**(20 304)**	**(6 056)**	**(27 078)**
Balance at end of year	**–**	**399 652**	**6 450**	**295 670**	**20 164**	**721 936**
As at 28 February 2013						
Cost	9 989	502 879	6 333	410 966	45 187	975 354
Accumulated amortisation and impairment	(9 989)	(99 908)	(2 392)	(108 120)	(22 421)	(242 830)
Balance at end of year	–	402 971	3 941	302 846	22 766	732 524
Reconciliation						
Balance at beginning of year	7 326	445 583	3 862	335 660	22 926	815 357
Additions	–	–	1 844	18 123	9 347	29 314
Disposals	–	(10 503)	–	(5 892)	(1 837)	(18 232)
Acquisition of subsidiaries	–	66 577	–	10 744	–	77 321
Disposal of books of business	–	(7 967)	–	(10 259)	(5)	(18 231)
Impairment	(7 326)	(90 719)	–	(24 924)	(1 689)	(124 657)
Amortisation	–	–	(1 765)	(20 606)	(5 975)	(28 346)
Balance at end of year	–	402 971	3 941	302 846	22 766	732 524
As at 29 February 2012						
Cost	9 989	454 772	9 467	416 095	42 233	932 556
Accumulated amortisation and impairment	(2 663)	(9 189)	(5 605)	(80 435)	(19 307)	(117 199)
Balance at end of year	7 326	445 583	3 862	335 660	22 926	815 357
Reconciliation						
Balance at beginning of year	7 825	400 224	–	307 961	11 874	727 884
Additions	–	815	1 988	41 760	10 975	55 538
Disposals	–	(9 977)	–	(26 603)	(734)	(37 314)
Acquisition of subsidiaries and books of business	–	60 831	4 123	38 839	9 131	112 924
Disposal of subsidiaries	–	(716)	–	(27)	(569)	(1 312)
Impairment	–	(5 594)	–	(5 925)	–	(11 519)
Amortisation	(499)	–	(2 249)	(20 345)	(7 751)	(30 844)
Balance at end of year	7 326	445 583	3 862	335 660	22 926	815 357

Included in other intangibles is computer software to the value of R20.7 million (2013: R22.7 million; 2012: R20.7 million).

Internally developed software

Included in the computer software carrying amount (as disclosed under other intangibles), is an amount of R9.9 million (2013: R10.5 million; 2012: R8.0 million) representing internally developed software.

1. INTANGIBLE ASSETS (continued)

Included in customer relationships are the following material individual intangible assets and their respective remaining amortisation period:

	REMAINING AMORTISATION PERIOD			CARRYING VALUE		
	2014 R000	2013 R000	2012 R000	**2014 R000**	2013 R000	2012 R000
Multinet Makelaars	**12 years and 1 month**	13 years and 1 month	14 years and 1 month	**47 720**	51 655	55 591
Diagonal Street Financial Services	**16 years and 6 months**	17 years and 6 months	18 years and 6 months	**19 447**	20 625	21 803
Tlotlisa Securities (T-Sec)	**15 years and 2 months**	16 years and 2 months	17 years and 2 months	**18 200**	19 400	20 600
PSG Konsult Short-Term Administration	**12 years and 2 months**	13 years and 2 months	14 years and 2 months	**16 317**	17 656	18 995
Multifund	**16 years**	17 years	18 years	**16 210**	17 324	18 437
PSG Konsult Insurance Solutions	**16 years**	17 years	18 years	**14 080**	14 960	15 840
				131 974	141 620	151 266

The above customer relationships relate to the original acquisitions of the respective books of business and/or entities, and as a result of the restructuring, now form part of larger cash generating units (CGUs) for impairment testing purposes. The largest three customer relationships of the group, namely our short-term distribution branches, our short-term administration business and short-term license business, forms part of the PSG Insure segment and have carrying values of R95.9 million (2013: R99.8 million; 2012: R104.0 million), R31.2 million (2013: R33.5 million; 2012: R40.5 million) and R23.7 million (2013: R25.7 million; 2012: R15.8 million) on 28/29 February respectively.

Detail of impairment test performed

For impairment testing purposes, goodwill is allocated to cash-generating units (CGU) at the lowest level of operating activity to which it relates, and is therefore not combined at a group level.

The subsidiaries to which the goodwill balance as at 28 February relate to:	**2014 R000**	2013 R000	2012 R000
PSG Wealth Financial Planning Proprietary Limited (previously PSG Konsult Financial Planning Proprietary Limited)	**249 630**	246 661	149 446
PSG Academy Proprietary Limited (previously PSG Konsult Academy Proprietary Limited)	**–**	–	1 691
PSG Konsult Securities Proprietary Limited	**–**	–	3 453
PSG Trust Proprietary Limited (previously PSG Konsult Trust Proprietary Limited)	**164**	164	164
PSG Namibia Proprietary Limited (previously PSG Konsult Namibia Proprietary Limited)	**2 238**	2 238	2 238
PSG Konsult Short-Term Insurance Brokers Proprietary Limited	**–**	–	110 321
Topexec Management Bureau Proprietary Limited	**–**	–	68 699
PSG Brokers UK Limited (previously PSG Konsult Brokers UK Limited)	**–**	–	44
Online Securities Limited	**24 503**	23 684	23 684
PSG Employee Benefits Limited (previously PSG Konsult Corporate Limited)	**21 475**	27 765	41 983
PSG Wealth Group Services Proprietary Limited (previously PSG Online Solutions Proprietary Limited)	**–**	1 912	1 912
iHound Proprietary Limited	**–**	–	1 134
PSG Invest Proprietary Limited (previously PSG Asset Management Administration Services Proprietary Limited)	**10 896**	9 801	9 801
PSG Asset Management Proprietary Limited	**8 719**	8 719	8 719
PSG Life Limited (previously PSG Asset Management Life Limited)	**7 832**	7 832	7 832
Western Group Holdings Limited (including PSG Konsult Insurance Solutions Proprietary Limited) *	**74 195**	74 195	14 462
	399 652	402 971	445 583

* For impairment testing purposes, the goodwill recognised with the acquisition of the majority stake in PSG Konsult Insurance Solutions Proprietary Limited, the group's short-term underwriting business, is directly linked to the reinsurance agreement in place between Western Group Holdings Limited and a third party insurance company, and therefore assessed together.

The largest three goodwill allocations to cash generating units (CGUs) of the group and their respective carrying values at 28/29 February were the goodwill allocated to our short-term distribution branches (2014: R115.0 million; 2013: R118.3 million; 2012: R131.3 million) and the short-term insurance business (2014: R74.2 million; 2013: R74.2 million; 2012: R14.5 million), which forms part of the PSG Insure segment, and to the Advance Wealth Management advisor business (2014: R50.3 million; 2013: R50.3 million; 2012: R50.3 million), which forms part of the PSG Wealth segment.

1. **INTANGIBLE ASSETS** (continued)

Impairment indicator evaluation performed

When goodwill is evaluated for impairment on an annual basis, the carrying value is assessed using a price-earnings ratio basis whereby the price-earnings ratio is multiplied by the current year earnings of the CGU to which the goodwill can be allocated on a reasonable basis. Price-earnings ratios used by management are determined with reference to similar listed companies as well as recent transactions that occurred within the PSG Konsult Group. The range of price-earnings ratios used varied from 5.0 to 7.5 (2013: 5.0 to 7.5; 2012: 7.5).

Trademarks were evaluated for impairment using the most recent price-earnings ratios for similar transactions in the market. The price-earnings ratios used during the 2013 financial year vary from 2.0 to 10.0 with an average of 7.5 (2012: 2.0 to 10.0 with an average of 7.5). The trademarks were impaired in full during the 2013 financial year.

Customer relationships were evaluated for impairment using the most recent price-earnings ratios for similar transactions in the market. The range of price-earnings ratios used vary from 5.0 to 10.0 with an average of 7.5 (2013: 5.0 to 10.0 with an average of 7.5; 2012: 2.0 to 10.0 with an average of 7.5).

Critical accounting estimates and judgements

Based on the impairment indicator tests described above, where impairment indicators were identified, management assessed the recoverable amount of the CGUs based on value-in-use calculations of the various CGUs. These calculations use cash flow projections based on financial budgets approved by management covering no longer than a five-year planning period. Where appropriate, cash flows were extrapolated into perpetuity by using a terminal growth rate model.

A key input used in the models to determine the value in use of the CGUs is the pre-tax discount rate applied to management's forecast cash flows, which reflects the current market assessments of time value of money and the risk specific to the CGU. The assumptions have been disclosed below:

	2014 **%**	2013 %	2012 %
Risk-free rate (2014: R207; 2013: R207; 2012: R157)	**8.24**	6.92	6.60
Tax rate	**28.00**	28.00	28.00
Growth rate	**3.00**	3.00	6.00
Terminal growth rate	**3.00**	3.00	4.00
Discount rate	**19.48**	18.32	16.48

The sensitivity analysis below discloses the impact on the income statement (impairment loss charge) for the 2013* financial year for changes in the model input. Scenario 1 assumes a change in growth rate assumptions by 1% in the direction decreasing the impairment loss charge. Scenario 2 assumes a change in the growth rate assumptions by 1% in the direction increasing the impairment loss charge. Scenario 3 assumes a change in discount rate assumption by 1% in the direction decreasing the impairment loss charge. Scenario 4 assumes a change in the discount rate assumption by 1% in the direction increasing the impairment loss charge.

Key input – 2013	Base assumption %	Scenario 1 (decrease) %	Scenario 2 (increase) %	Scenario 3 (decrease) %	Scenario 4 (increase) %
Growth rate	3.00	4.00	2.00	3.00	3.00
Terminal growth rate	3.00	4.00	2.00	3.00	3.00
Discount rate	18.32	18.32	18.32	17.32	19.32

	Scenario 1 R000	Scenario 2 R000	Scenario 3 R000	Scenario 4 R000
Impact on the impairment loss charge in the income statement	(5 209)	4 210	(5 216)	4 216

* A sensitivity analysis was performed for the 2012 and 2014 financial years taking into account the various scenarios disclosed above. The sensitivity analysis indicated that, for the 2012 and 2014 financial years, the impact on the impairment loss charge to the income statement would not have been material.

The impairment tests performed during the 2013 financial year on books of business within the group (mainly concentrated to the Insure segment of the group) was based on management's projections and a discounted cash flow methodology was applied using the following internal assumptions:

- More conservative revenue projections mainly due to the soft premium cycle currently experienced in the insurance industry in South Africa.
- The discount rate was increased from the previous financial year to compensate for the increased competitive environment.

1. **INTANGIBLE ASSETS** (continued)

Included under the impairment charge was the following:

	2014 R000	2013 R000	2012 R000	Reporting segment
Goodwill				
PSG Employee Benefits Limited (previously PSG Konsult Corporate Limited)	**–**	4 379	–	PSG Insure
PSG Wealth Financial Planning Proprietary Limited (previously PSG Konsult Financial Planning Proprietary Limited)	**–**	74 896	–	PSG Insure
iHound Proprietary Limited	**–**	1 134	–	PSG Wealth
PSG Brokers UK Limited (previously PSG Konsult Brokers UK Limited)	**–**	44	–	PSG Wealth
PSG Konsult Insurance Solutions Proprietary Limited	**–**	6 842	–	PSG Insure
PSG Scriptfin Proprietary Limited	**–**	1 733	–	PSG Wealth
Topexec Management Bureau Proprietary Limited	**–**	–	5 594	PSG Insure
PSG Academy Proprietary Limited (previously PSG Konsult Academy Proprietary Limited)	**–**	1 691	–	Note 1
Goodwill impairment incurred	**–**	90 719	5 594	
Trademarks				
PSG Wealth Financial Planning Proprietary Limited (previously PSG Konsult Financial Planning Proprietary Limited)	**–**	7 326	–	PSG Wealth
Trademarks impairment incurred	**–**	7 326	–	PSG Wealth
Customer relationships				
PSG Employee Benefits Limited (previously PSG Konsult Corporate Limited)	**–**	6 043	2 084	PSG Wealth
PSG Wealth Financial Planning Proprietary Limited (previously PSG Konsult Financial Planning Proprietary Limited)	**–**	1 928	1 500	PSG Wealth
PSG Wealth Financial Planning Proprietary Limited (previously PSG Konsult Financial Planning Proprietary Limited)	**–**	11 857	75	PSG Insure
iHound Proprietary Limited	**–**	5 096	–	PSG Wealth
Topexec Management Bureau Proprietary Limited	**–**	–	2 266	PSG Insure
Customer relationships impairment incurred	**–**	24 924	5 925	
Other intangibles				
PSG Academy Proprietary Limited (previously PSG Konsult Academy Proprietary Limited)	**–**	1 689	–	Note 1
Other intangibles impairment incurred	**–**	1 689	–	
Total impairment incurred	**–**	124 657	11 519	

Note 1: These impairments could not be directly allocated to a reporting segment and was allocated to the three reporting segments on a pro rata allocation basis.

The carrying value of the intangible assets were carefully assessed at 28 February 2014 and management does not deem any of the intangible assets to be impaired.

The impairment charge for the 2013 financial year related to:

- The amounts of R6.0 million and R4.4 million, impaired within PSG Employee Benefits Limited (previously PSG Konsult Corporate Limited), related to the close-down of a CGU within this company and the significant reduction in the future revenue projections of a CGU in the insurance industry respectively.
- An amount of R1.9 million was impaired within PSG Wealth Financial Planning Proprietary Limited (previously PSG Konsult Financial Planning Proprietary Limited) due to the significant reduction in the future revenue projections of within three CGUs and sustained loss of income during the year on these books of business.

1. **INTANGIBLE ASSETS** (continued)

- The goodwill of R74.9 million and the customer relationships of R11.9 million impaired within PSG Wealth Financial Planning Proprietary Limited (previously PSG Konsult Financial Planning Proprietary Limited) were due to the following:
  - R60.7 million of the goodwill and R5.2 million of the customer relationships impairment related to the group's short-term administration platform which has been experiencing increased pressure on operating margins in a very competitive insurance industry
  - the remaining goodwill impairment of R14.2 million and the remaining customer relationships impairment of R6.7 million related to the PSG Insure reporting segment and was due to the significant reduction in the future revenue projections in various CGUs linked to the insurance industry, as well the subsequent closure of one of the CGUs.
- Goodwill of R1.1 million and customer relationships of R5.1 million, impaired within the PSG Wealth reporting segment, related to the lead generating business, iHound Proprietary Limited, which was closed down during the 2013 financial year.
- An amount of R6.8 million, relating to the group's short-term underwriting business through PSG Konsult Insurance Solutions Proprietary Limited, did not produce any profits for the group in the 2013 financial year and it was expected to maintain these low underwriting margins in the foreseen future.
- Goodwill of R1.7 million and intellectual property of R1.7 million, linked to the group's learning academy, was impaired as it related to a non-core CGU within the group, which will not form part of the group's new restructure business division as well as the long-term future of the group.
- Trademarks of R7.3 million, impaired within the PSG Wealth reporting segment, related to a trademark/brand name acquired in the past as part of a business combination which will not be used in the future under the 'PSG' masterbrand.
- Amounts of R1.7 million and R0.04 million were impaired as it related to non-core CGUs within the PSG Wealth reporting segment and which did not form part of PSG Wealth's long-term growth plans.

The impairment charge for the 2012 financial year related to:

- The amount of R2.1 million impaired within PSG Employee Benefits Limited (previously PSG Konsult Corporate Limited) was as a result of a profit guarantee not being met and the adjustment was made to the income statement in terms of IFRS 3 revised as the acquisition was recorded after 1 March 2010. This was an impairment indicator which resulted in the impairment of a portion of the customer relationship of this CGU, with a further impairment indicated above in 2013 and the subsequent closedown of the CGU.
- The amounts of R5.6 million and R2.3 million, impaired within Topexec Management Bureau Proprietary Limited, was as a result of the loss of the underlying income stream within a CGU of this company and consequently the decision was made to impair the goodwill and customer relationships relating to this CGU. This CGU was subsequently closed down.
- The amounts of R1.5 million and R0.08 million, reported under the PSG Wealth and PSG Insure segment respectively and impaired within PSG Wealth Financial Planning Proprietary Limited (previously PSG Konsult Financial Planning Proprietary Limited), were as result of significant reduction in the future revenue projections of these CGUs and sustained loss of income during the year on these books of business.

The value-in-use basis was used to determine the recoverable amount for all of the impairments listed above and the discount rate applied is set out in the assumptions above. The impairment losses have been charged as part of depreciation, amortisation and impairment expenses as disclosed under note 31.2.

Critical accounting estimates and judgements

Customer relationships are amortised over a period of 20 years which represent management's best estimate of period, over which economic benefits are expected to be derived. The amortisation charge on the customer relationships for the year ending 28 February 2014 was R20.3 million (2013: R20.6 million; 2012: R20.3 million). The amortisation charge of intangible assets is sensitive to the useful life, which is illustrated in the table below:

Assumptions	Years	Scenario 1 Years	Scenario 2 Years	Scenario 1* Amortisation charge on customer relationships would have increased to R000	Scenario 2* Amortisation charge on customer relationships would have increased to R000
Amortisation period	20	15	10	26 803	40 204

* Sensitivity analysis illustrates impact on current year amortisation charge. Impact for the 2013 and 2012 financial years would not have been materially different.

	Owner-occupied buildings R000	Motor vehicles R000	Office equipment R000	Computer equipment R000	Total R000
2. PROPERTY AND EQUIPMENT					
As at 28 February 2014					
Cost	**4 313**	**721**	**48 492**	**60 210**	**113 736**
Accumulated depreciation and impairment	**(291)**	**(640)**	**(30 718)**	**(34 497)**	**(66 146)**
Balance at end of year	**4 022**	**81**	**17 774**	**25 713**	**47 590**
Reconciliation					
Balance at beginning of year	**4 155**	**225**	**12 876**	**10 099**	**27 355**
Additions	**–**	**46**	**11 259**	**24 144**	**35 449**
Disposals	**–**	**(63)**	**(170)**	**(1 462)**	**(1 695)**
Depreciation	**(133)**	**(127)**	**(6 203)**	**(7 055)**	**(13 518)**
Disposal of subsidiaries	**–**	**–**	**(5)**	**(28)**	**(33)**
Exchange differences	**–**	**–**	**17**	**15**	**32**
Balance at end of year	**4 022**	**81**	**17 774**	**25 713**	**47 590**
As at 28 February 2013					
Cost	4 313	759	38 092	40 244	83 408
Accumulated depreciation and impairment	(158)	(534)	(25 216)	(30 145)	(56 053)
Balance at end of year	4 155	225	12 876	10 099	27 355
Reconciliation					
Balance at beginning of year	–	316	15 911	10 522	26 749
Additions	–	92	2 942	6 213	9 247
Disposals	–	(22)	(739)	(456)	(1 217)
Depreciation	(44)	(161)	(5 811)	(7 160)	(13 176)
Acquisition of subsidiaries	4 199	–	739	1 328	6 266
Disposal of subsidiaries and books of business	–	–	(91)	(337)	(428)
Exchange differences	–	–	(1)	2	1
Impairment	–	–	(74)	(13)	(87)
Balance at end of year	4 155	225	12 876	10 099	27 355
As at 29 February 2012					
Cost	–	702	38 385	41 807	80 894
Accumulated depreciation and impairment	–	(386)	(22 474)	(31 285)	(54 145)
Balance at end of year	–	316	15 911	10 522	26 749
Reconciliation					
Balance at beginning of year	–	556	15 916	9 453	25 925
Additions	–	50	5 292	7 424	12 766
Disposals	–	(126)	(961)	(165)	(1 252)
Depreciation	–	(164)	(5 451)	(7 220)	(12 835)
Acquisition of subsidiaries and books of business	–	–	1 303	1 117	2 420
Disposal of subsidiaries	–	–	(188)	(87)	(275)
Balance at end of year	–	316	15 911	10 522	26 749

Depreciation expense of R13.5 million (2013: R13.2 million; 2012: R12.8 million) has been charged as part of depreciation, amortisation and impairment expenses as disclosed in note 31.2.

Owner-occupied buildings comprise Unit 209 and Unit 211 of a sectional title development, known as The Cliffs. The building is situated on Erf 39279, Bellville, Cape Town.

2. PROPERTY AND EQUIPMENT (continued)

Included in office equipment and computer equipment are assets held under finance leases (refer to note 20):

	Computer equipment	Office equipment		
	2014	**2014**	2013	2012
	R000	**R000**	R000	R000
Cost	**15 305**	**1 688**	1 688	1 688
Accumulated depreciation and impairment	**(319)**	**(1 688)**	(1 360)	(797)
Net carrying value at end of year	**14 986**	**–**	328	891

	2014	2013
	R000	R000
3. INVESTMENT PROPERTY		
As at 28 February		
Cost	**2 036**	2 036
Fair value adjustments	**209**	–
Balance at end of year	**2 245**	2 036
Reconciliation		
Balance at beginning of year	**2 036**	–
Acquisition of subsidiaries	**4 975**	2 036
Disposals	**(4 500)**	–
Cost	**(4 975)**	–
Fair value adjustments	**475**	–
Fair value adjustments	**(266)**	–
Balance at end of year	**2 245**	2 036

Investment property comprises the following:

The group invested in an office building, which includes Unit 210 of a sectional title development, known as The Cliffs. The building is situated on Erf 39279, Bellville, Cape Town. The property was valued by Mr PJ Erasmus from Capitol Commercial Properties, on 18 February 2014 and the value was adjusted accordingly.

The most significant input in the valuation of the office building is the price per square metre (2014: average of R13 000 per square metre; 2013: average of R12 000 per square metre).

Rental income and direct operating expenditure relating to the building are included in profit and loss and were:

	2014	2013
Rental income	**306**	96
Direct operating expenditure	**(32)**	(90)
	274	6

	2014 R000	2013 R000	2012 R000
4. INVESTMENT IN ASSOCIATED COMPANIES			
Carrying value of ordinary share investments			
Unlisted	**39 548**	43 031	11 350
	39 548	43 031	11 350
Reconciliation			
Balance at beginning of year	**43 031**	11 350	13 492
Share of profit/(loss) after taxation	**3 118**	4 157	(38)
Impairment charges	**(342)**	(51)	–
Movement in investment value	**(6 259)**	27 575	(2 104)
Dividends received	**–**	(919)	(293)
Acquisitions of subsidiaries	**–**	37 187	500
Acquisitions	**–**	19 362	–
Disposal of associated companies	**(6 601)**	(7 362)	(500)
Step acquisition from investment in associated companies to subsidiary	**–**	(21 674)	(2 090)
Impairments against loans granted to associated companies	**342**	325	–
Exchange differences	**–**	656	279
Carrying value at end of year	**39 548**	43 031	11 350
At cost	**39 548**	43 031	6 609
Goodwill included in carrying value	**–**	–	4 741

Acquisitions

2014

No acquisitions of an investment in associated companies occurred during the 2014 financial year.

2013

The group acquired a 24% shareholding in Western Group Holdings Limited (Western) on 1 March 2012. An additional interest of 51% was obtained in November 2012 and the investment in this associated company was derecognised on 31 October 2012 as the group obtained control over this company. Western was treated as a subsidiary from 1 November 2012 and fully consolidated from that date. This resulted in the investments in Xinergistics Proprietary Limited, Purple Line Plastics Proprietary Limited, JWR Holdings Proprietary Limited, Excluwin Traders Proprietary Limited, Prexision Asset Finance Proprietary Limited and Tradesure Marine Proprietary Limited being recognised as investment in associated companies from this date.

The group, through its subsidiary Abrafield Proprietary Limited, obtained an additional interest of 5% in Cinetaur Proprietary Limited on 1 March 2012 for a consideration of R0.02 million, increasing its interest in the company from 35% to 40%.

2012

During the 2012 financial year the group acquired a 30% shareholding in Woodwind Proprietary Limited and a 10% shareholding in Finplanning Proprietary Limited through the investment in PSG Asset Management Holdings Proprietary Limited. The Finplanning Proprietary Limited shareholding was disposed of during the same year for a consideration of R0.5 million. Refer to note 39.5 for detail of these acquisitions.

Disposals

2014

Effective 1 March 2013, the group, through its subsidiary PSG Fixed Income and Commodities Proprietary Limited (previously PSG Prime Proprietary Limited), sold its 38% interest held in Axon Xchange Proprietary Limited for R4.5 million, resulting in non-headline profit of R0.03 million.

Effective 1 April 2013 and 1 May 2013, the group, through its subsidiary Western Group Holdings Limited, sold its 25% interest held in Purple Line Plastics Proprietary Limited and its 26% interest held in JWR Holdings Proprietary Limited for R2.1 million and R0.5 million, resulting in non-headline profits of R0.04 million and R0.3 million respectively.

Effective 1 August 2013, the group, through its subsidiary Western Group Holdings Limited sold its 34% interest held in Excluwin Traders Proprietary Limited for R4.0 million, resulting in non-headline profit of R3.5 million.

Effective 1 November 2013, the group, through its subsidiary Abrafield Proprietary Limited, acquired an additional 35% interest in Cinetaur Proprietary Limited (Cinetaur) for R350. The investment in this associated company was derecognised on 31 October 2013 as the group obtained control over this company. Cinetaur was treated as a subsidiary from 1 November 2013 and fully consolidated from that date. This step acquisition resulted in a non-headline loss of R0.1 million.

2013

The group, through its subsidiary PSG Brokers UK Limited (previously PSG Konsult Brokers UK Limited), sold the 50% interest held in PSG Consult Limited on 2 January 2013, resulting in a non-headline loss of R6.4 million.

4. INVESTMENT IN ASSOCIATED COMPANIES (continued)

Effective 1 October 2012 and 28 February 2013, the group, through its subsidiary Abrafield Proprietary Limited, sold its 30% interest held in Karana Property Investments Proprietary Limited and its 30% interest held in Jamwa Beleggings Proprietary Limited, resulting in a non-headline loss of R1.1 million and a non-headline profit of R0.3 million respectively.

2012

During the 2012 financial year, PSG Konsult Limited entered into an agreement with its wholly owned subsidiary, PSG Wealth Group Services Proprietary Limited (previously PSG Online Solutions Proprietary Limited) on 1 March 2011, to cede its 20% interest in iHound Proprietary Limited for an amount of R1.0 million. On this date, PSG Wealth Group Services Proprietary Limited (previously PSG Online Solutions Proprietary Limited) exercised the pre-emptive rights granted in the ceded contract and increased its interest in iHound Proprietary Limited to 51% for a consideration of R1.5 million. iHound Proprietary Limited was derecognised as an associate on this date, resulting in a loss of R0.9 million, as the group obtained control over the company. The company was consolidated as it was treated as a subsidiary from this date.

Impairments

Any impairment charges recognised on the investment in associated companies will be calculated on the basis set out in the accounting policy, and making use of the assumptions set out in the note below.

Impairment assessments are performed relating to investments in associated companies using the following valuation techniques when calculating the estimated fair value less cost to sell:

- Discounted cash flows were applied for companies with established cash flow history.
- Price-earnings ratios were applied to projected profits after tax for newly established or acquired companies.

The following key assumptions were used in the performance of the fair value calculations:

	2014	2013	2012
Price-earnings ratios	**5.0 – 7.5**	5.0 – 7.5	7.5

Investment in associated companies to the value of R0.3 million (2013: R0.1 million; 2012: Rnil) was impaired during the financial year.

Refer to Annexure B for further information regarding associated companies.

The table below analyses the loans to associated companies and the terms of these loans:

Loans granted to associated companies	Secured (Yes/No)	Interest rate	Repayment terms	**2014 R000**	2013 R000	2012 R000
Woodwind Proprietary Limited	No	Interest-free	None*	**1 086**	1 257	1 307
Prexision Asset Finance Proprietary Limited	No	Prime plus 4%	None*	**835**	1 056	–
Excluwin Traders Proprietary Limited	No	Prime	None*	**–**	694	–
Make-a-Million Proprietary Limited	No	Interest-free	None*	**39**	–	–
Cinetaur Proprietary Limited	No	Prime less 1%	None*	**–**	1 172	891
PSG Consult Limited	No	2% – 3%	None*	**–**	–	4 266
Jamwa Beleggings Proprietary Limited	No	Prime less 0.85%	None*	**–**	–	1 222
Karana Property Investments Proprietary Limited	No	Prime less 1%	None*	**–**	–	1 246
				1 960	4 179	8 932
Current portion				**1 960**	4 179	8 932
Non-current portion				**–**	–	–
				1 960	4 179	8 932

* No fixed repayment terms.

	2014 R000	2013 R000
5. INVESTMENT IN JOINT VENTURES		
Carrying amount of ordinary share investments		
Unlisted	**12 057**	8 682
	12 057	8 682
Reconciliation		
Carrying amount at beginning of year	**8 682**	–
Share of profit after taxation	**3 375**	158
Movement in investment value		
Acquisitions of subsidiaries	**–**	8 524
Carrying amount at end of year	**12 057**	8 682
As at 28 February		
Shares at cost	**8 524**	8 524
Share of profits and reserves since acquisition	**3 533**	158
Balance at end of year	**12 057**	8 682
*Loan granted to joint venture**	**3 285**	3 160
Jan Jonker Property Investment Trust		
Unsecured loan bearing interest at prime plus 2% (2013: 9.25%) and has no repayment terms	**3 285**	3 160

* The loan granted to the joint venture is recoverable within 12 months and is included under note 14 (Receivables including insurance receivables).

Acquisitions

PSG Konsult Limited obtained the investment in Jan Jonker Property Investment Trust through the acquisition of the subsidiary, Western Group Holdings Limited, on 1 November 2012.

Impairments

Impairment assessments are performed relating to investment in joint venture using the following valuation techniques when calculating the estimated fair value less cost to sell:

- Discounted cash flows were applied for companies with established cash flow history.
- Price-earnings ratios were applied to projected profits after tax for newly established or acquired companies.

The following key assumptions were used in the performance of the fair value calculations:

	2014	2013
Price-earnings ratios	**5.0**	5.0

The investment in joint venture is not considered to be impaired (2013: Rnil).

Refer to Annexure C for further information regarding joint ventures.

	2014 R000	2013 R000	2012 R000
6. DEFERRED INCOME TAX			
Deferred income tax assets	**52 101**	29 271	33 116
Deferred income tax liabilities	**(53 423)**	(58 481)	(68 005)
Net deferred income tax liabilities	**(1 322)**	(29 210)	(34 889)
Deferred income tax assets			
To be recovered within 12 months	**26 415**	11 598	14 440
To be recovered after 12 months	**25 686**	17 673	18 676
	52 101	29 271	33 116
Deferred income tax liabilities			
To be recovered within 12 months	**(13 102)**	(1 234)	(5 322)
To be recovered after 12 months	**(40 321)**	(57 247)	(62 683)
	(53 423)	(58 481)	(68 005)

6. DEFERRED INCOME TAX (continued)

The movement in the deferred tax assets and liabilities during the year was as follows:

Deferred tax assets	STC credits R000	Deferred revenue R000	Provisions R000	Tax losses carried forward R000	Accruals not currently deductible and other differences R000	Total R000
As at 1 March 2011	982	–	1 655	1 859	5 421	9 917
(Charges)/credit to profit and loss	(53)	(893)	(2 245)	1 999	2 991	1 799
Other movements	–	–	(30)	–	–	(30)
Acquisition of businesses	45	16 606	1 742	7 693	21 217	47 303
Disposal of businesses	(45)	–	(101)	(1 752)	–	(1 898)
As at 29 February 2012	929	15 713	1 021	9 799	29 629	57 091
(Charges)/credit to profit and loss	(929)	(4 838)	(616)	1 942	2 766	(1 675)
Credit to equity	–	–	3 294	–	–	3 294
Other movements*	–	–	–	11	–	11
Disposal of subsidiaries	–	–	(59)	–	–	(59)
Acquisition of subsidiaries	–	–	857	8 124	(49)	8 932
As at 28 February 2013	–	10 875	4 497	19 876	32 346	67 594
(Charges)/credit to profit and loss	**–**	**(4 288)**	**19 070**	**624**	**10 881**	**26 287**
Credit to equity	**–**	**–**	**11 190**	**–**	**–**	**11 190**
Other movements	**–**	**–**	**631**	**22**	**220**	**873**
Disposal of subsidiaries	**–**	**–**	**–**	**(315)**	**(4)**	**(319)**
Acquisition of subsidiaries	**–**	**–**	**–**	**81**	**–**	**81**
As at 28 February 2014	**–**	**6 587**	**35 388**	**20 288**	**43 443**	**105 706**

* Represent movement through income statement.

The movement in the deferred tax assets and liabilities during the year was as follows:

Deferred tax liabilities	Deferred acquisition cost R000	Prepaid expenses R000	Unrealised appreciation of invest-ments R000	Other intangible assets R000	Foreign exchange and other R000	Total R000
As at 1 March 2011	–	(280)	–	(72 543)	(118)	(72 941)
(Charges)/credit to profit and loss	(14)	(122)	(1 886)	6 489	(4 530)	(63)
Charges to other comprehensive income	–	–	(49)	–	–	(49)
Disposal of subsidiaries	–	65	–	167	–	232
Acquisition of subsidiaries	(256)	(110)	(4 963)	(10 007)	(6 270)	(21 606)
Other movements	–	(355)	–	2 803	–	2 448
As at 29 February 2012	(270)	(802)	(6 898)	(73 091)	(10 918)	(91 979)
Credit/(charges) to profit and loss	270	(222)	(7 840)	1 956	(4 804)	(10 640)
Credit to other comprehensive income	–	–	110	–	–	110
Disposal of subsidiaries	–	11	–	–	–	11
Acquisition of subsidiaries	–	–	(231)	(3 008)	–	(3 239)
Disposal of books of business*	–	–	–	1 852	–	1 852
Other movements*	–	(40)	–	7 121	–	7 081
As at 28 February 2013	–	(1 053)	(14 859)	(65 170)	(15 722)	(96 804)
(Charges)/credit to profit and loss	**(1 773)**	**128**	**(10 457)**	**3 727**	**(2 144)**	**(10 519)**
Disposal of books of business*	**–**	**–**	**–**	**511**	**–**	**511**
Other movements	**–**	**(162)**	**–**	**–**	**(54)**	**(216)**
As at 28 February 2014	**(1 773)**	**(1 087)**	**(25 316)**	**(60 932)**	**(17 920)**	**(107 028)**

* Represent movements through income statement.

		2014 R000	2013 R000	2012 R000
6.	**DEFERRED INCOME TAX** (continued)			
	Total accumulated losses available for which no deferred tax asset has been raised:	**1 273**	–	61
		1 273	–	61

The deferred income tax assets and liabilities were calculated in full on all temporary differences under the liability method using an effective tax rate of 28% (2013; 2012: 28%) in South Africa and the official tax rates in the foreign subsidiaries where applicable. No deferred tax asset raised for STC credits during the current financial year as STC was replaced by Dividends Withholding Tax during the 2013 financial year (2012: rate of 10% applied to raise deferred tax asset on STC credits). No STC credits available at year-end to utilise against future dividends paid by the company.

The recoverability of the deferred income tax assets were assessed as set out in the accounting policies. Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is possible.

		2014 R000	2013 R000	2012 R000
7.	**EQUITY SECURITIES**			
	Direct equity investments	**4 631**	31 629	9 615
	Quoted – Listed	**3 786**	30 784	8 770
	Unquoted – Unlisted	**845**	845	845
	Investments linked to investment contracts (refer to note 21)	**600 249**	981 144	865 353
	Quoted – Listed	**600 249**	585 304	865 353
	Quoted – Unlisted	**–**	395 840	–
		604 880	1 012 773	874 968

Included in quoted equity securities are listed investments to the value of R604.0 million (2013: R616.1 million; 2012: R874.1 million). Quoted securities were valued based on the quoted bid prices as listed on the Johannesburg Stock Exchange (JSE).

		Fair value through profit or loss R000	Total R000
7.	**EQUITY SECURITIES** (continued)		
	Quoted – Listed		
	Reconciliation		
	Carrying amount at 1 March 2011	–	–
	Additions	122 864	122 864
	Disposals	(192 977)	(192 977)
	Acquisition of subsidiaries	921 321	921 321
	Consolidation of mutual funds	39 238	39 238
	Deconsolidation of mutual funds	(64 799)	(64 799)
	Unrealised fair value net gains and reinvestments	48 476	48 476
	Carrying amount at 29 February 2012	874 123	874 123
	Additions	135 478	135 478
	Disposals	(118 265)	(118 265)
	Acquisition of subsidiaries	12 988	12 988
	Deconsolidation of mutual funds	(30 467)	(30 467)
	Transfer to unlisted equity investments	(345 085)	(345 085)
	Unrealised fair value net gains and reinvestments	87 316	87 316
	Carrying amount at 28 February 2013	616 088	616 088
	Additions	**347 662**	**347 662**
	Disposals	**(475 056)**	**(475 056)**
	Deconsolidation of mutual funds	**(16 876)**	**(16 876)**
	Unrealised fair value net gains and reinvestments	**132 217**	**132 217**
	Carrying amount at 28 February 2014	**604 035**	**604 035**
	Quoted – Unlisted		
	Reconciliation		
	Carrying amount at 29 February 2012	–	–
	Additions	335 539	335 539
	Disposals	(345 085)	(345 085)
	Transfer from listed equity investments*	345 085	345 085
	Unrealised fair value net gains and reinvestments	60 301	60 301
	Carrying amount at 28 February 2013	395 840	395 840
	Disposals	**(395 840)**	**(395 840)**
	Carrying amount at 28 February 2014	**–**	**–**

* Refer to page 128 for detail of the reallocation from listed to unlisted.

	Available-for-sale R000	Total R000
Unquoted – Unlisted		
Reconciliation		
Carrying amount at 1 March 2011	345	345
Additions	500	500
Carrying amount at 29 February 2012	845	845
Carrying amount at 28 February 2013	845	845
Carrying amount at 28 February 2014	**845**	**845**

The fair value of the unquoted securities classified as available-for-sale is valued at the ruling prices for acquiring similar rights less any transaction costs.

The group determines that available-for-sale equity instruments are impaired and recognised as such in the income statement when there has been significant and prolonged decline in the fair value below their cost. As at 29 February 2012, 28 February 2013 and 28 February 2014, the group had no financial instruments with fair values below cost where the decline was considered significant or prolonged.

		2014 R000	2013 R000	2012 R000
7.	**EQUITY SECURITIES** (continued)			
	Current portion	**69 430**	519 094	511 930
	Non-current portion	**535 450**	493 679	363 038
		604 880	1 012 773	874 968

		2014 R000	2013 R000	2012 R000
8.	**DEBT SECURITIES**			
	Direct investments	**444 706**	127 038	47 704
	Quoted – Listed	**21 441**	43 524	17 755
	Quoted – Unlisted	**423 265**	80 098	29 949
	Unquoted	**–**	3 416	–
	Investments linked to investment contracts (refer to note 21)	**1 676 726**	1 884 446	2 001 038
	Quoted – Listed	**32 036**	53 790	82 721
	Quoted – Unlisted	**1 407 343**	1 583 935	1 651 984
	Unquoted	**237 347**	246 721	266 333
		2 121 432	2 011 484	2 048 742

Included in quoted debt securities are listed investments to the value of R53.5 million (2013: R97.3 million; 2012: R100.5 million).

	Available-for-sale R000	Fair value through profit or loss R000	Total R000
Quoted – Listed			
Reconciliation			
Carrying amount at 1 March 2011	–	–	–
Additions	–	17 948	17 948
Acquisition of subsidiaries	17 323	92 204	109 527
Disposals	–	(34 466)	(34 466)
Consolidation of mutual funds	–	602	602
Unrealised fair value net gains and reinvestments	432	6 433	6 865
Carrying amount at 29 February 2012	17 755	82 721	100 476
Additions	–	49 803	49 803
Acquisition of subsidiaries	–	8 342	8 342
Disposals	(17 987)	(57 314)	(75 301)
Unrealised fair value net gains and reinvestments	775	13 762	14 537
Realised losses	(543)	–	(543)
Carrying amount at 28 February 2013	–	97 314	97 314
Additions	**–**	**41 505**	**41 505**
Disposals	**–**	**(61 695)**	**(61 695)**
Maturities	**–**	**(23 956)**	**(23 956)**
Unrealised fair value net gains and reinvestments	**–**	**125**	**125**
Realised losses	**–**	**(322)**	**(322)**
Finance income	**–**	**506**	**506**
Carrying amount at 28 February 2014	**–**	**53 477**	**53 477**

	Held-to-maturity R000	Fair value through profit or loss R000	Total R000
8. DEBT SECURITIES (continued)			
Quoted – Unlisted			
Reconciliation			
Carrying amount at 1 March 2011	–	–	–
Additions	155 182	110 662	265 844
Acquisition of subsidiaries	909 314	982 367	1 891 681
Disposals	–	(657 000)	(657 000)
Maturities	(1 204)	–	(1 204)
Consolidation of mutual funds	–	11 024	11 024
Unrealised fair value net gains and reinvestments	–	52 074	52 074
Finance income	119 514	–	119 514
Carrying amount at 29 February 2012	1 182 806	499 127	1 681 933
Additions	–	161 474	161 474
Acquisition of subsidiaries	–	8 408	8 408
Disposals	–	(356 296)	(356 296)
Unrealised fair value net gains and reinvestments	–	67 161	67 161
Finance income	101 353	–	101 353
Carrying amount at 28 February 2013	1 284 159	379 874	1 664 033
Additions	**18 785**	**981 036**	**999 821**
Disposals	**–**	**(639 896)**	**(639 896)**
Consolidation of mutual funds	**–**	**243 563**	**243 563**
Deconsolidation of mutual funds	**–**	**(23 422)**	**(23 422)**
Maturities	**(528 856)**	**(34 987)**	**(563 843)**
Unrealised fair value net gains and reinvestments	**–**	**34 117**	**34 117**
Finance income	**114 085**	**2 804**	**116 889**
Realised losses	**–**	**(438)**	**(438)**
Interest and dividends accrued	**–**	**(216)**	**(216)**
Carrying amount at 28 February 2014	**888 173**	**942 435**	**1 830 608**

	Fair value through profit or loss R000	Total R000
Unquoted		
Reconciliation		
Carrying amount at 1 March 2011	–	–
Additions	56 171	56 171
Acquisition of subsidiaries	212 824	212 824
Disposals	(19 817)	(19 817)
Unrealised fair value net gains and reinvestments	17 155	17 155
Carrying amount at 29 February 2012	266 333	266 333
Additions	24 879	24 879
Disposals	(70 352)	(70 352)
Unrealised fair value net gains and reinvestments	21 666	21 666
Finance income	7 611	7 611
Carrying amount at 28 February 2013	250 137	250 137
Additions	**45 052**	**45 052**
Disposals	**(43 855)**	**(43 855)**
Unrealised fair value net losses and reinvestments	**(13 987)**	**(13 987)**
Carrying amount at 28 February 2014	**237 347**	**237 347**

The fair value of the unquoted debt securities is based on discounted cash flow valuation methodologies using market interest rates and the risk premium specific to the unquoted securities, or is determined by comparing it to the value of the underlying investments.

		2014 R000	2013 R000	2012 R000
8.	**DEBT SECURITIES** (continued)			
	Unquoted (continued)			
	Reconciliation (continued)			
	Current portion	**592 525**	640 714	111 058
	Non-current portion	**1 528 907**	1 370 770	1 937 684
		2 121 432	2 011 484	2 048 742

		2014 R000	Restated* 2013 R000	Restated* 2012 R000
9.	**UNIT-LINKED INVESTMENTS**			
	Direct investments	**359 617**	308 900	139 394
	Quoted – Unlisted	**359 617**	308 889	137 789
	Unquoted	**–**	11	1 605
	Investments linked to investment contracts (refer to note 21)	**9 859 012**	6 493 113	5 186 692
	Quoted – Unlisted	**7 608 536**	4 473 311	3 471 531
	Unquoted	**2 250 476**	2 019 802	1 715 161
		10 218 629	6 802 013	5 326 086

None (2013: Rnil; 2012: Rnil) of the quoted unit-linked investments are listed.

* Comparative information has been restated for the adoption of IFRS 10 Consolidated Financial Statements. Refer to note 42 for more detail.

	Available-for-sale R000	**Restated Fair value through profit or loss R000**	**Restated Total R000**
Quoted – Unlisted			
Reconciliation			
Carrying amount at 1 March 2011	–	–	–
Additions	–	2 844 603	2 844 603
Acquisition of subsidiaries	32 241	3 507 302	3 539 543
Disposals	(54 943)	(3 074 958)	(3 129 901)
Deconsolidation of mutual funds	38 134	–	38 134
Unrealised fair value net gains and reinvestments	(1 559)	292 521	290 962
Consolidation of mutual funds	–	21 503	21 503
Realised profits	–	4 476	4 476
Carrying amount at 29 February 2012	13 873	3 595 447	3 609 320
Additions	9 161	3 918 668	3 927 829
Acquisition of subsidiaries	–	145 048	145 048
Disposals	(23 358)	(3 450 105)	(3 473 463)
Deconsolidation of mutual funds	–	15 951	15 951
Unrealised fair value net gains and reinvestments	(5)	552 958	552 953
Realised profits	329	3 703	4 032
Interest and dividends accrued	–	530	530
Carrying amount at 28 February 2013	–	4 782 200	4 782 200
Additions	**–**	**5 908 642**	**5 908 642**
Disposals	**–**	**(3 596 719)**	**(3 596 719)**
Consolidation of mutual funds	**–**	**(70 386)**	**(70 386)**
Deconsolidation of mutual funds	**–**	**19 485**	**19 485**
Unrealised fair value net gains and reinvestments	**–**	**915 297**	**915 297**
Realised profits	**–**	**761**	**761**
Interest and dividends accrued	**–**	**8 873**	**8 873**
Carrying amount at 28 February 2014	**–**	**7 968 153**	**7 968 153**

		Restated Fair value through profit or loss R000	Restated Total R000
9.	**UNIT-LINKED INVESTMENTS** (continued)		
	Unquoted		
	Reconciliation		
	Carrying amount at 1 March 2011	–	–
	Exchange differences on monetary assets	304	304
	Additions	1 505 020	1 505 020
	Acquisition of subsidiaries	1 320 749	1 320 749
	Disposals	(1 196 600)	(1 196 600)
	Disposal of subsidiaries	(9 313)	(9 313)
	Deconsolidation of mutual funds	(10 670)	(10 670)
	Unrealised fair value net gains and reinvestments	107 236	107 236
	Realised profits	40	40
	Carrying amount at 29 February 2012	1 716 766	1 716 766
	Exchange differences on monetary assets	1	1
	Additions	669 679	669 679
	Disposals	(565 974)	(565 974)
	Disposal of subsidiaries	(3 695)	(3 695)
	Unrealised fair value net gains and reinvestments	202 949	202 949
	Realised profits	87	87
	Carrying amount at 28 February 2013	2 019 813	2 019 813
	Additions	**1 511 226**	**1 511 226**
	Disposals	**(1 459 808)**	**(1 459 808)**
	Unrealised fair value net gains and reinvestments	**179 245**	**179 245**
	Carrying amount at 28 February 2014	**2 250 476**	**2 250 476**

Fair value of the unit-linked investments is determined by reference to the underlying assets taking into account any relevant credit risk associated with the underlying assets.

	2014 R000	Restated 2013 R000	Restated 2012 R000
Current portion	**1 464 222**	1 383 569	1 679 428
Non-current portion	**8 754 407**	5 418 444	3 646 658
	10 218 629	6 802 013	5 326 086

		2014 R000	2013 R000	2012 R000
10.	**INVESTMENT IN INVESTMENT CONTRACTS**			
	Reconciliation			
	Balance at beginning of year	**848 645**	994 380	–
	Investment contract premiums paid	**10 386**	219 025	65 829
	Investment contracts benefits received	**(427 742)**	(500 854)	(267 085)
	Interest charge	**47 162**	53 636	21 612
	Fair value adjustment/reinvestments to investment contracts	**26 993**	82 458	65 338
	Acquisition of subsidiaries	**–**	–	1 108 686
	Balance at end of year	**505 444**	848 645	994 380
	Current portion	**216 143**	510 505	408 838
	Non-current portion	**289 301**	338 140	585 542
		505 444	848 645	994 380
	Fair value through profit or loss	**260 397**	326 508	525 880
	Held-to-maturity	**245 047**	522 137	468 500
		505 444	848 645	994 380

Fair value of the investment in investment contracts is determined by reference to the underlying assets and all these investments are linked to investment contract liabilities (refer to note 21).

		2014 R000	2013 R000	2012 R000
11.	**LOANS AND ADVANCES**			
	Secured loans	**32 976**	37 114	–
	Unsecured loans	**76 551**	81 851	67 061
	Loans with non-controlling interests	**468**	468	468
		109 995	119 433	67 529
	Current portion	**66 109**	62 113	29 644
	Non-current portion	**43 886**	57 320	37 885
		109 995	119 433	67 529

The secured loans and a portion of the unsecured loans (2014: R0.3 million; 2013: R6.5 million) consist of loans to short-term insurance clients mainly through Hi-Five Corporate Finance Proprietary Limited, a subsidiary of Western Group Holdings Limited. These loans to clients accrue interest at rates ranging between 5.90% and 12.10% (2013: 0% and 15.25%). The repayment terms and conditions of the loans are negotiated on a case-by-case basis. Early settlement of loans is permitted, in which case the amount will be calculated as the outstanding capital plus any interest accrued until that date. The loan account can also be used as a drawdown facility whereby clients are allowed, subsequent to early settlement of the outstanding balance or a portion thereof, to require an additional advance, limited to a maximum of the original capital of the loan or the guarantee in place.

In order to manage credit risk arising on these loans and advances, loans are only made against fair-valued securities. The terms and conditions of the securities allow Hi-Five Corporate Finance Proprietary Limited to execute its security in case of default on the repayment terms and is entitled to the majority of the increase in the market value of the underlying investments and the dividends and interest received on these investments. The advances are impaired to the value of the underlying instruments should the market value of the instruments fall below the current value of the advances. The fair value of the collateral held in the form of warranties and guarantees was R33.0 million (2013: R42.0 million; 2012: Rnil) on 28 February 2014. With respect to these loans where no collateral is held (2014: R0.3 million; 2013: R1.6 million; 2012: Rnil), there are no indications as at the reporting date that these debtors will not meet their payment obligations.

Included under unsecured loans are balances of R5.0 million (2013: R8.1 million) that accrue interest and are repayable on demand. The effective interest rates applied to R1.1 million (2013: R4.9 million) of these balances range between 7.52% and 10.52% (2013: 4.88% and 7.82%). The remaining amount of R3.9 million (2013: R3.2 million) carries interest at the UK prime rate. These loans originated from the sale of the following associated companies: Karana Property Investments Proprietary Limited, Jamwa Beleggings Proprietary Limited and PSG Consult Limited. These loans were included under receivables due from related parties under note 14 in the 2012 financial year.

The remaining balance of the unsecured loans is due from financial advisors and is made up as follows: R54.0 million (2013: R53.1 million; 2012: R55.7 million) is repayable by monthly instalments and the effective interest rates applied range between 7.52% and 10.52% (2013: 7.67% and 10.67%; 2012: 7.00% and 11.00%); R0.002 million (2013: R0.1 million; 2012: R0.2 million) is repayable by monthly instalments with a fixed interest of 10.50% and R17.3 million (2013: R13.7 million; 2012: R11.2 million) is interest-free and repayable on demand.

The remaining loans and advances are unsecured, interest-free and repayable on demand.

The individual loans and advances balances were assessed by management to determine whether there is any indication in the financial or other circumstances of the third party that would prevent them from repaying the specific loan or advance. No indication of impairment existed at year-end other than what is mentioned below. During the 2013 financial year provision for the impairment of unsecured loans of R1.4 million (2012: Rnil) was raised on 28 February 2013 and included under other expenses as per note 31.5.

As of 28 February 2014, loans and advances of R19.0 million (2013: R24.5 million; 2012: Rnil) were past due but not impaired. This balance (2013: R23.4 million) relates to a number of independent clients for whom there is no recent history of default. Remaining balance in the 2013 financial year represents amounts owing from financial advisors. The ageing analysis of these trade receivables is as follows:

	2014 R000	2013 R000	2012 R000
Up to 2 months	**3 021**	2 258	–
2 to 6 months	**1 337**	–	–
6 to 12 months	**14 651**	22 282	–
	19 009	24 540	–

The maximum exposure to credit risk at the reporting date is the fair value of each class of the loans and receivables mentioned above.

		2014 R000	2013 R000	2012 R000
12.	**DERIVATIVE FINANCIAL INSTRUMENTS**			
	Derivative financial assets	**21 190**	15 955	9 532
	Derivative financial liabilities	**(28 406)**	(17 139)	(7 831)
	Net derivative financial instruments	**(7 216)**	(1 184)	1 701
	Derivative financial assets			
	Current portion	**21 190**	15 955	9 532
	Non-current portion	**–**	–	–
	Derivative financial liabilities			
	Current portion	**(28 406)**	(17 139)	(7 831)
	Non-current portion	**–**	–	–
		(7 216)	(1 184)	1 701
	Analysis of net derivative balance			
	Equity contracts			
	Contracts for difference (CFD)	**(7 216)**	(1 184)	1 701
		(7 216)	(1 184)	1 701
	Reconciliation of net derivative balance			
	Balance at beginning of year	**(1 184)**	1 701	35
	Additions	**–**	–	68 362
	Disposals	**(6 032)**	(2 885)	–
	Unrealised fair value losses – held-for-trading	**–**	–	(66 696)
	Balance at end of year	**(7 216)**	(1 184)	1 701

The fair value of the financial instruments that are trading on recognised over-the-counter (OTC) platforms is based on the closing price and classified as quoted instruments. The value of the CFD assets as reflected on the statement of financial position is derived from and corresponds directly to the closing JSE equity market price of the CFD's underlying listed instruments that clients hold.

The fair value loss of R66.7 million in the 2012 financial year related to the linked investment contracts. A corresponding fair value gain, to the same amount, earned from the assets backing the investment contract liabilities, is also included in the net fair value gains and losses on financial assets.

The notional principal amounts of the outstanding contracts for difference at 28 February 2014 were R252.4 million (2013: R326.9 million; 2012: R253.7 million).

Trading derivatives are classified as current financial assets and liabilities valued at fair value through profit or loss.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

		2014 R000	2013 R000
13.	**REINSURANCE ASSETS**		
	Reinsurers' share of insurance liabilities	**66 248**	50 883
	Balance at beginning of year	**50 883**	–
	Acquisition of subsidiaries	**–**	42 272
	Movement for the year	**15 365**	8 611
	Total assets arising from reinsurance contracts	**66 248**	50 883
	Current portion	**66 248**	50 883
	Non-current portion	**–**	–
		66 248	50 883

Amounts due from reinsurers in respect of claims already paid by the group on the contracts that are reinsured, are included in receivables including insurance receivables (refer to note 14).

No reinsurance assets (2013: Rnil) were considered to be impaired.

		2014	2013	2012
		R000	R000	R000
14.	**RECEIVABLES INCLUDING INSURANCE RECEIVABLES**			
	Trade receivables	**72 180**	57 714	64 146
	Receivables due from related parties (refer to note 38)	**48 586**	36 029	31 079
	Prepayments	**6 318**	7 425	5 145
	Brokers and clearing houses and client accounts	**1 925 858**	1 557 765	2 252 659
	Rental and other deposits	**4 410**	4 039	1 663
	VAT receivable	**5 698**	1 200	306
	Contracts for difference	**24 228**	25 548	21 469
	Sundry debtors	**5 273**	1 252	740
		2 092 551	1 690 972	2 377 207
	Insurance receivables			
	Due from contract holders and reinsurers	**36 807**	13 184	–
	Total receivables including insurance receivables*	**2 129 358**	1 704 156	2 377 207

* Includes non-financial assets of R12.0 million (2013: R8.6 million; 2012: R5.5 million).

	2014	2013	2012
Current portion	**2 129 126**	1 703 741	2 374 531
Non-current portion	**232**	415	2 676
	2 129 358	1 704 156	2 377 207

All non-current receivables are due within five years from the end of the reporting period.

Receivables are assessed individually for any indications that the counterparty might not be able to honour its commitments. Provision for bad debts of R0.7 million (2013: R0.7 million; 2012: Rnil) raised in the current financial year.

Nominal value less impairment provision of trade receivables approximate its fair value.

Broker and clearing accounts represent amounts owing by the JSE for trades in the last few days before year-end. These amounts fluctuate on a daily basis depending on the activity in the markets. Included in client accounts are balances of R301.6 million (2013: R82.9 million; 2012: Rnil) which accrue interest at prime.

Included in receivables due from related parties are balances of R4.1 million (2013: R6.1 million; 2012: R7.6 million) that accrue interest. The effective interest rates applied to these balances (2012: R4.8 million) range between 11.00% and 13.00% (2013: 5.57% and 9.42%; 2012: 5.00% and 8.15%). The 2012 financial year include an amount of R2.8 million which carried interest at the UK prime rate.

Contracts for difference consist of collateral assets and margin accounts held by the underlying banking institutions on behalf of clients and are valued at the carrying value after processing the daily market and interest adjustments. The balance on 28 February 2014 only represents the margin receivable at year-end from the financial institutions and accrue interest at SAFEX plus 2%.

As of 28 February 2014, receivables of R0.2 million (2013: R0.3 million; 2012: R3.6 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014	2013	2012
	R000	R000	R000
Up to 2 months	**–**	–	1 065
2 to 6 months	**173**	2	1 203
6 to 12 months	**–**	285	1 318
	173	287	3 586

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security.

		2014 R000	Restated* 2013 R000	Restated* 2012 R000
15.	**CASH AND CASH EQUIVALENTS (INCLUDING MONEY MARKET INVESTMENTS)**			
	Cash at bank and in hand	**399 031**	376 259	344 072
	Money market investments	**195 291**	86 122	16 678
	Short-term deposits	**114 862**	8 281	–
		709 184	470 662	360 750

The effective interest rate on short-term deposits was 4.32% (2013: 3.13%; 2012: 3.46%). The money market investments and the short-term deposits have an average maturity of 30 days or less.

Cash and cash equivalents included above relating to investment contract liabilities amounted to R51.3 million (2013: R65.1 million; 2012: R97.2 million). Refer to note 21.

* Comparative information has been restated for the adoption of IFRS 10 Consolidated Financial Statements. Refer to note 42 for more detail.

		2014 R000	2013 R000	2012 R000
16.	**STATED/SHARE CAPITAL**			
	Authorised			
	3 billion shares with no par value			
	(2013; 2012: 1.5 billion shares with a par value of 1 cent each)	**–**	15 000	15 000

Issued	Number of shares (thousands)	Stated/ share capital R000	Share premium R000
As at 1 March 2011	733 081	7 331	346 032
Issue of ordinary shares	339 220	3 392	503 475
As at 29 February 2012	1 072 301	10 723	849 507
Issue of ordinary shares	30 051	301	58 299
Rights issue	107 230	1 072	186 025
As at 28 February 2013	1 209 582	12 096	1 093 831
Issue of ordinary shares	**12 335**	**123**	**28 696**
Share premium transferred upon conversion of shares to no par value shares	**–**	**1 122 527**	**(1 122 527)**
As at 28 February 2014	**1 221 917**	**1 134 746**	**–**

The shares issued during the current financial year was to fulfil the group's obligation towards the share options which vested on 1 March 2013.

During the 2013 financial year the group undertook a non-renounceable transferable rights offer of 107.2 million ordinary shares, in the ratio of 1 rights offer share per every 10 ordinary shares held in PSG Konsult, and issued these rights at 175 cents per rights offer share to the ordinary shareholders of PSG Konsult, registered in the share register of the company as such at the close of business on Wednesday, 22 August 2012. The group was successful in raising capital of R187.7 million with this rights issue, with costs of R0.6 million incurred.

The shares issued during the 2013 financial year was as a result of the acquisition of a further 51% share in Western Group Holdings Limited on 1 November 2012. Refer to note 39.3 for the detail of the transaction.

The shares issued during the 2012 financial year was as a result of the amalgamation of PSG Asset Management Holdings Proprietary Limited on 1 March 2011, as the transaction was structured in the form of a share swap. Refer to note 39.3 for the detail of the transaction.

All shares issued by the company were fully paid. The unissued shares in the company are placed under the control of the directors until the next annual general meeting. The directors are authorised to buy back shares under general approval.

The shares bought back as treasury shares during the current and prior financial years by PSG Management Services Proprietary Limited (previously PSG Konsult Management Services Proprietary Limited) are reflected as a deduction against equity. Refer to note 43 for the share analysis.

Analysis of treasury shares:	Treasury shares Number of shares (thousands)	R000
16. STATED/SHARE CAPITAL (continued)		
As at 1 March 2011	7	–
Purchase of treasury shares	2 970	4 610
Reissue of treasury shares	(1 273)	(2 039)
As at 29 February 2012	1 704	2 571
Purchase of treasury shares	17 493	25 398
Reissue of treasury shares	(18 797)	(29 003)
Release of profits to retained earnings	–	1 654
As at 28 February 2013	400	620
Reissue of treasury shares	**(42)**	**(74)**
As at 28 February 2014	**358**	**546**

Share incentive scheme

During the current and prior financial years, the group operated an equity-settled share incentive scheme in terms of the PSG Konsult Group Share Incentive Scheme (number of grants – 2014: five; 2013: two; 2012: one). In terms of the scheme, share options are granted to executive directors, senior and middle management. The share incentive scheme replaced the phantom share incentive scheme (refer to note 23) on 1 March 2011.

In terms of the share incentive scheme, share options are allocated to participants at grant date at market price. The settlement of the purchase consideration payable by the employee in terms of the share options granted occurs on delivery. The only vesting requirement is that the employee must remain in the employment of the group at the relevant tranche vesting date in order to exercise options.

The assumptions made regarding share options issued are set out in this note.

The total equity-settled share-based payment costs recognised in the income statement for the scheme amounted to R5.9 million (2013: R2.4 million; 2012: R2.3 million). The share-based payment cost expensed during the year was credited to other reserves (as part of equity – refer to note 17).

The weighted average strike price of share options exercised in terms of the equity-settled share scheme during the year under review was R1.54 per share (2013: no shares vested; 2012: no shares vested).

The total fair value of the 87.1 million share options granted is R22.8 million (2013: 39.5 million share options granted with fair value of R8.4 million; 2012: 27.8 million share options granted with fair value of R7.2 million) and was determined using the Black Scholes valuation model.

Vesting of share options occurs as follows:	%
2 years after grant date	25
3 years after grant date	25
4 years after grant date	25
5 years after grant date	25
	100

Granting of share options occurred as follows:	Number of share options	Strike price R	Volatility used** %	Dividend yield %	Risk-free rate %	Fair value of share price R
1 March 2011*	**27 761 084**	**1.54**	4.74	5.65	7.89	1.75
1 July 2012	**11 753 248**	**1.83**	2.93	5.85	7.38	1.85
1 March 2013	**46 250 000**	**2.83**	30.00	6.00	6.20	2.40
1 June 2013	**1 000 000**	**2.80**	24.00	4.20	7.26	2.55
1 August 2013	**300 000**	**3.40**	24.00	3.46	7.26	3.50
	87 064 332					

* During the 2014 financial year, 12.3 million shares vested with a weighted average strike price of R1.54 per share, and 2.4 million shares were cancelled.

** Volatility set at historical trend levels of PSG Konsult shares.

		2014		2013		2012	
	Analysis of outstanding scheme shares by financial year of maturity:	**Weighted average strike price (R)**	**Number**	Weighted average strike price (R)	Number	Weighted average strike price (R)	Number
16.	**STATED/SHARE CAPITAL** (continued)						
	28 February 2013	**–**	**–**	–	–	1.54	6 940 271
	28 February 2014	**–**	**–**	1.54	6 940 271	1.54	6 940 271
	28 February 2015	**1.66**	**7 271 992**	1.63	9 878 583	1.54	6 940 271
	29 February 2016	**2.39**	**19 159 492**	1.63	9 878 583	1.54	6 940 271
	28 February 2017	**2.39**	**19 159 492**	1.63	9 878 583	–	–
	28 February 2018	**2.63**	**14 825 813**	1.83	2 938 312	–	–
	28 February 2019	**2.83**	**11 887 500**	–	–	–	–
			72 304 289		39 514 332		27 761 084

	PSG Konsult Limited ordinary shares		
	2014 Number	2013 Number	2012 Number
Number of shares options allocated at beginning of the year	**39 514 332**	27 761 084	–
Number of shares options cancelled during the year	**(2 424 886)**	–	–
Number of shares options vested during the year	**(12 335 157)**	–	–
Number of shares options allocated during the year	**47 550 000**	11 753 248	27 761 084
Number of shares options allocated at end of the year	**72 304 289**	39 514 332	27 761 084

The weighted average PSG Konsult share price for the year was R4.10 (2013: R2.21; 2012: R1.59).

		Available-for-sale R000	**Foreign currency translation R000**	**Share-based payment R000**	**Common control R000**	**Total R000**
17.	**OTHER RESERVES**					
	Balance as at 1 March 2011	–	(1 728)	–	(124 780)	(126 508)
	Share-based payment costs – employees	–	–	2 284	–	2 284
	Currency translation adjustments	–	340	–	–	340
	Fair value losses on available-for-sale financial assets	(942)	–	–	–	(942)
	Recycling adjustment on available-for-sale assets	1 426	–	–	–	1 426
	Acquisition of subsidiaries	–	–	–	(344 122)	(344 122)
	Disposal of subsidiaries	–	–	–	(2 218)	(2 218)
	Balance as at 29 February 2012	484	(1 388)	2 284	(471 120)	(469 740)
	Share-based payment costs – employees	–	–	2 441	–	2 441
	Currency translation adjustments	–	892	–	–	892
	Fair value gains on available-for-sale financial assets	625	–	–	–	625
	Recycling adjustment on available-for-sale assets	(1 109)	–	–	–	(1 109)
	Disposal of subsidiaries	–	–	–	335	335
	Deferred tax on equity-settled share-based payments	–	–	3 294	–	3 294
	Balance as at 28 February 2013	–	(496)	8 019	(470 785)	(463 262)
	Share-based payment costs – employees	**–**	**–**	**5 941**	**–**	**5 941**
	Currency translation adjustments	**–**	**985**	**–**	**–**	**985**
	Deferred tax on equity-settled share-based payments	**–**	**–**	**11 190**	**–**	**11 190**
	Balance as at 28 February 2014	**–**	**489**	**25 150**	**(470 785)**	**(445 146)**

		2014 R000	2013 R000	2012 R000
18.	**NON-CONTROLLING INTEREST**			
	Balance as at 1 March	**34 190**	17 725	10 787
	Profit/(loss) for the year	**16 702**	(4 760)	7 357
	Dividends paid	**(1 038)**	(824)	(4 202)
	Acquisition of subsidiaries	**(42)**	–	7 176
	Disposal of subsidiaries	**(424)**	–	(5 327)
	Transactions with non-controlling interest	**45 856**	–	110
	Additional interest acquired from non-controlling interest	**(25 757)**	(64)	(1 104)
	Non-controlling interest arising on business combinations	**–**	22 113	2 928
	Capital contribution by non-controlling interest	**16 735**	–	–
	Balance as at 28/29 February	**86 222**	34 190	17 725

Transactions with non-controlling interest, as disclosed in the statement of changes in equity, relates mainly to the various transactions in the shareholding of Western Group Holdings Limited in the 2014 financial year. Refer to note 39.7.

		2014 R000	Restated* 2013 R000	2012 R000
19.	**INSURANCE CONTRACTS AND REINSURANCE ASSETS**			
	Gross			
	Long-term insurance contracts (refer to a)	**26 859**	30 419	29 949
	Short-term insurance contracts			
	– claims reported and loss adjustment expenses (refer to b)	**85 097**	35 242	–
	– claims incurred but not reported (IBNR) (refer to c)	**39 379**	25 641	–
	– unearned premiums and unexpired risk provision (refer to d)	**341 828**	286 782	–
	Total insurance liabilities – gross	**493 163**	378 084	29 949
	Recoverable from reinsurers			
	Long-term insurance contracts (refer to a)	**–**	–	–
	Short-term insurance contracts			
	– claims reported and loss adjustment expenses (refer to b)	**36 880**	26 001	–
	– claims incurred but not reported (IBNR) (refer to c)	**15 132**	12 762	–
	– unearned premiums and unexpired risk provision (refer to d)	**14 236**	12 120	–
	Total reinsurers' share of insurance liabilities	**66 248**	50 883	–
	Net			
	Long-term insurance contracts (refer to a)	**26 859**	30 419	29 949
	Short-term insurance contracts			
	– claims reported and loss adjustment expenses (refer to b)	**48 217**	9 241	–
	– claims incurred but not reported (IBNR) (refer to c)	**24 247**	12 879	–
	– unearned premiums and unexpired risk provision (refer to d)	**327 592**	274 662	–
	Total insurance liabilities – net	**426 915**	327 201	29 949

The gross claims reported, the loss adjustment expenses liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvages. The amounts for salvage at 28 February 2014 and 28 February 2013 are not material.

Movements in insurance contracts and reinsurance assets:

	2014 R000	2013 R000	2012 R000
a) Long-term insurance contracts			
Balance at beginning of year	**30 419**	29 949	–
Liabilities released for payments on death, surrender and other terminations for the year	**(3 221)**	(3 381)	(3 277)
Fees deducted from account balances	**(211)**	(227)	(226)
Acquisition of subsidiaries	**–**	–	29 896
Changes in unit prices	**(128)**	4 078	3 556
Balance at end of year	**26 859**	30 419	29 949

Refer to pages 131 and 132 for the significant assumptions used in the long-term insurance contract liabilities.

* Comparative information has been restated for the reclassification of the unexpired risk provision. Refer to note 42 for more detail.

		2014			Restated* 2013	
	Gross R000	**Reinsurance R000**	**Net R000**	Gross R000	Reinsurance R000	Net R000
19. INSURANCE CONTRACTS AND REINSURANCE ASSETS (continued)						
b) Claims reported and loss adjustment expenses						
Total at the beginning of the year	**35 242**	**(26 001)**	**9 241**	–	–	–
Cash paid for claims settled in the year	**(397 274)**	**108 156**	**(289 118)**	(82 998)	30 303	(52 695)
Increase in liabilities						
– arising from current year claims	**458 557**	**(145 036)**	**313 521**	87 670	(34 292)	53 378
– arising from prior year claims	**(35 242)**	**26 001**	**(9 241)**	–	–	–
Reinsurance inception balance**	**23 814**	**–**	**23 814**	–	–	–
Acquisition of subsidiaries	**–**	**–**	**–**	30 570	(22 012)	8 558
Total at the end of the year	**85 097**	**(36 880)**	**48 217**	35 242	(26 001)	9 241
c) Provision for IBNR						
Total at the beginning of the year	**25 641**	**(12 762)**	**12 879**	–	–	–
Charged to the income statement	**13 738**	**(2 370)**	**11 368**	727	(569)	158
Acquisition of subsidiaries	**–**	**–**	**–**	24 914	(12 193)	12 721
Total at the end of the year	**39 379**	**(15 132)**	**24 247**	25 641	(12 762)	12 879
d) Provision for unearned premiums and unexpired risk provision						
Total at the beginning of the year	**286 782**	**(12 120)**	**274 662**	–	–	–
Charged to the income statement	**36 204**	**(2 116)**	**34 088**	19 005	(4 053)	14 952
Acquisition of subsidiaries	**–**	**–**	**–**	267 777	(8 067)	259 710
Portfolio transfer	**17 208**	**–**	**17 208**	–	–	–
Reinsurance inception balance**	**1 634**	**–**	**1 634**	–	–	–
Total at the end of the year	**341 828**	**(14 236)**	**327 592**	286 782	(12 120)	274 662

* Comparative information has been restated for the reclassification of the unexpired risk provision. Refer to note 42 for more detail.

** Balances recognised on inception date of two reinsurance agreements concluded with third-party insurers in South Africa.

No short-term insurance contract liabilities existed in the 2012 financial year as the group only acquired the interest in Western Group Holdings Limited in the 2013 financial year.

Claims development tables

Due to the nature of the short-term insurance contracts, the uncertainty about the amount and timing of claims payments is typically resolved within one year.

Liability adequacy test

An unexpired risk reserve (URR) is required if the group believes that its unearned premium reserve (UPR) will prove insufficient to cover the unexpired risk on its books at the valuation date.

		2014	2013	2012
		R000	R000	R000
20.	**BORROWINGS**			
	Non-current			
	Secured loans	**49 162**	96 872	89 485
	Finance leases	**11 140**	–	583
	Total non-current borrowings	**60 302**	96 872	90 068
	Current			
	Secured loans	**344 611**	121 356	25 953
	Finance leases	**3 534**	583	496
	Promissory notes	**–**	–	58 602
	Bank overdrafts	**11**	41	45
	Bank borrowings	**–**	–	1
	Related-party loans (refer to note 38)	**914**	251	539
	Other short-term loans	**2 816**	3 494	2 974
	Total current borrowings	**351 886**	125 725	88 610
	Total borrowings	**412 188**	222 597	178 678

The secured loans consist of loans with Rand Merchant Bank, Investec Bank Limited and Societe Generale. The loan with Rand Merchant Bank of R69.8 million (2013: R98.1 million; 2012: R81.5 million) is secured by the investment in Online Securities Limited. The loan consists of three separate loans, of which R14.1 million (2013: R22.5 million; 2012: R30.1 million) accrues interest at JIBAR plus 4.30% and is repayable in quarterly instalments of R2.5 million, with the final instalment on 12 August 2015, a second loan of R40.9 million (2013: R52.2 million; 2012: R20.4 million) which accrues interest at JIBAR plus 4.20% and is repayable in quarterly instalments of R3.9 million, with the final instalment on 16 December 2016, and another of R14.8 million (2013: R23.4 million; 2012: R31.0 million) which accrues interest at a fixed rate of 11.64% and is repayable in quarterly instalments of R2.7 million, with the final instalment on 20 July 2015.

The loan with Investec Bank Limited is secured by the irrevocable, unconditional guarantee from PSG Konsult Limited for all the obligations of Delerus Proprietary Limited under the facility together with cession and pledge of all present and future right, title, benefit and interest to the loan book by Delerus Proprietary Limited. The loan, to the amount of R22.4 million (2013: R37.3 million; 2012: R34.0 million), is secured by adviser loans of R22.9 million (2013: R36.0 million; 2012: R32.7 million). The loan consists of two separate loans, one of R13.1 million (2013: R23.1 million; 2012: R16.9 million) which accrues interest at prime and is repayable in monthly instalments of R0.8 million, with the final instalment on 1 December 2015 and another of R9.3 million (2013: R14.2 million; 2012: R17.1 million) which accrues interest at prime and is repayable in monthly instalments of R0.3 million, with the final instalment on 1 February 2017.

The loan with Societe Generale, which is secured by the underlying ALSI 100 equity securities, South African Government Bonds Securities and cash held by the clients in their BDA accounts in terms of the scrip lending facility entered into with Online Securities Limited, is available for a 12-month period and will be renegotiated annually. The collateralised revolving facility with a balance of R301.6 million (2013: R82.9 million), secured by assets with a market value of R2.4 billion (2013: R1.5 billion) at 28 February 2014, accrues interest at the repo rate plus 1.30% and is settled on a daily basis depending on the value of the security.

A finance lease was concluded with Innovent Rent and Asset Management Solutions Proprietary Limited to obtain new computer equipment for PSG's datacentre in Bryanston. The term of the lease is 4 years, and it is payable in 16 fixed quarterly instalments (in advance) of R1.1 million, commencing on 1 February 2014 with the final instalment on 1 January 2018. The effective interest rate is a fixed rate of 5.50%, with no annual escalation applicable. The finance leases in the 2013 and 2012 financial years were payable in 42 equal instalments that commenced on 1 September 2010, with a final instalment paid on 1 February 2014 and accrued interest at 16.21% per annum.

20. BORROWINGS (continued)

The finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	2014 R000	2013 R000	2012 R000
Gross finance lease liabilities – minimum lease payments:			
Less than 1 year	**4 253**	635	635
Between 1 and 5 years	**12 059**	–	635
	16 312	635	1 270
Future finance charges on finance lease liabilities	**(1 638)**	(52)	(191)
Balance at end of year	**14 674**	583	1 079
The present value of finance lease liabilities is as follows:			
Less than 1 year	**3 534**	583	496
Between 1 and 5 years	**11 140**	–	583
Balance at end of year	**14 674**	583	1 079

Bank borrowings and overdrafts are payable on demand and accrue daily interest at the prime rate less 1% (2013; 2012: prime rate less 1%).

All other balances are interest-free and repayable on demand.

The carrying value of short-term borrowings approximates their fair value.

	2014 R000	2013 R000	2012 R000
21. INVESTMENT CONTRACTS			
Balance at beginning of year	**10 272 444**	9 144 681	–
Investment contract receipts	**3 777 908**	2 868 109	1 291 953
Investment contract benefits paid	**(2 605 576)**	(2 884 673)	(1 838 620)
Acquisition of subsidiaries	**–**	–	9 112 357
Interest charge	**103 043**	158 528	139 546
Commission and administration expenses	**(94 720)**	(42 291)	(45 112)
Fair value adjustment to investment contract liabilities	**1 239 669**	1 028 090	484 557
Balance at end of year	**12 692 768**	10 272 444	9 144 681
Current portion	**1 931 398**	2 816 614	1 713 541
Non-current portion	**10 761 370**	7 455 830	7 431 140
	12 692 768	10 272 444	9 144 681
Fair value through profit or loss	**11 544 683**	8 419 067	7 479 781
At amortised cost	**1 148 085**	1 853 377	1 664 900
	12 692 768	10 272 444	9 144 681
Investment contracts are represented by the following investments:			
Equity securities	**600 249**	981 144	865 353
Debt securities	**1 676 726**	1 884 446	2 001 038
Unit-linked investments	**9 859 012**	6 493 113	5 186 692
Investment in investment contracts	**505 444**	848 645	994 380
Cash and cash equivalents	**51 337**	65 096	97 218
	12 692 768	10 272 444	9 144 681

		2014 R000	Restated* 2013 R000	Restated* 2012 R000
22.	**THIRD-PARTY LIABILITIES ARISING ON CONSOLIDATION OF MUTUAL FUNDS**			
	Balance at beginning of year	**109 032**	124 614	–
	Capital contributions received/(paid)	**19 765**	(29 928)	(3 607)
	Fair value adjustment to third-party liabilities	**79 387**	29 888	8 965
	Acquisition of subsidiaries	**–**	–	37 016
	Consolidation of mutual fund	**187 652**	–	119 256
	Deconsolidation of mutual fund	**(23 667)**	(15 542)	(37 016)
	Balance at end of year	**372 169**	109 032	124 614
	Current portion	**372 169**	109 032	124 614
	Non-current portion	**–**	–	–
		372 169	109 032	124 614

* Comparative information has been restated for the adoption of IFRS 10 Consolidated Financial Statements. Refer to note 42 for more detail.

		Employee benefits 2014 R000	2013 R000	2012 R000
23.	**ACCRUALS FOR OTHER LIABILITIES AND CHARGES**			
	Balance at beginning of year	**–**	–	5 945
	Utilised during the year	**–**	–	(5 945)
	Balance at end of year	**–**	–	–

The 2012 accrual balance related to employee benefits accrual for performance-based remuneration. The provision consisted of a management bonus scheme as approved by the remuneration committee during 2006. The bonus scheme was terminated in the year ended 28 February 2011 and management participating in the scheme received final settlement in the 2012 financial year. A second, third and fourth scheme commenced 1 March 2007, 1 March 2008 and 1 March 2009 respectively for additional management members added to the scheme. The bonus provision was determined annually based on the headline earnings per share adjusted for the amortisation of intangibles and short-term incentives payable. The total provision was also adjusted for any resignations or cancellations of benefits as agreed with the remuneration committee on an annual basis. The management bonus scheme was replaced by the share incentive schemes. Refer to note 16.

		2014 R000	Restated** 2013 R000	Restated** 2012 R000
24.	**TRADE AND OTHER PAYABLES**			
	Trade payables	**268 488**	156 635	177 908
	Contracts for difference	**38 061**	39 829	31 336
	Deferred revenue	**7 001**	4 658	5 203
	Purchase consideration payable	**3 981**	6 288	66 809
	VAT payable	**17 599**	10 705	10 078
	Unallocated premiums	**145 485**	41 878	15 907
	Short-term claim creditors	**13 487**	23 834	20 676
	Settlement control account	**1 577 178**	1 542 115	2 316 768
	Amounts due to intermediaries	**7 638**	4 490	–
	Amounts due to reinsurers	**34 019**	22 652	–
	Foreign reinsurers' reserve deposits	**16 977**	18 778	–
	Investment policy benefits payable	**–**	–	1 880
	Total trade and other payables*	**2 129 914**	1 871 862	2 646 565
	* Includes non-financial liabilities of R115.1 million (2013: R44.5 million; 2012: R70.3 million).			
	Current portion	**2 129 558**	1 871 862	2 629 442
	Non-current portion	**356**	–	17 123
		2 129 914	1 871 862	2 646 565

** Comparative information has been restated for the adoption of IFRS 10 Consolidated Financial Statements. Refer to note 42 for more detail.

24. TRADE AND OTHER PAYABLES (continued)

The carrying amount of trade and other payables approximate their fair value. Due to the short-term nature, the impact of discounting is not considered material.

The contracts for difference balance at 28 February 2014 represents the margin payable at year-end by the group to clients and accrues interest at SAFEX plus 0.75%.

Included in purchase consideration payable are balances of R2.7 million (2013: R2.5 million; 2012: R56.6 million) that accrue interest. The effective interest rates applied range between 6.50% and 8.50% (2013: between 6.70% and 8.70%; 2012: between 6.50% and 9.00%).

The settlement control account represents the settlement of trades done by clients in the last few days before year-end. The settlement to the clients takes place within three days after the transaction date.

The group raised a provision on 28 February 2014 amounting to R6.7 million in terms of a subscription agreement (dated 6 February 2008, as amended) entered into between PSG Konsult Insurance Solutions Proprietary Limited and an insurer in South Africa. This provision was made in terms of a profit warranty arrangement which formed part of this subscription agreement.

		2014	2013
		R000	R000
25.	**DEFERRED ACQUISITION COSTS AND DEFERRED REINSURANCE ACQUISITION REVENUE**		
	a) Deferred acquisition costs		
	At the beginning of the year	**1 110**	–
	Movement for the period	**(85)**	(178)
	Acquisition of subsidiaries	**–**	1 288
	Total at the end of the year	**1 025**	1 110
	b) Deferred reinsurance acquisition revenue		
	At the beginning of the year	**2 889**	–
	Movement for the period	**(47)**	975
	Acquisition of subsidiaries	**–**	1 914
	Total at the end of the year	**2 842**	2 889

		2014	2013	2012
		R000	R000	R000
26.	**COMMISSION AND OTHER FEE INCOME**			
	Commission and policy administration fees*	**1 559 218**	1 252 146	1 134 171
	Dealing and structuring	**245 730**	208 331	201 611
	Trading profits	**194**	395	930
		1 805 142	1 460 872	1 336 712

* Includes management fees and commission received from related-party hedge funds, offshore unit trusts and local investment schemes of R437.8 million (2013: R299.6 million; 2012: R231.6 million). Refer to note 38.

		2014 R000	2013 R000	2012 R000
27.	**INVESTMENT INCOME**			
	Interest income*			
	Loans and advances	**27 360**	7 219	4 166
	Contracts for difference – interest received on margin	**39 690**	39 703	16 777
	Debt securities – at fair value through profit or loss	**4 585**	33 330	36 165
	Unit-linked investments – at fair value through profit or loss	**204 303**	148 439	121 867
	Interest received from related parties (refer to note 38)	**1 044**	417	296
	Cash and short-term funds	**23 016**	17 868	14 765
		299 998	246 976	194 036
	Dividend income*			
	Equity securities – at fair value through profit or loss	**19 489**	21 274	53 138
	Debt securities – preference shares	**15 325**	13 791	12 411
	Unit-linked investments – available-for-sale	**–**	–	2 059
	Unit-linked investments – at fair value through profit or loss	**44 597**	62 639	–
	Dividend income received from related parties (refer to note 38)	**240**	373	1 412
	Dividend income from underwriting business	**–**	–	9 575
		79 651	98 077	78 595
	Rental income	**385**	132	–
		380 034	345 185	272 631

* Includes interest received of R9.6 million (2013: R15.6 million; 2012: R16.3 million) and dividends received of R11.9 million (2013: R4.6 million; 2012: R3.5 million) from related-party local investment schemes. Refer to note 38.

No interest income (2013 Rnil; 2012: Rnil) was earned on impaired financial assets during the year.

		2014 R000	Restated** 2013 R000	Restated** 2012 R000
28.	**NET FAIR VALUE GAINS AND LOSSES ON FINANCIAL INSTRUMENTS**			
	Foreign exchange gains	**1 995**	1 457	1 505
	Foreign exchange losses	**(1 112)**	(372)	(689)
	Net fair value gains on held-to-maturity financial assets	**145 921**	154 989	141 126
	Net fair value gains/(losses) on financial assets and financial liabilities designated at fair value through profit or loss:			
	Unrealised fair value gains/(losses) – designated items	**583 104**	439 085	(81 476)
	Realised fair value gains – designated items	**441 656**	376 446	378 003
	Net realised gains/(losses) on available-for-sale financial assets:			
	Unit-linked investments	**–**	118	(1 658)
	Debt securities	**–**	1 245	–
		1 171 564	972 968	436 811

** Comparative information has been restated for the adoption of IFRS 10 Consolidated Financial Statements. Refer to note 42 for more detail.

		2014 R000	2013 R000	2012 R000
29.	**OTHER OPERATING INCOME**			
	Extinguishment of obligations	**–**	10 193	19 056
	Profit on disposal of subsidiaries	**643**	5 160	1 131
	Profit on disposal of property and equipment	**152**	119	267
	Profit on disposal of intangible assets	**–**	885	5 650
	Profit on disposal of associated companies	**3 919**	342	–
	Income from related parties (refer to note 38)	**355**	557	863
	Training income	**9 024**	7 462	9 692
	JSE settlement cost recoveries	**4 684**	4 214	3 202
	Sundry income	**23 340**	13 315	2 368
		42 117	42 247	42 229

	Gross R000	Reinsurance R000	Net R000
30. NET INSURANCE BENEFITS AND CLAIMS			
2014			
Short-term insurance contracts			
Claims paid	**411 185**	**(111 496)**	**299 689**
Movement in the expected cost of outstanding claims	**39 779**	**(13 248)**	**26 531**
Salvages	**(13 911)**	**3 340**	**(10 571)**
Individual life long-term insurance contracts – death, maturity, surrender and sick leave benefits and transfers to policyholder liabilities			
Insurance policy benefits paid	**3 220**	**–**	**3 220**
Movement to insurance policy liabilities (refer to note 19)	**128**	**–**	**128**
Total claims and loss adjustment expense	**440 401**	**(121 404)**	**318 997**
2013 (Restated)*			
Short-term insurance contracts			
Claims paid	82 998	(30 303)	52 695
Movement in the expected cost of outstanding claims	5 399	(4 558)	841
Salvages	(7 745)	916	(6 829)
Individual life long-term insurance contracts – death, maturity, surrender and sick leave benefits and transfers to policyholder liabilities			
Insurance policy benefits paid	3 617	–	3 617
Movement to insurance policy liabilities (refer to note 19)	(4 078)	–	(4 078)
Total claims and loss adjustment expense	80 191	(33 945)	46 246
2012			
Individual life long-term insurance contracts – death, maturity, surrender and sick leave benefits and transfers to policyholder liabilities			
Insurance policy benefits paid	3 277	–	3 277
Movement to insurance policy liabilities (refer to note 19)	(3 556)	–	(3 556)
Total claims and loss adjustment expense	(279)	–	(279)

* Comparative information has been restated for the reclassification of the unexpired risk provision. Refer to note 42 for more detail.

	2014 R000	Restated* 2013 R000	Restated* 2012 R000
31. EXPENSES (EXCLUDING NET INSURANCE BENEFITS AND CLAIMS)			
31.1 Commission paid			
Commission paid to brokers and financial planners	**824 757**	605 771	491 055
31.2 Depreciation, amortisation and impairment expenses			
Depreciation	**13 518**	13 176	12 835
Owner-occupied buildings	**133**	44	–
Motor vehicles	**127**	161	164
Office equipment	**6 203**	5 811	5 451
Computer equipment	**7 055**	7 160	7 220
Impairment of intangible assets	**–**	124 657	11 519
Amortisation of intangible assets	**27 078**	28 346	30 844
	40 596	166 179	55 198
31.3 Employee benefit expenses			
Salaries, wages, allowances and terminations	**400 999**	343 148	319 965
Social security costs (e.g. UIF, medical benefits)	**22 259**	16 576	14 250
Equity-settled share-based payment costs	**5 941**	2 441	2 284
Pension costs – defined contribution plans	**22 688**	20 092	18 444
	451 887	382 257	354 943
31.4 Fair value adjustment to third-party liabilities	**79 387**	29 888	8 965

		2014 R000	Restated* 2013 R000	Restated* 2012 R000
31.	**EXPENSES (EXCLUDING NET INSURANCE BENEFITS AND CLAIMS)** (continued)			
	31.5 Marketing, administration and other expenses			
	Operating lease rentals	**45 013**	46 759	45 884
	Properties	**42 108**	42 377	42 404
	Equipment and other	**2 905**	4 382	3 480
	Auditor's remuneration	**9 782**	7 349	8 829
	Audit services – current year	**8 788**	7 207	8 629
	Audit services – prior year	**522**	(76)	25
	Tax services	**124**	42	40
	Other services	**348**	176	135
	Management fees paid	**74 622**	49 345	66 204
	Marketing expenses	**23 881**	21 095	19 318
	Professional fees	**10 631**	7 436	7 459
	Other administration expenses	**160 943**	147 253	139 258
	JSE and STRATE expenses	**29 125**	29 427	29 470
	Research and administration systems	**19 624**	19 107	19 631
	Information technology expenses	**23 971**	19 212	16 554
	Office expenses	**13 424**	13 208	12 995
	Telephone expenses	**10 214**	10 721	11 984
	Travel expenses	**15 553**	15 991	12 505
	Other expenses	**49 032**	39 587	36 119
	Loss on disposal of associated companies	**1**	7 538	–
	Loss on disposal of book of business	**66**	5 064	–
	Loss on disposal of property and equipment	**–**	397	–
	Loss on remeasurement of previous equity interest	**128**	959	895
	Loss on disposal of intangible assets	**13**	790	373
	Loss on disposal of subsidiaries	**–**	555	860
	Fair value adjustment to investment property	**475**	–	–
		325 555	294 540	289 080

* Comparative information for fair value adjustment to third-party liabilities has been restated for the adoption of IFRS 10 Consolidated Financial Statements. Refer to note 42 for more detail.

		2014 R000	2013 R000	2012 R000
32.	**FINANCE COSTS**			
	Redeemable preference shares	**–**	–	144
	Contracts for difference – interest paid on margin	**8 470**	9 746	8 360
	Debt securities – held-to-maturity	**103 043**	158 528	139 546
	Loans from related parties (refer to note 38)	**–**	–	1 053
	Other borrowings	**27 258**	21 124	20 528
		138 771	189 398	169 631

		2014 R000	2013 R000	2012 R000
33.	**TAXATION**			
	Current taxation			
	Current year	**128 332**	77 405	67 060
	Prior year	**(1 187)**	(4 996)	959
		127 145	72 409	68 019
	Deferred taxation			
	Current year	**(13 836)**	3 207	372
	Prior year	**(436)**	164	(2 109)
		(14 272)	3 371	(1 737)
	Foreign current taxation			
	Current year	**6 775**	43	30
	Prior year	**36**	–	–
		6 811	43	30
	Foreign deferred taxation			
	Current year	**(2 059)**	–	–
	Prior year	**52**	–	–
		(2 007)	–	–
	Secondary tax on companies			
	Current taxation	**–**	6 810	7 204
		–	6 810	7 204
	Total income statement charge	**117 677**	82 633	73 516

	2014 %	2013 %	2012 %
Reconciliation of effective rate of taxation			
South African normal taxation rate	**28.0**	28.0	28.0
Adjusted for:			
Non-taxable income	**(2.3)**	(8.4)	(5.4)
Capital gains tax differential in rates	**–**	(1.3)	1.3
Non-deductible charges	**0.5**	29.2	3.2
Prior year (underprovision)/overprovision	**(0.3)**	(3.7)	0.3
Income from associated companies and joint ventures	**(0.4)**	(0.8)	–
Prior year deferred tax adjustments	**(0.1)**	0.2	(1.2)
Deferred tax movement on acquisition of books of business	**–**	–	(1.1)
Foreign tax rate differential	**(0.3)**	(1.2)	(0.4)
Secondary tax on companies (STC) and other withholding tax	**–**	5.7	3.1
Tax in policyholder funds	**5.9**	19.8	3.7
Tax deductible expenses not accounted for in income statement	**(0.1)**	–	(0.2)
Realisation of deferred tax on disposal of intangible asset	**(0.1)**	(1.8)	–
Realisation of deferred tax on impairment of intangible asset	**–**	(4.9)	–
Deferred tax asset not recognised for tax losses and other	**(0.1)**	–	–
Effective rate of taxation*	**30.7**	60.8	31.3

* Effective tax rate for the 2013 financial year is significantly higher than comparative periods due to the impairment of intangible assets not being deductible for tax purposes.

		2014 R000	2013 R000	2012 R000
33.	**TAXATION** (continued)			
	Unutilised STC credits			
	STC credits available within the group	**–**	–	1 013
	Deferred tax asset provided for	**–**	–	(929)
	Available for future utilisation	**–**	–	84
	Unutilised tax losses			
	Gross calculated tax losses at the end of the year available for utilisation against future taxable income	**70 623**	70 987	35 057
	Deferred tax asset provided on	**(69 350)**	(70 987)	(34 996)
	Available for future utilisation	**1 273**	–	61
	The tax credit relating to components of other comprehensive income is as follows:			
	Before tax			
	Currency translation adjustments	**985**	892	340
	Fair value gains/(losses) on available-for-sale financial assets	**–**	769	(1 223)
	Reclassification adjustment on available-for-sale financial assets	**–**	(1 363)	1 658
		985	298	775
	Tax credit			
	Fair value (losses)/gains on available-for-sale financial assets	**–**	(144)	281
	Reclassification adjustment on available-for-sale financial assets	**–**	254	(232)
		–	110	49
	After tax			
	Currency translation adjustments	**985**	892	340
	Fair value gains/(losses) on available-for-sale financial assets	**–**	625	(942)
	Reclassification adjustment on available-for-sale financial assets	**–**	(1 109)	1 426
	Other comprehensive income for the year, net of tax	**985**	408	824

		2014 R000	2013 R000	2012 R000
34.	**EARNINGS PER SHARE**			
	The calculations of earnings per share is based on the following:			
	Profit attributable to ordinary shareholders	**249 258**	58 131	154 322
	Non-headline earnings (net of non-controlling interest and related tax effect):			
	(Profit)/loss on disposal of associated companies	**(3 499)**	7 196	–
	Gross amount	**(3 919)**	7 196	–
	Non-controlling interest	**420**	–	–
	Tax effect	**–**	–	–
	Loss on remeasurement of previous equity interest	**128**	959	895
	Gross amount	**128**	959	895
	Non-controlling interest	**–**	–	–
	Tax effect	**–**	–	–
	(Profit)/loss on disposal of book of business	**(382)**	3 212	–
	Gross amount	**66**	5 064	–
	Non-controlling interest	**–**	–	–
	Tax effect	**(448)**	(1 852)	–
	Loss/(profit) on disposal of intangible assets (including goodwill)	**1 622**	(1 049)	(3 690)
	Gross amount	**13**	(95)	(5 277)
	Non-controlling interest	**1 642**	(373)	942
	Tax effect	**(33)**	(581)	645
	Impairment of intangible assets (including goodwill)	**–**	110 999	9 756
	Gross amount	**–**	124 657	11 519
	Non-controlling interest	**–**	(7 019)	(389)
	Tax effect	**–**	(6 639)	(1 374)
	Impairment of associated companies	**342**	51	–
	Gross amount	**342**	51	–
	Non-controlling interest	**–**	–	–
	Tax effect	**–**	–	–
	(Profit)/loss on disposal of property and equipment	**(116)**	311	(213)
	Gross amount	**(152)**	278	(267)
	Non-controlling interest	**6**	–	4
	Tax effect	**30**	33	50
	Non-headline items of associated companies	**(2 457)**	(323)	83
	Gross amount	**(4 452)**	(286)	79
	Non-controlling interest	**1 539**	–	–
	Tax effect	**456**	(37)	4
	(Profit)/loss on disposal of available-for-sale financial assets	**–**	(1 109)	1 426
	Gross amount	**–**	(1 363)	1 658
	Non-controlling interest	**–**	–	–
	Tax effect	**–**	254	(232)
	Profit on disposal of investment in subsidiaries	**(643)**	(4 570)	(297)
	Gross amount	**(643)**	(4 605)	(271)
	Non-controlling interest	**–**	–	–
	Tax effect	**–**	35	(26)
	Fair value adjustment to investment property	**232**	–	–
	Gross amount	**266**	–	–
	Non-controlling interest	**(34)**	–	–
	Tax effect	**–**	–	–
	Headline earnings	**244 485**	173 808	162 282

		2014 Number of shares 000	2013 Number of shares 000	2012 Number of shares 000
34.	**EARNINGS PER SHARE** (continued)			
	The calculation of the weighted average number of shares is as follows:			
	Number of shares at the beginning of year	**1 209 582**	1 070 689	733 081
	Net movement from rights issue	**–**	49 016	–
	Weighted number of shares issued during the year	**11 316**	9 641	338 286
	Net movement in treasury shares	**(375)**	2 534	(678)
	Weighted number of shares at end of year	**1 220 523**	1 131 880	1 070 689
	Diluted weighted number of shares at the end of the year	**1 220 523**	1 131 880	1 070 689

	2014 R000	2013 R000	2012 R000
Basic and diluted			
Earnings attributable to ordinary shareholders	**249 258**	58 131	154 322
Headline earnings	**244 485**	173 808	162 282
Weighted average number of ordinary shares in issue (000)	**1 220 523**	1 131 880	1 070 689
Basic and diluted earnings per share (cents)	**20.4**	5.1	14.4
Headline earnings per share (cents)	**20.0**	15.4	15.2
Net asset value per share (cents)	**89.1**	76.0	67.8
Tangible net asset value per share (cents)	**30.0**	15.4	(8.3)

		2014 R000	2013 R000	2012 R000
35.	**DIVIDEND PER SHARE**			
	Normal dividend	**137 936**	119 427	76 127

Interim
4.0 cents per share (2013: 3.5 cents; 2012: 3.0 cents)
Final
7.3 cents per share (2013: 7.3 cents; 2012: 7.3 cents)
Dividends are not accounted for until they have been approved by the company's board of directors.

36. CAPITAL COMMITMENTS AND CONTINGENCIES

Other than operating lease commitments (disclosed below), the group had the following capital commitment and contingencies as at 28 February 2014:

- Capital expenditure in terms of computer hardware and software and development costs for administration systems that was authorised at 28 February 2014, but not yet contracted of R9.4 million (2013: R11.1 million; 2012: R12.2 million).
- At 28 February 2014, the group had R1.0 million (2013: R1.3 million; 2012: R0.1 million) capital expenditure contracted or authorised, but not yet incurred.
- As per note 20, PSG Konsult Limited ceded its rights and title to its shareholding in Online Securities Limited, through PSG Wealth Holdings Proprietary Limited, as security against PSG Konsult Limited's due performance and discharge of its obligations or indebtedness under a fixed term loan from Rand Merchant Bank. The value of the cession is capped at the initial loan amount of the two facilities in place, being R150.0 million, of which R10.0 million (2013: R10.0 million; 2012: R50.0 million) is unutilised at 28 February 2014.
- As per note 20, PSG Konsult Limited (and some of its subsidiaries) sold loans due from various financial advisers to Investec Bank Limited, via its subsidiary Delerus Proprietary Limited (Delerus). In order to ensure the proper and punctual payment by Delerus to Investec Bank Limited, PSG Konsult Limited issued an irrevocable, unconditional guarantee for all the obligations of Delerus together with cession and pledge of all present and future rights; title, benefit and interest to the loan book of Delerus. The loan amount due by Delerus to Investec Bank Limited at 28 February 2014 was R22.4 million (2013: R37.3 million; 2012: R34.0 million).
- The group also provided suretyships to the value of R16.5 million (2013: R21.1 million; 2012: R26.6 million) in favour of various financial institutions for the purchase of books of business by advisers.
- The group, like all other financial services groups in South Africa, is subject to litigation in the normal course of its business. There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the group is aware, which may have, or have during the previous 12 months, had a material effect on the financial position of the group. The group confirms, purely for purpose of transparency, that one of its subsidiaries, PSG Life Limited (previously PSG FutureWealth Limited), is inter alia, involved in litigation with Worldwide Capital, but does not believe the potential effect of such claims to be material.

		2014	2013	2012
		R000	R000	R000
36.	**CAPITAL COMMITMENTS AND CONTINGENCIES** (continued)			
	Operating lease commitments			
	Future minimum lease commitments in terms of:			
	Operating leases – premises			
	Due within 1 year	**27 181**	25 432	30 610
	Due within 1 to 5 years	**48 529**	33 461	30 333
	Due after 5 years	**–**	1 451	–
		75 710	60 344	60 943
	Operating leases – equipment			
	Due within 1 year	**1 890**	2 459	2 032
	Due within 1 to 5 years	**326**	1 950	3 897
		2 216	4 409	5 929

The group leases a number of premises under non-cancellable operating lease agreements. The ordinary lease terms are between two and three years, with the majority of the lease agreements being renewable at the end of the lease term at market-related rentals. The annual lease escalations range from 6.00% to 10.00% (2013: 4.00% to 11.00%; 2012: 8.00% to 11.00%).

A summary of the lease agreements containing the escalation clauses, renewal options and restrictions imposed by the lease agreements is available for inspection at the company's registered office.

37. BORROWING POWERS

In terms of the company's memorandum of incorporation (MOI), borrowing powers are unlimited. Details of actual borrowings of the group are disclosed in note 20 to the financial statements.

The group also has an undrawn overdraft facility of R30.0 million (2013: R30.0 million; 2012: R29.0 million) with Absa Bank Limited at 28 February 2014.

38. RELATED-PARTY TRANSACTIONS

PSG Konsult Limited, its subsidiaries, associated companies and joint ventures enter into various financial services transactions with members of the PSG Group. These transactions include a range of investment, administrative, advisory and corporate services in the normal course of business. All intergroup transactions have been eliminated on consolidation.

The related-party transactions are similar to those disclosed in the prior financial year.

	2014 R000	2013 R000	2012 R000
Amounts receivable from associated companies, joint ventures and other companies in the PSG Group			
Included in receivables from companies in the PSG Group			
PSG Corporate Services Proprietary Limited	**359**	34	139
PSG Capital Proprietary Limited	**–**	2	–
Included in receivables from companies in the PSG Konsult Limited Group			
PSG Consult Limited	**–**	–	4 266
Cinetaur Proprietary Limited	**–**	1 172	891
Jamwa Beleggings Proprietary Limited	**–**	–	1 222
Karana Property Investments Proprietary Limited	**–**	–	1 246
Woodwind Trading Proprietary Limited	**1 086**	1 257	1 307
Make-a-Million Online Proprietary Limited	**39**	8	–
Excluwin Traders Proprietary Limited	**–**	694	–
Prexision Asset Finance Proprietary Limited	**835**	1 056	–
Jan Jonker Property Investment Trust	**3 285**	3 160	–
Balances due from hedge funds, offshore unit trusts and local unit trusts: Related-party receivables			
Local unit trusts	**35 198**	23 776	18 098
Offshore unit trusts	**7 784**	4 870	3 647
Hedge funds	**–**	–	263
	48 586	36 029	31 079

Refer to note 14 for the detail of the amount receivable from related parties.

	2014 R000	2013 R000	2012 R000
Amounts payable to associated companies, joint ventures and other companies in the PSG Group			
Included in borrowings from companies in the PSG Group			
PSG Corporate Services Proprietary Limited	**802**	157	173
Zeder Financial Services Limited	**18**	–	12
Included in borrowings from companies in the PSG Konsult Limited Group			
Make-a-Million Proprietary Limited	**94**	94	350
PSG Consult Limited	**–**	–	4
	914	251	539

Refer to note 20 for the detail of the borrowings from related parties.

	2014 R000	2013 R000	2012 R000
Balances due to offshore unit trusts and local unit trusts: Related-party payable			
Local unit trusts	**2 472**	1 073	–
Offshore unit trusts	**2 314**	313	–
	4 786	1 386	–
Investments held in related-party funds			
The following investments are held in related parties:			
Preference share investment in PSG Financial Services Limited	**2 705**	2 930	17 756
Investments in hedge funds	**–**	–	5 176
Investments in unit trusts	**4 569 439**	1 963 908	923 537
	4 572 144	1 966 838	946 469

38. **RELATED-PARTY TRANSACTIONS** (continued)

Other related balances

As at 29 February 2012, promissory notes to the value of R58.6 million was obtained from the PSG Money Market Fund, a related-party local unit trust fund. The custodians and settlement agents to these promissory notes were Standard Bank and Absa Bank. As at 28 February 2013, these promissory notes were repaid in full.

	2014 R000	2013 R000	2012 R000
The following significant related-party transactions occurred during the year:			
Commission and other fees received from companies in the PSG Group			
PSG Group Limited and its subsidiaries			
PSG Financial Services Limited	**–**	–	244
PSG Capital Proprietary Limited	**–**	20	19
PSG Corporate Services Proprietary Limited	**355**	537	600
	355	557	863
PSG Konsult Limited and its subsidiaries and associated companies and joint ventures			
Prexision Asset Finance Proprietary Limited	**2**	–	–
	357	557	863
Transaction with hedge funds, offshore unit trusts and local unit trusts			
Management fees from related-party funds			
Local unit trusts	**364 039**	251 393	196 168
Offshore unit trusts	**73 738**	43 626	32 601
Hedge funds	**–**	4 553	2 878
	437 777	299 572	231 647
Commission and fees paid to companies in the PSG Group			
PSG Group Limited and its subsidiaries			
PSG Corporate Services Proprietary Limited	**350**	276	250
Zeder Financial Services Limited	**112**	20	99
PSG Konsult Limited and its associated companies and joint ventures			
Make-a-Million Proprietary Limited	**–**	–	1 211
	462	296	1 560
Marketing, administration and other fees paid to companies in the PSG Group			
PSG Group Limited and its subsidiaries			
PSG Corporate Services Proprietary Limited	**1 661**	–	–
PSG Capital Proprietary Limited	**25**	–	–
Grayston Elliot Proprietary Limited	**54**	–	–
PSG Konsult Limited and its subsidiaries and associated companies and joint ventures			
Tradesure Marine Proprietary Limited	**1 907**	–	–
	3 647	–	–

	2014 R000	2013 R000	2012 R000
38. RELATED-PARTY TRANSACTIONS (continued)			
Interest received from PSG Konsult Limited Group companies			
Xinergistix Limited	**901**	–	–
PSG Consult Limited	**–**	104	40
Cinetaur Proprietary Limited	**–**	85	66
Jamwa Beleggings Proprietary Limited	**–**	107	88
Karana Property Investments Proprietary Limited	**–**	62	102
Excluwin Traders Proprietary Limited	**17**	23	–
Jan Jonker Property Investment Trust	**126**	36	–
	1 044	417	296
Transaction with hedge funds, offshore unit trusts and local unit trusts			
Related-party interest received			
Local unit trusts	**9 599**	15 616	16 259
Interest paid to companies in the PSG Group			
PSG Group Limited and its subsidiaries			
PSG Corporate Services Proprietary Limited	**–**	–	1 053
Dividends received from companies in the PSG Group			
PSG Group Limited and its subsidiaries			
PSG Financial Services Limited	**240**	373	1 412
Transactions with hedge funds, offshore unit trusts and local unit trusts			
Related-party dividends received			
Local unit trusts	**11 949**	4 600	3 536
Directors' remuneration			
Executive directors	**22 696**	12 446	9 557

Key management compensation

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the group. Key management is considered to be the board of directors and the prescribed officers.

During the 2013 financial year, preference share funding of R61.3 million was advanced to a related party of FJ Gouws, chief executive officer of PSG Konsult, by a subsidiary of PSG Group Limited. The proceeds from the preference share funding were utilised to acquire 35 million shares in PSG Konsult Limited (the PSG Konsult shares). The preference share funding is repayable after seven years, carrying a fixed dividend rate of 8.5%, and the PSG Konsult shares serve as security. At the redemption date, should the market value of the PSG Konsult shares be less than the preference share funding redemption amount, the counterparty has an option to put the PSG Konsult shares to PSG Group Limited at an amount equal to the preference share funding redemption amount.

	2014 R000	Restated* 2013 R000	Restated* 2012 R000
39. NOTES TO THE STATEMENTS OF CASH FLOWS			
39.1 Cash generated by/(utilised in) operating activities			
Profit before finance costs and taxation	**522 408**	325 402	404 826
Adjustment for non-cash items and other:			
Depreciation of property and equipment	**13 518**	13 176	12 835
Impairment of intangible assets and property and equipment	**–**	124 744	11 519
Amortisation of intangible assets	**27 078**	28 346	30 844
Interest received	**(299 998)**	(246 976)	(194 036)
Dividends received	**(79 651)**	(98 077)	(78 595)
Share of (profits)/losses of associated companies, net of dividend received and impairment	**(2 776)**	(3 187)	331
Share of profits of joint ventures, net of dividend received	**(3 375)**	(158)	–
Profit on disposal of property and equipment	**(152)**	(119)	(267)
Profit on disposal of intangible assets	**–**	(885)	(5 650)
Profit on disposal of subsidiaries	**(643)**	(5 161)	(1 131)
Profit on disposal of associated companies	**(3 919)**	(342)	–
Loss on disposal of books of business	**66**	5 064	–
Loss on disposal of subsidiaries	**–**	555	860
Loss on disposal of associated companies	**1**	7 538	–
Loss on disposal of intangible assets	**13**	790	373
Loss on disposal of property and equipment	**–**	397	–
Net fair value gains on financial instruments	**(1 170 681)**	(971 883)	(435 995)
Fair value adjustment to investment contracts policyholder liabilities	**1 239 669**	1 060 212	611 367
Fair value adjustment to third-party liabilities	**79 387**	29 888	8 965
Equity-settled share-based payment costs	**5 941**	2 441	2 284
Fair value adjustment to investment properties	**266**	–	–
Loss on remeasurement of previous equity interest	**128**	959	895
	327 280	272 724	369 425
Changes in working capital			
Receivables including insurance receivables	**(408 156)**	694 957	(2 181 985)
Reinsurance assets	**(15 365)**	(8 610)	–
Deferred acquisition costs	**85**	178	–
Deferred reinsurance acquisition revenue	**(47)**	975	–
Intergroup loans obtained	**663**	157	185
Intergroup loans repaid	**(323)**	(221)	(13 984)
Loans and advances	**9 438**	(21 795)	(27 678)
Accruals for other liabilities and charges	**–**	–	(5 945)
Trade and other payables	**256 596**	(758 037)	2 075 444
Other financial instruments	**(355 022)**	(355 513)	(270 396)
Third-party liabilities arising on consolidation of mutual funds	**19 765**	(29 928)	(3 607)
Borrowings	**203 732**	82 897	–
Insurance contracts	**115 079**	24 873	53
	153 725	(97 343)	(58 488)

* Comparative information has been restated for the adoption of IFRS 10 Consolidated Financial Statements and for the Societe Generale loan facility reclassification. Refer to note 42 for more detail.

	2014 R000	2013 R000	2012 R000
39.2 Taxation paid			
Charge to profit and loss	**(117 677)**	(82 633)	(73 516)
Movement in deferred taxation	**(16 279)**	3 371	(1 737)
Acquisition of subsidiaries	**–**	873	(5 969)
Disposal of subsidiaries	**59**	–	–
Movement in net taxation liability	**8 944**	(6 592)	(1 248)
	(124 953)	(84 981)	(82 470)

39. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

39.3 Subsidiaries acquired

Acquisition of subsidiaries concluded during the financial year ended 28 February 2014

i) Cinetaur Proprietary Limited

Effective 1 November 2013, the group, through its subsidiary Abrafield Proprietary Limited, acquired an additional 35% interest in Cinetaur Proprietary Limited (Cinetaur) for R350. The investment in this associated company was derecognised on 31 October 2013 as the group obtained control over this company. Cinetaur was treated as a subsidiary from 1 November 2013 and fully consolidated from that date. This step acquisition resulted in a non-headline loss of R0.1 million.

Details of the net assets and goodwill acquired are as follows:	2014 R000
Cash paid on effective date	–
Non-controlling interest	42
Less: Net liabilities acquired at carry value	(170)
Loss on remeasurement of previous equity interest	128
Derecognition of investment in associated companies	–
Goodwill recognised on acquisition	–
Cash consideration paid	–
Cash and cash equivalents acquired	137
Net cash flow	137

No goodwill recognised at acquisition date. The group recognised the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. As a result of the transaction, a loss of R0.1 million was recognised in 'marketing, administration and other expenses'. Refer to note 31.5.

The assets and liabilities arising from the acquisition are as follows:	Fair value R000	Acquiree's carrying amount R000
Investment property	4 975	4 975
Deferred income tax	81	81
Receivables including insurance receivables	41	41
Cash and cash equivalents (including money market investments)	137	137
Borrowings	(5 265)	(5 265)
Trade and other payables	(139)	(139)
Total identifiable net liabilities	(170)	(170)

The income included in the consolidated income statement since 1 November 2013 was R0.8 million. Cinetaur contributed to profit after taxation of R0.2 million over the same period.

Had Cinetaur been consolidated from 1 March 2013, the consolidated income statement would have shown income of R1.0 million and profit after taxation of R0.04 million.

ii) PSG Optimal Income Fund

The group obtained control in the PSG Optimal Income Fund towards the end of the financial year. The fund was consolidated in accordance with IFRS 10 Consolidated Financial Statements at 28 February 2014 and the group held an interest of 34.1% in this fund. The PSG Optimal Income Fund is a Collective Investment Scheme managed by PSG Asset Management.

Details of the net assets acquired are as follows:	2014 R000
Debt securities	243 563
Unit-linked investments	26 590
Receivables including insurance receivables	15 771
Third-party liabilities arising on consolidation of mutual funds	(187 652)
Trade and other payables	(1 296)
Net asset value	96 976
Fair value of equity interest held before the business combination	(96 976)
Net cash flow	–

Had PSG Optimal Income Fund been consolidated from 1 March 2013, the consolidated income statement would have shown income of R15.3 million and profit after taxation of Rnil. The details of the net assets acquired, as disclosed above, represent fair value. All the gross contractual receivables are expected to be collected.

39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

39.3 Subsidiaries acquired (continued)

Acquisitions of subsidiaries concluded during the financial year ended 28 February 2013

Western Group Holdings Limited

Effective 1 March 2012, the group acquired a 24% interest in Western Group Holdings Limited (Western) for R19.3 million, a Namibia-based holding company with two short-term insurance licences, one in South Africa and the other in Namibia. Negotiations were concluded to increase the stake held in Western, which was subject to regulatory approvals. The regulatory approvals was obtained on 6 November 2012, on which date PSG Konsult obtained a additional 51% interest in this company, raising its effective interest to 75%. With this, the group obtained access to these short-term insurance licences, to incorporate these in the short-term value chain of the group. Western was accounted for as an investment in associated company up to 31 October 2012. From 1 November 2012, the company was accounted for as a subsidiary of the group. This step acquisition resulted in a non-headline loss of R1.0 million. The consideration was paid with the issue of PSG Konsult shares (30.1 million shares at R1.95 per share) and the remaining R53.6 million paid in cash on the effective date.

Details of the net assets and goodwill acquired are as follows:	2013 R000
Cash paid on effective date	53 600
PSG Konsult Limited ordinary shares issued (30.1 million @ R1.95 per share)	58 600
Total purchase consideration	112 200
Non-controlling interest	22 113
Less: Net assets acquired at carry value	(88 451)
Loss on remeasurement of previous equity interest	(959)
Derecognition of investment in associated companies	21 674
Goodwill recognised on acquisition	66 577
Cash consideration paid	53 600
Cash and cash equivalents acquired	(114 223)
Net cash flow	(60 623)

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition. The group recognised the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. The fair value of the equity interest held in Western Group Holdings Limited on the date of transaction was R20.7 million. As a result of the transaction, a loss of R1.0 million was recognised in 'marketing, administration and other expenses'. Refer to note 31.5.

The assets and liabilities arising from the acquisition are as follows:	Fair value R000	Acquiree's carrying amount R000
Property and equipment	6 266	6 266
Intangible assets	10 744	–
Investment property	2 036	2 036
Investments in associated companies	37 187	37 187
Investments in joint ventures	8 524	8 524
Equity securities	12 988	12 988
Debt securities	16 750	16 750
Unit-linked investments	145 048	145 048
Loans and advances	37 310	37 310
Reinsurance assets	42 272	42 272
Receivables including insurance receivables	24 624	24 624
Cash and cash equivalents (including money market investments)	114 223	114 223
Deferred income tax	8 701	8 701
Deferred income tax liability raised on intangible assets	(3 008)	–
Current income tax asset	263	263
Insurance contracts	(323 261)	(323 261)
Deferred acquisition revenue relating to reinsurance contracts	(1 914)	(1 914)
Deferred acquisition costs relating to insurance contracts	1 288	1 288
Borrowings	(618)	(618)
Trade and other payables	(50 972)	(50 972)
Total identifiable net assets	88 451	80 715

The net insurance premium income included in the consolidated income statement since 1 November 2012, contributed by Western Group Holdings Limited was R66.6 million. Western Group Holdings Limited also contributed profit after taxation of R4.2 million (before amortisation, release of deferred tax on intangible assets and non-controlling interest) over the same period.

Had Western Group Holdings Limited been consolidated from 1 March 2012, the consolidated income statement would have shown net insurance premium income of R197.3 million and profit after taxation of R13.9 million (before amortisation, release of deferred tax on intangible assets and non-controlling interest).

39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

39.3 Subsidiaries acquired (continued)

Acquisitions and/or incorporations of subsidiaries or books of business concluded during the financial year ended 29 February 2012

i) PSG Asset Management Holdings Proprietary Limited

On 1 March 2011, the operations of PSG Fund Management, PSG Alphen, PSG Tanzanite, PSG Absolute Investments and PSG Life Limited (previously PSG FutureWealth) were amalgamated with those of PSG Konsult Limited. The merge followed the restructuring of the financial services businesses within the PSG Group and promoted the sharing of resources and skills with the goal of improved service delivery. The transaction, structured in the form of a share swop resulting in the issuance of 339.2 million PSG Konsult Limited shares for a total consideration of R506.9 million (giving a per share swop price of R1.494 per PSG Konsult share), was positioned under a newly incorporated company, PSG Asset Management Holdings Proprietary Limited.

The IFRS on business combinations (IFRS 3) does not apply to this business combination, as it is effected between parties that are ultimately controlled by PSG Group Limited, otherwise known as a common control transaction. The company has elected to apply 'predecessor accounting'.

Details of the net assets acquired are as follows:	2012 R000
PSG Konsult Limited shares issued – 339.2 million shares	506 867
Total purchase consideration	506 867
Non-controlling interest	7 176
Less: Net assets acquired at carry value	(169 921)
Increase in common control reserve on 1 March 2011	344 122
Cash consideration paid	–
Cash and cash equivalents acquired	(256 249)
Net cash flow in the 2012 financial year	(256 249)

The difference between the consideration given and the predecessor values is recognised directly in equity in a common control reserve. As a result, no goodwill recognised on acquisition.

The assets and liabilities arising from the acquisition are as follows:	Acquiree's carrying amount R000
Property and equipment	2 070
Intangible assets	34 289
Investments in associated companies	500
Equity securities	921 321
Unit-linked investments	4 858 659
Debt securities	2 214 032
Investments in investment contracts	1 108 686
Receivables including insurance receivables	48 710
Cash and cash equivalents (including money market investments)	256 249
Third-party liabilities arising on consolidation of mutual funds	(37 016)
Deferred income tax	29 698
Insurance contracts	(29 898)
Investment contracts	(9 112 357)
Intergroup accounts	(2 184)
Trade and other payables	(117 169)
Current income tax liabilities	(5 669)
Total identifiable net assets	**169 921**

The income included in the consolidated income statement since 1 March 2011, contributed by PSG Asset Management Holdings Proprietary Limited was R549.5 million for the 2012 financial year. PSG Asset Management Holdings Proprietary Limited also contributed profit after taxation of R53.2 million over the same period.

39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

39.3 Subsidiaries acquired (continued)

ii) iHound Proprietary Limited

Effective 1 March 2011, the group through its subsidiary PSG Wealth Group Service Proprietary Limited (previously PSG Online Solutions Proprietary Limited) acquired an additional 31% interest in this online lead-generating company, raising its effective interest to 51%. The consideration of R1.5 million was paid in full on 31 May 2011.

The company was previously accounted for as an investment in associated company up to 28 February 2011. From 1 March 2011 this company was accounted for as a subsidiary of the group.

Details of the net assets and goodwill acquired are as follows:	2012 R000
Cash paid on effective date	1 484
Total purchase consideration	1 484
Less: Fair value of net assets acquired	(4 473)
Plus: Non-controlling interest	2 928
Plus: Acquisition date fair value of the acquirer's previously held equity interest in acquiree	1 195
Goodwill recognised on acquisition	1 134
Cash consideration paid	1 484
Cash and cash equivalents acquired	(231)
Net cash flow in the 2012 financial year	1 253

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition. The group recognised the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. As a result of the transaction, a loss of R0.9 million was recognised in 'marketing, administration and other expenses'. Refer to note 31.5.

The assets and liabilities arising from the acquisition are as follows:	Fair value R000	Acquiree's carrying amount R000
Intangible assets	5 365	–
Receivables including insurance receivables	1 589	1 589
Cash and cash equivalents (including money market investments)	231	231
Deferred income tax	(1 502)	–
Trade and other payables	(1 210)	(1 210)
Total identifiable net assets	4 473	610

The income, included in the consolidated income statement since 1 March 2011, contributed by iHound Proprietary Limited was R5.2 million for the 2012 financial year. iHound Proprietary Limited also contributed profit after taxation of R0.7 million over the same period.

39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

39.3 Subsidiaries acquired (continued)

iii) Pleroma Insurance Brokers Group

The group, through its subsidiary PSG Employee Benefits Limited (previously PSG Konsult Corporate Limited) acquired the business in this financial services group (a short-term insurance broker and administrator) for a consideration of R30.7 million. The effective date of the transaction was 1 May 2011. On 1 June 2011, 50% of the purchase consideration was paid, 25% was payable on 1 May 2012 and the remaining 25% on 1 October 2012 and carried interest at prime interest rate less 2.5%.

The transaction added approximately R100.0 million in premiums, 5 000 clients and contributed 10% of PSG Employee Benefit's headline earnings for the year ended 29 February 2012.

Details of the net assets and goodwill acquired are as follows:	2012 R000
Cash paid on effective date	15 500
Cash due on effective date	15 226
Total purchase consideration	30 726
Less: Fair value of net assets acquired	(10 036)
Goodwill recognised on acquisition	20 690
Cash consideration paid	15 500
Cash and cash equivalents acquired	–
Net cash flow in the 2012 financial year	15 500

	2013 R000
Cash consideration paid	15 226
Cash consideration paid – interest	99
Net cash flow in the 2013 financial year	15 325

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition.

The assets and liabilities arising from the acquisition are as follows:	Fair value R000	Acquiree's carrying amount R000
Intangible assets	13 938	–
Deferred income tax	(3 902)	–
Total identifiable net assets	10 036	–

The income, included in the consolidated income statement, contributed by Pleroma Insurance Brokers Group was R15.8 million for the 2012 financial year. Pleroma Insurance Brokers Group also contributed profit (before amortisation, finance cost and corporate expenses) of R3.0 million over the same period.

Had Pleroma Insurance Brokers Group been consolidated from 1 March 2011, the consolidated income statement would have shown income of R19.1 million and profit (before amortisation, finance cost and corporate expenses) of R3.9 million for the 2012 financial year.

39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

39.3 Subsidiaries acquired (continued)

iv) EFS Investment Solutions Proprietary Limited (Equinox)

Effective 1 May 2011, the group, through its subsidiaries PSG Wealth Group Services Proprietary Limited (previously PSG Online Solutions Proprietary Limited) and PSG Asset Management Holdings Proprietary Limited acquired a 100% interest in EFS Investment Solutions (Equinox), an online unit trust trading platform, for a total consideration of R26.9 million. The R24.2 million was paid on the effective date, with the remaining balance of R2.7 million paid on 29 February 2012.

Equinox was obtain by the group to acquire a LISP licence, and to incorporate this within our Wealth division to ensure that the group are able to service its clients in all the stages of the asset flow value chain. Equinox provides an electronic trading platform for individual investors, as well as enabling investment advisers to manage portfolios on behalf of clients. The transaction added 9 000 clients, with assets under management of R1.9 billion, to the group's client base.

Details of the net assets and goodwill acquired are as follows:	2012 R000
Cash paid on effective date	24 195
Cash due on effective date (paid in full before year-end)	2 724
Total purchase consideration	26 919
Less: Fair value of net assets acquired	(16 025)
Goodwill recognised on acquisition	10 894
Cash consideration paid	26 919
Cash and cash equivalents acquired	(3 757)
Net cash flow in the 2012 financial year	23 162

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition.

The assets and liabilities arising from the acquisition are as follows:	Fair value R000	Acquiree's carrying amount R000
Intangible assets	6 965	–
Property and equipment	350	350
Unit-linked investments	1 674	1 674
Receivables including insurance receivables	714	714
Cash and cash equivalents (including money market investments)	3 757	3 757
Deferred income tax	3 870	4 611
Current tax payable	(301)	(301)
Trade and other payables	(1 004)	(1 004)
Total identifiable net assets	16 025	9 801

The income, included in the consolidated income statement, contributed by Equinox was R29.0 million for the 2012 financial year. Equinox also contributed profit after taxation of R7.3 million over the same period.

Had Equinox been consolidated from 1 March 2011, the consolidated income statement would have shown income of R34.8 million and profit after taxation of R8.8 million for the 2012 financial year.

39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

39.3 Subsidiaries acquired (continued)

v) Triumviri Financial Advisors Proprietary Limited

The group (through its subsidiary PSG Konsult Short-Term Insurance Brokers Proprietary Limited) acquired the short-term insurance business for a consideration of R2.0 million on 1 June 2011. On 1 June 2011, 75% of the purchase consideration was paid and the remaining 25% (subject to a profit guarantee) was payable on 31 May 2012 and carried interest at prime from the effective date.

Details of the net assets and goodwill acquired are as follows:	2012 R000
Cash paid on effective date	508
Cash due on effective date	1 526
Total purchase consideration	2 034
Less: Fair value of net assets acquired	(806)
Goodwill recognised on acquisition	1 228
Cash consideration paid	508
Cash and cash equivalents acquired	–
Net cash flow in the 2012 financial year	508

	2013 R000
Cash consideration expected to be paid	1 526
Adjustment to purchase consideration	(1 120)
Net cash flow in the 2013 financial year	406

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition.

The assets and liabilities arising from the acquisition are as follows:	Fair value R000	Acquiree's carrying amount R000
Intangible assets	1 119	–
Deferred income tax	(313)	–
Total identifiable net assets	806	–

The income, included in the consolidated income statement, contributed by Triumviri Financial Advisors Proprietary Limited was R1.1 million for the 2012 financial year. Triumviri Financial Advisors Proprietary Limited also contributed profit (before amortisation, finance cost and corporate expenses) of R0.1 million over the same period.

Had Triumviri Financial Advisors Proprietary Limited been consolidated from 1 March 2011, the consolidated income statement would have shown income of R1.5 million and profit (before amortisation, finance cost and corporate expenses) of R0.1 million for the 2012 financial year.

39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

39.3 Subsidiaries acquired (continued)

vi) Agri Wilson Makelaars BK

Effective 1 June 2011, the group (through its subsidiary PSG Konsult Short-Term Insurance Brokers Proprietary Limited) acquired the short-term insurance business for a consideration of R3.1 million. On 1 June 2011, 60% of the purchase consideration was paid and the remaining 40% (subject to a profit guarantee) was payable on 31 May 2012 and carried no interest.

Details of the net assets and goodwill acquired are as follows:	2012 R000
Cash paid on effective date	1 889
Cash due on effective date	1 260
Total purchase consideration	3 149
Less: Fair value of net assets acquired	(992)
Goodwill recognised on acquisition	2 157
Cash consideration paid	1 889
Cash and cash equivalents acquired	–
Net cash flow in the 2012 financial year	1 889

	2013 R000
Cash consideration paid	1 260
Cash consideration paid – interest	–
Net cash flow in the 2013 financial year	1 260

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition.

The assets and liabilities arising from the acquisition are as follows:	Fair value R000	Acquiree's carrying amount R000
Intangible assets	1 378	–
Deferred income tax	(386)	–
Total identifiable net assets	992	–

The income, included in the consolidated income statement, contributed by Agri Wilson Makelaars BK was R1.1 million for the 2012 financial year. Agri Wilson Makelaars BK also contributed profit (before amortisation, finance cost and corporate expenses) of R0.3 million over the same period.

Had Agri Wilson Makelaars BK been consolidated from 1 March 2011, the consolidated income statement would have shown income of R1.5 million and profit (before amortisation, finance cost and corporate expenses) of R0.4 million for the 2012 financial year.

39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

39.3 Subsidiaries acquired (continued)

vii) Acquisition of hedge funds and collective investment schemes

The group held an interest of 97.9% in the PSG Stable Fund, an interest of 100% in the PSG Income Fund and an interest of 50.6% in the Orange Prime Fund at 29 February 2012.

Details of the net assets acquired are as follows:	2012 R000
Equity securities	39 238
Debt securities	11 626
Receivables including insurance receivables	1 111
Cash and cash equivalents (including money market investments)	43 437
Third-party liabilities arising on consolidation of mutual funds	(16 008)
Trade and other payables	(216)
Net asset value	79 188
Fair value of equity interest held before the business combination	(79 188)
Total purchase consideration	–
Less: cash and cash equivalents acquired	(43 437)
Net cash inflow	(43 437)

viii) Acquisition of PSG Multi-Management Foreign Flexible Fund of Funds (previously PSG Alphen Foreign Flexible Fund of Funds)

The group consolidated the PSG Multi-Management Foreign Flexible Fund of Funds in accordance with IFRS 10 Consolidated Financial Statements from 1 March 2011 as the group obtained control of the fund with the acquisition of PSG Asset Management Holdings Proprietary Limited. The PSG Multi-Management Foreign Flexible Fund of Funds is a Collective Investment Scheme managed by PSG Asset Management.

Details of the net assets acquired are as follows:	2012 R000
Unit-linked investments	155 307
Cash and cash equivalents (including money market investments)	2 839
Third-party liabilities arising on consolidation of mutual funds	(103 248)
Trade and other payables	(282)
Net asset value	54 616
Fair value of equity interest held before the business combination	(54 616)
Total purchase consideration	–
Less: cash and cash equivalents acquired	(2 839)
Net cash inflow	(2 839)

The detail of the net assets acquired, as disclosed above, represent fair value. The total income and profit and loss that were included during the 2012 financial year as a result of consolidating the fund was R9.0 million and Rnil respectively.

39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

39.3 Subsidiaries acquired (continued)

Summary of cash flows for the year ended 28 February		**2014 R000**	Restated 2013 R000	Restated 2012 R000
Acquisitions in 2014				
i)	Cinetaur Proprietary Limited	**137**	–	–
Acquisitions in 2013				
i)	Western Group Holdings Limited	**–**	(60 623)	–
Acquisitions in 2012				
i)	PSG Asset Management Holdings Proprietary Limited	**–**	–	(256 249)
ii)	iHound Proprietary Limited	**–**	–	1 253
iii)	Pleroma Insurance Brokers Group	**–**	15 325	15 500
iv)	EFS Investment Solutions Proprietary Limited (Equinox)	**–**	–	23 162
v)	Triumviri Financial Advisors Proprietary Limited	**–**	406	508
vi)	Agri Wilson Makelaars BK	**–**	1 260	1 889
vii)	Acquisition of hedge funds and collective investment schemes	**–**	–	(43 437)
viii)	Acquisition of PSG Multi-Management Foreign Flexible Fund of Funds	**–**	–	(2 839)
ix)	Various books of business acquired	**–**	–	12 000
Acquisitions in 2011				
i)	Bouwer Collins Insurance Brokers Proprietary Limited	**–**	–	8 896
ii)	Diagonal Street Financial Services Proprietary Limited	**–**	11 102	18 237
iii)	AdviceAtWork Proprietary Limited	**–**	20 185	–
iv)	NNB Financial Services Proprietary Limited	**–**	3 503	3 214
		137	(8 842)	(217 866)

39.4 Disposal of subsidiaries

Disposal of subsidiaries concluded during the financial year ended 28 February 2014

i) PSG Stable Fund

The group deconsolidated the PSG Stable Fund during the year ended 28 February 2014 as the group lost control of this fund due to a decrease in the direct interest in this fund.

Net assets of subsidiary sold:	**2014 R000**
Equity securities	**16 876**
Debt securities	**23 422**
Unit-linked investments	**5 439**
Receivables including insurance receivables	**558**
Cash and cash equivalents (including money market investments)	**2 401**
Third-party liabilities arising on consolidation of mutual funds	**(23 667)**
Trade and other payables	**(106)**
Net asset value	**24 923**
Transfer to unit-linked investments	**(24 923)**
Total cash consideration received	**–**
Cash and cash equivalents of subsidiary	**(2 401)**
Net cash flow on disposal of subsidiary	**(2 401)**

39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

39.4 Disposal of subsidiaries (continued)

Disposal of subsidiaries concluded during the financial year ended 28 February 2014 (continued)

ii) iHound Proprietary Limited

Effective 1 March 2013, the group, through its subsidiary PSG Wealth Group Services Proprietary Limited (previously PSG Online Solutions Proprietary Limited), sold its 51% interest in iHound Proprietary Limited to JAG Web Marketing CC for R0.7 million. The consideration was received in full during March 2013.

Net assets of subsidiary sold:	**2014 R000**
Property and equipment	**33**
Deferred income tax assets	**319**
Receivables including insurance receivables	**224**
Cash and cash equivalents (including money market investments)	**37**
Borrowings	**(47)**
Trade and other payables	**(18)**
Current income tax liabilities	**(59)**
Net asset value of subsidiary sold	**489**
Non-controlling interest	**(424)**
Profit on disposal of subsidiary	**643**
Total cash consideration received	**708**
Cash and cash equivalents of subsidiary	**(37)**
Net cash flow on disposal of subsidiary	**671**

Disposal of subsidiaries or books of business concluded during the financial year ended 28 February 2013

i) PSG South Easter Fund Management Proprietary Limited

The group, through its subsidiary PSG Asset Management Holdings Proprietary Limited, sold its interest in PSG South Easter Fund Management Proprietary Limited on 1 December 2012 for a consideration of R8.1 million. First instalment was based on the tangible net asset value of PSG South Easter Fund Management Proprietary Limited at 30 November 2012 plus 0.5% of AUM at the date of disposal. The deferred payments are based on 0.5% of AUM at 30 November 2013 and 30 November 2014 respectively. The company was derecognised as a subsidiary from this date.

Net assets of subsidiary sold:	2013 R000
Property and equipment	38
Unit-linked investments	3 695
Receivables including insurance receivables	479
Cash and cash equivalents	1 768
Deferred income tax asset	48
Current income tax liabilities	(610)
Trade and other payables	(2 525)
Net assets of subsidiary sold	2 893
Profit on disposal of subsidiary	5 161
Total cash consideration received	8 054
Deferred consideration	(3 331)
Cash and cash equivalents of subsidiary	(1 768)
Net cash flow on disposal of subsidiary in the 2013 financial year	2 955

39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

39.4 Disposal of subsidiaries (continued)

Disposal of subsidiaries or books of business concluded during the financial year ended 28 February 2013 (continued)

ii) Disposal of books of business

The group, through its subsidiary Topexec Management Bureau Proprietary Limited, sold its third-party short-term administration business (Riscor) on 1 September 2012 to a third party for a consideration of R13.6 million. The consideration was received in full on the effective date.

Net assets of books of business sold:	2013 R000
Property and equipment	390
Intangible assets	18 231
Net assets of books of business sold	18 621
Loss on disposal of books of business	(5 064)
Total cash consideration received	13 557
Cash and cash equivalents of books of business	–
Net cash flow on disposal of books of business in the 2013 financial year	13 557

iii) Disposal of hedge fund

The group deconsolidated the Orange Prime Fund during the 2013 financial year as the group lost control of this fund due to a decrease in the direct interest in this fund.

Net assets of subsidiary sold:	2013 R000
Equity securities	30 467
Receivables including insurance receivables	1 111
Third-party liabilities arising on consolidation of mutual funds	(15 542)
Trade and other payables	(85)
Net asset value	15 951
Transfer to investments in unit linked investments	(15 951)
Total cash consideration received	–

39. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

39.4 Disposal of subsidiaries (continued)

Disposal of subsidiaries concluded during the financial year ended 29 February 2012

i) PSG Active Fund Services Limited (Guernsey)

The group, through its subsidiary PSG Asset Management Holdings Proprietary Limited, sold its interest in PSG Active Fund Services Limited (Guernsey) on 1 May 2011 to the minority shareholder for a consideration of R0.4 million. The company was derecognised as a subsidiary from this date.

Net assets of subsidiary sold:	2012 R000
Property and equipment	13
Receivables including insurance receivables	2 483
Cash and cash equivalents (including money market investments)	1 393
Trade and other payables	(1 295)
Net assets of subsidiary sold	2 594
Non-controlling interest	(1 294)
Loss on disposal of subsidiary	(860)
Total cash consideration received	440
Cash and cash equivalents of subsidiary	(1 393)
Net cash flow on disposal of subsidiary in the 2012 financial year	(953)

The group made a payment of R0.6 million during the 2013 financial year relating to the sale of this subsidiary, driven by the settlement of a contingent legacy claim. This resulted in a further loss on disposal of subsidiary of R0.6 million.

ii) PSG Absolute Investments Proprietary Limited

The group through its subsidiary PSG Asset Management Holdings Proprietary Limited, sold its interest in PSG Absolute Investments Proprietary Limited on 1 November 2011 to the minority shareholders for a consideration of R7.4 million. As part of the transaction, PSG Asset Management Holdings Proprietary Limited bought out the minorities in PSG South Easter Fund Management Proprietary Limited. The group had a 100% interest in PSG South Easter Fund Management Proprietary Limited. Refer to disposal of PSG South Easter Management Proprietary Limited during the 2013 financial year.

Net assets of subsidiary sold:	2012 R000
Property and equipment	262
Intangible assets	1 312
Unit-linked investments	9 313
Receivables including insurance receivables	1 964
Cash and cash equivalents (including money market investments)	821
Trade and other payables	(5 077)
Deferred income tax	1 666
Net assets of subsidiary sold	10 261
Non-controlling interest	(4 033)
Profit on disposal of subsidiary	1 130
Total cash consideration received	7 358
Cash and cash equivalents of subsidiary	(821)
Net cash flow on disposal of subsidiary in the 2012 financial year	6 537

39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

39.4 Disposal of subsidiaries (continued)

Disposal of subsidiaries concluded during the financial year ended 29 February 2012 (continued)

ii) Disposal of hedge funds and collective investment schemes

The group deconsolidated the Alphen Equity Builder Fund and the PSG Multi-Strategy Fund during the 2012 financial year as the group lost control of these funds due to a decrease in the direct interest in these funds.

Net assets of subsidiary sold:	2012 R000
Equity securities	64 799
Unit-linked investments	10 670
Receivables including insurance receivables	4 083
Cash and cash equivalents (including money market investments)	127
Trade and other payables	(37 016)
Deferred income tax	(4 529)
Net asset value	38 134
Transfer to investments in unit-linked investments	(38 134)
Total cash consideration received	–
Cash and cash equivalents of subsidiary	(127)
Net cash flow on disposal of subsidiary in the 2012 financial year	(127)

39.5 Acquisition of investments in associated companies

Acquisition of investments in associated companies for the year ended 28 February 2013

i) Cinetaur Proprietary Limited

The group, through its subsidiary Abrafield Proprietary Limited, obtained an additional interest of 5% in Cinetaur Proprietary Limited on 1 March 2012 for a consideration of R0.02 million, increasing its interest in the company from 35% to 40%.

ii) Western Group Holdings Limited

The group acquired a 24% shareholding in Western Group Holdings Limited on 1 March 2012 for a consideration of R19.3 million. An additional interest of 51% was obtained in November 2012 and the investment in this associated company was derecognised on 31 October 2012 as the group obtained control over this company.

Acquisition of investments in associated companies for the year ended 29 February 2012

i) Woodwind Proprietary Limited

The group, through its subsidiary Abrafield Proprietary Limited, acquired a 30% shareholding in Woodwind Proprietary Limited 1 March 2011 for a consideration of R30. This company is start-up in nature and therefore no intangible assets or goodwill were identified on acquisition.

ii) Finplanning Proprietary Limited

The group acquired a 10% shareholding in Finplanning Proprietary Limited through the investment in PSG Asset Management Holdings Proprietary Limited on 1 March 2011. The shareholding was, however, disposed of during the 2012 financial year for a consideration of R0.5 million.

39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

39.6 Disposal of investments in associated companies

Disposal of investments in associated companies for the year ended 28 February 2014

i) Axon Xchange Proprietary Limited

Effective 1 March 2013, the group, through its subsidiary PSG Fixed Income and Commodities Proprietary Limited (previously PSG Prime Proprietary Limited), sold its 38% interest held in Axon Xchange Proprietary Limited for R4.5 million, resulting in non-headline profit of R0.03 million.

ii) Purple Line Plastics Proprietary Limited and JWR Holdings Proprietary Limited

Effective 1 April 2013 and 1 May 2013, the group, through its subsidiary Western Group Holdings Limited, sold its 25% interest held in Purple Line Plastics Proprietary Limited and its 26% interest held in JWR Holdings Proprietary Limited for R2.1 million and R0.5 million, resulting in non-headline profits of R0.04 million and R0.3 million respectively.

iii) Excluwin Traders Proprietary Limited

Effective 1 August 2013, the group, through its subsidiary Western Group Holdings Limited sold its 34% interest held in Excluwin Traders Proprietary Limited for R4 million, resulting in non-headline profit of R3.5 million.

39.7 Transactions with non-controlling interests

i) Acquisition of an additional interest in Western Group Holdings Limited

As at 1 March 2013, PSG Konsult Limited acquired an additional 15% interest in Western Group Holdings Limited for a consideration of R33.0 million. This Namibia-based holding company has two short-term insurance licences, one in Namibia and the other in South Africa. The 15% stake was bought from SAAD Financial Holdings Proprietary Limited, an investment holding company. This transaction was subject to regulatory approval, which was obtained at the end of May 2013, therefore the acquisition date of 1 June 2013 was adopted. The transaction increased the group's shareholding to 90% of the share capital of Western Group Holdings Limited. The 90% shareholding in Western Group Holdings Limited was subsequently transferred from PSG Konsult Limited to its intermediary holding company, PSG Insure Holdings Proprietary Limited.

	2014 R000
Carrying amount of non-controlling interests acquired	**14 428**
Consideration paid to non-controlling interests	**(33 000)**
Excess of consideration paid recognised in equity	**(18 572)**

ii) Acquisition of the remaining interest in PSG Nylstroom Proprietary Limited (previously PSG Konsult Nylstroom Proprietary Limited)

Effective 1 August 2013, PSG Konsult Limited (through its subsidiary PSG Konsult Optimum Proprietary Limited) acquired the remaining 49% interest in PSG Konsult Nylstroom, a company incorporated in South Africa, for a consideration of R1.3 million. On 1 August 2013, 80% of the purchase consideration was paid and the remaining 20% (subject to a profit guarantee) is payable on 1 August 2014.

	2014 R000
Carrying amount of non-controlling interests acquired	**36**
Consideration paid to non-controlling interests	**(1 250)**
Excess of consideration paid recognised in equity	**1 214**

39. NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

39.7 Transactions with non-controlling interests (continued)

iii) Acquisition of a further interest in Western Group Holdings Limited

Effective 1 September 2013, PSG Insure Holdings Proprietary Limited acquired the remaining 10% interest in Western Group Holdings Limited for a consideration of R22.0 million. The 10% stake was bought from the management group of Western Group Holdings Limited.

The parties entered into an agreement on 3 June 2013 (following the approval by the Financial Services Board (FSB) and Namfisa of the 15% interest acquired at the end of May 2013) in which it was agreed that PSG Konsult Limited, through its subsidiary PSG Insure Holdings Proprietary Limited, would increase its stake in the group from 90% to 100%, subject to approval by the FSB in South Africa, Namfisa in Namibia and the Competition Commission in both countries. The transaction was approved by the regulatory authorities at the beginning of September 2013, resulting in Western Group Holdings Limited being a wholly owned subsidiary of PSG Konsult Limited.

	2014 **R000**
Carrying amount of non-controlling interests acquired	**11 292**
Consideration paid to non-controlling interests	**(22 000)**
Excess of consideration paid recognised in equity	**(10 708)**

iv) Disposal of portion of interest held in Western Group Holdings Limited

PSG Konsult Limited entered into an agreement on 3 June 2013 to dispose of 40% of its shareholding in Western (following the approval by the regulatory authorities of the remaining 10% interest acquired) to Swanvest 120 Proprietary Limited, a wholly owned subsidiary of Santam Limited. The transaction was approved by the regulatory authorities on 16 September 2013. Subsequent to this transaction, the shareholding in Western Group Holdings LImited was as follows: PSG Konsult Limited (through its subsidiary PSG Insure Holdings Proprietary Limited) – 60%; Swanvest 120 Proprietary Limited – 40%.

	2014 **R000**
Cash consideration received	**88 000**
Less: carrying value of non-controlling interest disposed of	**(45 855)**
Excess of consideration received	**42 145**

	2014 **R000**	2013 R000	2012 R000
39.8 Cash and equivalents at end of year			
Cash and cash equivalents (including money market investments)	**709 184**	470 662	360 750
Bank overdrafts	**(11)**	(41)	(45)
	709 173	470 621	360 705

40. EVENTS AFTER THE REPORTING DATE

No event material to the understanding of these results has occurred between the end of the reporting period and the date of approval of the results other than the standardising of the revenue-sharing models with the financial advisers effective 1 March 2014.

In order to standardise the revenue sharing model and also provide our advisers with the opportunity to invest in the future of the group we are pleased to advise that the group, through its subsidiary PSG Wealth Financial Planning Proprietary Limited, concluded with effect from 1 March 2014 an asset-for-share transaction utilising Section 42 of the Income Tax Act. We believe that this transaction which was settled largely through the issue of 35.8 million PSG Konsult shares will lead to a win-win situation both for our financial advisers and shareholders as it unlocks value for advisers and also better aligns the objectives of both the adviser and the group. Had this transaction been concluded at the beginning of this financial year, on a pro forma basis it would have increased our headline earnings per share by 4.2%.

41. FINANCIAL RISK MANAGEMENT

General

Risk management is a priority issue because it affects every part of the business. It is a pre-emptive process that allows the group to assess and analyse risk in an integrated fashion, identifying potential areas in advance and then proactively create processes and measures for compliance. We believe that risk management is key in ensuring the sustainability of the business model.

Fundamentally, the board of directors' responsibility in managing risk is to protect the interests of all of the group's stakeholders, being the shareholders, policyholders, employees and related parties. It fully accepts responsibility for risk management and internal controls, and in so doing the board of directors has deployed a number of control mechanisms to prevent and mitigate the potential impact of risk.

The primary responsibility for risk management at an operational level rests with the executive committee (EXCO). Management and various specialist board committees are tasked with integrating the management of risk into the day-to-day activities of the group. The group defines the responsibility and accountability for risk management by applying the 3 layers of defence approach.

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by each of the divisions within the group under policies approved by the respective boards of directors. Each division identifies, evaluates and utilises economic hedges to hedge financial risks as appropriate. Each major division's executive committee provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

The sensitivity analyses presented below are based on reasonable possible changes in market variables for equity prices, foreign exchange rates and interest rates for the group. Financial instruments are grouped into the following classes in order to facilitate effective financial risk management and disclosure in terms of IFRS 7 Financial Instruments: Disclosures and IFRS 13 Fair Value Measurements.

41. FINANCIAL RISK MANAGEMENT (continued)

General (continued)

	2014 R000	Restated* 2013 R000	Restated* 2012 R000
CLASSES OF FINANCIAL AND INSURANCE ASSETS			
Direct equity securities – quoted	**3 786**	30 784	8 770
Investments linked to investment contracts – quoted	**600 249**	981 144	865 353
Total quoted equity securities	**604 035**	1 011 928	874 123
Direct equity securities – unquoted	**845**	845	845
Total unquoted equity securities	**845**	845	845
Total equity securities	**604 880**	1 012 773	874 968
Direct debt securities – quoted	**444 706**	123 622	47 704
Investments linked to investment contracts – quoted	**1 439 379**	1 637 725	1 734 705
Total quoted debt securities	**1 884 085**	1 761 347	1 782 409
Direct debt securities – unquoted	**–**	3 416	–
Investments linked to investment contracts – unquoted	**237 347**	246 721	266 333
Total unquoted debt securities	**237 347**	250 137	266 333
Total debt securities	**2 121 432**	2 011 484	2 048 742
Direct unit-linked investments – quoted	**359 617**	308 889	137 789
Investments linked to investment contracts – quoted	**7 608 536**	4 473 311	3 471 531
Total quoted unit-linked investments	**7 968 153**	4 782 200	3 609 320
Direct unit-linked investments – unquoted	**–**	11	1 605
Investments linked to investment contracts – unquoted	**2 250 476**	2 019 802	1 715 161
Total unquoted unit-linked investments	**2 250 476**	2 019 813	1 716 766
Total unit-linked investments	**10 218 629**	6 802 013	5 326 086
Investment in investment contracts	**505 444**	848 645	994 380

* Comparative information for direct unit-linked investments – quoted has been restated for the adoption of IFRS 10 Consolidated Financial Statements from R227.3 million to R308.9 million in the 2013 financial year and from R30.9 million to R137.8 million in the 2012 financial year. Likewise, cash and cash equivalents (including money market investments) has been restated from R468.0 million to R470.7 million in the 2013 financial year and from R358.6 million to R360.8 million in the 2012 financial year. Refer to note 42 for more detail.

		2014 R000	Restated* 2013 R000	Restated* 2012 R000
41.	**FINANCIAL RISK MANAGEMENT** (continued)			
	CLASSES OF FINANCIAL AND INSURANCE ASSETS (continued)			
	Secured loans	**32 976**	37 114	–
	Unsecured loans	**77 019**	82 319	67 529
	Total loans and advances	**109 995**	119 433	67 529
	Equity traded derivatives	**21 190**	15 955	9 532
	Total derivative financial instruments	**21 190**	15 955	9 532
	Reinsurance assets	**66 248**	50 883	–
	Deferred acquisition costs	**1 025**	1 110	–
	Trade receivables (other than insurance receivables)	**72 180**	57 714	64 146
	Receivables due from contract holders and reinsurers	**36 807**	13 184	–
	Brokers and clearing houses and client accounts	**1 925 858**	1 557 765	2 252 659
	Contracts for difference	**24 228**	25 548	21 469
	Receivables due from related parties	**43 341**	28 690	22 147
	Rental and other deposits and sundry debtors	**9 682**	5 291	2 403
	Total receivables including insurance receivables	**2 112 096**	1 688 192	2 362 824
	Loans to associated companies	**1 960**	4 179	8 932
	Loans to joint ventures	**3 285**	3 160	–
	Cash and cash equivalents (including money market investments)	**709 184**	470 662	360 750
	Total financial and insurance assets	**16 475 368**	13 028 489	12 053 743
	CLASSES OF FINANCIAL AND INSURANCE LIABILITIES			
	Bank borrowings and overdrafts	**11**	41	46
	Secured loans	**393 773**	218 228	115 438
	Finance leases	**14 674**	583	1 079
	Promissory notes	**–**	–	58 602
	Related party loans	**914**	251	539
	Other short-term loans	**2 816**	3 494	2 974
	Total borrowings	**412 188**	222 597	178 678
	Equity traded derivatives	**28 406**	17 139	7 831
	Total derivative financial instruments	**28 406**	17 139	7 831
	Investment contracts	**12 692 768**	10 272 444	9 144 681
	Insurance contracts	**493 163**	378 084	29 949
	Deferred reinsurance acquisition revenue	**2 842**	2 889	–
	Third-party liabilities arising on consolidation of mutual funds	**372 169**	109 032	124 614
	Accounts payable, accruals and settlement control accounts	**1 914 122**	1 735 335	2 476 204
	Amounts due to intermediaries	**7 638**	4 490	–
	Amounts due to reinsurers	**50 996**	41 430	–
	Contracts for difference	**38 061**	39 829	31 336
	Purchase consideration payable	**3 981**	6 288	66 809
	Other payables	**–**	–	1 880
	Total trade and other payables	**2 014 798**	1 827 372	2 576 229
	Total financial and insurance liabilities	**16 016 334**	12 829 557	12 061 982

* Comparative information for third-party liabilities on consolidation of mutual funds has been restated for the adoption of IFRS 10 Consolidated Financial Statements from R25.1 million to R109.0 million in the 2013 financial year and from R16.0 million to R124.6 million in the 2012 financial year. Refer to note 42 for more detail.

	Held-to-maturity R000	Loans and receivables R000	Assets at fair value through profit or loss: Designated R000	Assets at fair value through profit or loss: Held for trading R000	Available-for-sale R000	Total R000
41. FINANCIAL RISK MANAGEMENT (continued)						
FINANCIAL INSTRUMENTS BY CATEGORY						
Assets as per statement of financial position						
28 February 2014						
Equity securities	**–**	**–**	**604 035**	**–**	**845**	**604 880**
Debt securities	**888 173**	**–**	**1 233 259**	**–**	**–**	**2 121 432**
Unit-linked investments	**–**	**–**	**10 218 629**	**–**	**–**	**10 218 629**
Investment in investment contracts	**245 047**	**–**	**260 397**	**–**	**–**	**505 444**
Loans and advances*	**–**	**109 995**	**–**	**–**	**–**	**109 995**
Loans to associated companies*	**–**	**1 960**	**–**	**–**	**–**	**1 960**
Loans to joint ventures*	**–**	**3 285**	**–**	**–**	**–**	**3 285**
Derivative financial instruments	**–**	**–**	**–**	**21 190**	**–**	**21 190**
Reinsurance assets*	**–**	**66 248**	**–**	**–**	**–**	**66 248**
Deferred acquisition costs*	**–**	**1 025**	**–**	**–**	**–**	**1 025**
Receivables including insurance receivables*	**–**	**2 112 096**	**–**	**–**	**–**	**2 112 096**
Cash and cash equivalents*	**–**	**709 184**	**–**	**–**	**–**	**709 184**
	1 133 220	**3 003 793**	**12 316 320**	**21 190**	**845**	**16 475 368**
28 February 2013						
Equity securities	–	–	1 011 928	–	845	1 012 773
Debt securities	1 284 159	–	727 325	–	–	2 011 484
Unit-linked investments (restated)	–	–	6 802 013	–	–	6 802 013
Investment in investment contracts	522 137	–	326 508	–	–	848 645
Loans and advances*	–	119 433	–	–	–	119 433
Loans to associated companies*	–	4 179	–	–	–	4 179
Loans to joint ventures*	–	3 160	–	–	–	3 160
Derivative financial instruments	–	–	–	15 955	–	15 955
Reinsurance assets*	–	50 883	–	–	–	50 883
Deferred acquisition costs*	–	1 110	–	–	–	1 110
Receivables including insurance receivables*	–	1 688 192	–	–	–	1 688 192
Cash and cash equivalents* (restated)	–	470 662	–	–	–	470 662
	1 806 296	2 337 619	8 867 774	15 955	845	13 028 489
29 February 2012						
Equity securities	–	–	874 123	–	845	874 968
Debt securities	1 182 806	–	848 181	–	17 755	2 048 742
Unit-linked investments (restated)	–	–	5 312 213	–	13 873	5 326 086
Investment in investment contracts	468 500	–	525 880	–	–	994 380
Loans and advances*	–	63 935	3 594	–	–	67 529
Loans to associated companies*	–	8 932	–	–	–	8 932
Derivative financial instruments	–	–	–	9 532	–	9 532
Receivables including insurance receivables*	–	2 362 824	–	–	–	2 362 824
Cash and cash equivalents* (restated)	–	360 750	–	–	–	360 750
	1 651 306	2 796 441	7 563 991	9 532	32 473	12 053 743

* Carrying value approximates fair value.

41. **FINANCIAL RISK MANAGEMENT** (continued)

The value of the contracts for difference assets as reflected on the statement of financial position is derived from and corresponds directly to the closing JSE equity market price of the contracts for difference's underlying listed instruments that clients hold.

	Liabilities at fair value through profit or loss			
	Designated R000	**Held for trading R000**	**Liabilities measured at amortised cost R000**	**Total R000**
Liabilities as per statement of financial position				
28 February 2014				
Borrowings*	**–**	**–**	**412 188**	**412 188**
Derivative financial instruments	**–**	**28 406**	**–**	**28 406**
Investment contracts	**11 544 683**	**–**	**1 148 085**	**12 692 768**
Insurance contracts	**–**	**–**	**493 163**	**493 163**
Deferred reinsurance acquisition revenue*	**–**	**–**	**2 842**	**2 842**
Third-party liabilities arising on consolidation of mutual funds	**372 169**	**–**	**–**	**372 169**
Trade and other payables*	**10 640**	**–**	**2 004 158**	**2 014 798**
	11 927 492	**28 406**	**4 060 436**	**16 016 334**
Liabilities as per statement of financial position				
28 February 2013				
Borrowings*	–	–	222 597	222 597
Derivative financial instruments	–	17 139	–	17 139
Investment contracts	8 419 067	–	1 853 377	10 272 444
Insurance contracts	–	–	378 084	378 084
Deferred reinsurance acquisition revenue*	–	–	2 889	2 889
Third-party liabilities arising on consolidation of mutual funds (restated)	109 032	–	–	109 032
Trade and other payables* (restated)	6 288	–	1 821 084	1 827 372
	8 534 387	17 139	4 278 031	12 829 557
Liabilities as per statement of financial position				
29 February 2012				
Borrowings*	–	–	178 678	178 678
Derivative financial instruments	–	7 831	–	7 831
Investment contracts	7 479 781	–	1 664 900	9 144 681
Insurance contracts	–	–	29 949	29 949
Third-party liabilities arising on consolidation of mutual funds (restated)	124 614	–	–	124 614
Trade and other payables* (restated)	66 809	–	2 509 420	2 576 229
	7 671 204	7 831	4 382 947	12 061 982

* Carrying value approximates fair value.

41. **FINANCIAL RISK MANAGEMENT** (continued)

Investment contracts

A subsidiary of the group, PSG Life Limited (previously PSG Asset Management Life Limited), is a linked insurance company and issues linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the supporting assets), and as such does not expose the business to the market risk of fair value adjustments on the financial assets as this risk is assumed by the policyholder. Investment contracts included within financial liabilities on the statement of financial position are therefore fully matched by investments as analysed in note 21.

Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in equity prices, foreign currency exchange rates and interest rates.

A portion of the policyholders' and shareholders' investments are valued at fair value and are therefore susceptible to market fluctuations.

With regard to the subsidiary, PSG Life Limited (previously PSG Asset Management Life Limited), this company only invests assets into portfolios that are exposed to market price risk that matches linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the supporting assets), and as such does not expose the business to the market risk of fair value adjustments on the financial assets as this risk is assumed by the policyholder. Fees charged on this business are determined as a percentage of the fair value of the underlying assets held in the linked funds, which are subject to equity and interest rate risk. As a result, the management fees fluctuate, but cannot be less than nil.

Price risk

The group is exposed to price risk due to changes in the market values of its quoted and unquoted equity securities and unit-linked investments held by the group and classified on the consolidated statement of financial position either as available-for-sale or at fair value through profit or loss. Although the group follows a policy of diversification, some concentration of price risk towards certain sectors exists and is analysed in the following table:

	Equity securities relating to investment contract policyholders			**Direct equity investments**		
Sector composition of quoted equity securities	**2014 R000**	2013 R000	2012 R000	**2014 R000**	2013 R000	2012 R000
Agriculture	**9 323**	–	–	**–**	–	–
Banks	**29 206**	46 405	36 825	**422**	910	–
Basic resources	**112 162**	119 972	117 917	**164**	902	455
Chemicals	**2 591**	7 987	7 664	**–**	434	–
Construction & materials	**43 699**	3 423	804	**20**	2 056	–
Financial services	**49 762**	48 515	28 986	**2 705**	7 465	1 172
Food & beverages	**13 737**	25 050	20 474	**27**	3 645	2 731
Healthcare	**6 043**	14 746	9 803	**38**	1 748	–
Industrial goods & services	**16 693**	39 421	31 452	**128**	4 935	1 426
Insurance	**32 907**	34 197	27 450	**36**	–	–
Media	**17 780**	305	214	**70**	480	360
Oil & gas	**45 916**	30 554	31 377	**–**	1 483	441
Personal & household goods	**50 292**	42 071	46 214	**77**	1 708	508
Property	**46 722**	69 251	61 719	**–**	513	317
Retail	**45 228**	40 367	44 377	**36**	1 027	486
Satrix 40	**–**	395 840	345 085	**–**	–	–
Technology	**12 143**	8 668	4 888	**–**	2 237	–
Telecommunications	**45 830**	39 775	39 920	**63**	1 241	874
Travel & leisure	**20 215**	14 597	10 184	**–**	–	–
	600 249	981 144	865 353	**3 786**	30 784	8 770

Included in the group's quoted equity securities are those equity securities relating to:

- investments in linked investment contracts amounting to R600.2 million (2013: R981.1 million; 2012: R865.4 million);
- equity securities relating to third-party liabilities arising on consolidation of mutual funds amounting to Rnil (2013: R16.9 million; 2012: R6.6 million).

The price risk of these instruments is carried by the policyholders of the linked investment contracts and the third-party mutual fund investors, respectively.

41. FINANCIAL RISK MANAGEMENT (continued)

Included in unit-linked investments are investments linked to investment contracts amounting to approximately R9.9 billion (2013: R6.5 billion; 2012: R5.2 billion) of which the price risk is also carried by the policyholders of the linked investment contracts. Therefore a movement in the individual share/unit prices of the aforementioned investments would not have a material impact on the group's profit after taxation but would decrease or increase the corresponding liabilities with the same amount. Included in the unit-linked investments are liabilities relating to third-party liabilities arising on consolidation of mutual funds of R83.2 million (2013: R106.6 million; 2012: R122.9 million).

Short-term insurance liabilities are not directly sensitive to equity price risk. Long-term investment contract liabilities are sensitive to price risk of linked assets.

The table below summarises the sensitivity of the group's post-tax net profit for the year as a result of market price fluctuations. The analysis is based on the assumption that marked-to-market prices increase/decrease by 20% (2013: 20%; 2012: 20%) taking into account the opposite move of the corresponding linked-liability in the case of the linked investment contracts, with all other variables held constant.

	2014 20% increase R000	2013 20% increase R000	2012 20% increase R000	**2014 20% decrease R000**	2013 20% decrease R000	2012 20% decrease R000
Impact on:						
Post-tax profit	**17 591**	11 759	2 814	**(17 591)**	(11 759)	(2 814)
Other comprehensive income	**–**	–	2 257	**–**	–	(2 257)

The group enters into contracts for difference with clients whereby the group provides leveraged exposure to equities specified by the clients. The holders of the contracts for difference carry the price risk of these instruments and therefore a movement in the individual share prices would not have an impact on the group's profit after taxation but would result in a corresponding movement in the value of the contracts for difference liabilities.

Foreign exchange risk

The group has limited investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Transactions incurred by the group did not lead to a significant foreign exchange risk. Management monitors this exposure and cover is used where appropriate. The group did not take cover on foreign currency transactions and balances during the financial years under review.

Almost all of the group's subsidiaries have the South African rand as functional currency. The group's financial assets and liabilities denominated in foreign currency other than the functional currency are analysed according to geographical area in the following table:

	African currencies R000	**British Pound Sterling R000**	**United States Dollar R000**	**Euro R000**	**Asian currencies R000**	**Total R000**
At 28 February 2014						
Financial assets						
Debt securities*	**–**	**2 865**	**8 875**	**2 459**	**–**	**14 199**
Unit-linked investments*	**1 327**	**3 603**	**753 273**	**5 451**	**–**	**763 654**
Investment in investment contracts*	**–**	**3 406**	**62 674**	**2 044**	**–**	**68 124**
Loans and advances	**–**	**3 179**	**36**	**–**	**–**	**3 215**
Receivables including insurance receivables	**–**	**2 234**	**6 303**	**582**	**–**	**9 119**
Cash and cash equivalents	**–**	**650**	**1 386**	**1 481**	**2**	**3 519**
Financial liabilities						
Trade and other payables	**(65)**	**–**	**(3 899)**	**(409)**	**–**	**(4 373)**
Borrowings	**(3 262)**	**(29 269)**	**(34)**	**–**	**–**	**(32 565)**
	(2 000)	**(13 332)**	**828 614**	**11 608**	**2**	**824 892**

	African currencies R000	British Pound Sterling R000	United States Dollar R000	Euro R000	Asian currencies R000	Total R000
41. FINANCIAL RISK MANAGEMENT (continued)						
At 28 February 2013						
Financial assets						
Equity securities*	–	3 483	8 019	4 727	–	16 229
Debt securities*	–	–	19	4	–	23
Unit-linked investments*	5 535	23 182	330 294	27 390	14	386 415
Investment in investment contracts*	–	5 065	53 527	3 110	–	61 702
Loans and advances	239	6 451	–	–	–	6 690
Receivables including insurance receivables	336	1 818	3 976	489	–	6 619
Cash and cash equivalents	–	30	1 239	1 798	1	3 068
Financial liabilities						
Trade and other payables	(33)	–	(2 352)	(500)	–	(2 885)
Borrowings	(2 610)	–	–	–	–	(2 610)
	3 467	40 029	394 722	37 018	15	475 251
At 29 February 2012						
Financial assets						
Equity securities*	–	1 624	1 157	1 067	–	3 848
Debt securities*	–	–	1 459	332	12 305	14 096
Unit-linked investments*	338	14 419	120 496	21 271	5 326	161 850
Investment in investment contracts*	–	6 200	57 715	3 185	–	67 100
Loans and advances	–	2 021	–	–	–	2 021
Receivables including insurance receivables	–	9 662	2 805	305	–	12 772
Cash and cash equivalents	–	175	789	276	–	1 240
Financial liabilities						
Trade and other payables	(15)	(169)	(1 651)	(250)	–	(2 085)
Borrowings	(1 002)	–	–	–	–	(1 002)
	(679)	33 932	182 770	26 186	17 631	259 840

* Linked to policyholder investments and as such does not directly expose the group to foreign currency risk.

The table below shows the sensitivity of post-tax profits of the group to a 20% (2013: 20%; 2012: 20%) move in the rand exchange rates.

	2014 20% appreciation R000	2013 20% appreciation R000	2012 20% appreciation R000	**2014 20% depreciation R000**	2013 20% depreciation R000	2012 20% depreciation R000
Impact on post-tax profit	**1 133**	(861)	(2 919)	**(1 133)**	861	2 919

Cash flow and fair value interest rate risk

The group's interest rate risk arises from interest-bearing investments, loans and advances, receivables including insurance receivables, cash and cash equivalents, long-term borrowings and trade and other payables. Borrowings and investments issued at variable rates expose the group to cash flow interest rate risk. Borrowings and investments issued at fixed rates expose the group to fair value interest rate risk. However, where the investments are held to back linked investment contract liabilities, the risk is transferred to the policyholders through the contract terms of the policy.

Short-term insurance liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually non-interest-bearing.

		2014 R000	Restated**** 2013 R000	Restated**** 2012 R000
41.	**FINANCIAL RISK MANAGEMENT** (continued)			
	Loans to associated companies			
	Floating rate	**835**	2 922	6 565
	Fixed rate	**–**	–	1 060
	Interest-free	**1 125**	1 257	1 307
		1 960	4 179	8 932
	Loans to joint ventures			
	Floating rate	**3 285**	3 160	–
		3 285	3 160	–
	Debt securities*			
	Floating rate	**302 278**	231 931	632 454
	Fixed rate	**1 819 154**	1 779 553	1 416 288
		2 121 432	2 011 484	2 048 742
	Unit linked investments**			
	Floating rate	**264 149**	165 350	5 121
	Fixed rate	**8 022**	30 388	14 285
	Interest-free	**1 066**	11	–
		273 237	195 749	19 406
	Loans and advances			
	Floating rate	**92 850**	108 489	56 346
	Fixed rate	**500**	1 545	217
	Interest-free	**16 645**	9 399	10 966
		109 995	119 433	67 529
	Receivables including insurance receivables			
	Floating rate	**325 799**	105 285	–
	Fixed rate	**–**	252	–
	Interest-free	**1 786 297**	1 582 655	2 362 824
		2 112 096	1 688 192	2 362 824
	Cash and cash equivalents***			
	Floating rate****	**699 020**	465 250	360 621
	Fixed rate	**–**	5 270	–
	Interest-free	**10 164**	142	129
		709 184	470 662	360 750
	Borrowings			
	Floating rate	**(378 909)**	(195 523)	(84 476)
	Fixed rate	**(29 549)**	(23 957)	(90 687)
	Interest-free	**(3 730)**	(3 117)	(3 515)
		(412 188)	(222 597)	(178 678)
	Trade and other payables			
	Floating rate	**(40 832)**	(43 067)	(36 459)
	Fixed rate	**(16 977)**	(18 778)	(20 094)
	Interest-free****	**(1 956 989)**	(1 765 527)	(2 519 676)
		(2 014 798)	(1 827 372)	(2 576 229)
	Total			
	Floating rate	**1 268 475**	843 797	940 172
	Fixed rate	**1 781 150**	1 774 273	1 321 069
	Interest-free	**(145 422)**	(175 180)	(147 965)
		2 904 203	2 442 890	2 113 276

* Debt securities of R1.7 billion (2013: R1.9 billion; 2012: R2.0 billion) are linked to policyholder investments and as such do not directly expose the group to interest rate risk.

** Unit-linked investments only consist of shareholders' assets in PSG Life Limited (previously PSG Asset Management Life Limited) and Western Group Holdings Limited.

*** Cash and cash equivalents of R51.3 million (2013: R65.1 million; 2012: R97.2 million) are linked to policyholder investments and as such do not directly expose the group to interest rate risk.

**** Comparative information for cash and cash equivalents – floating rate has been restated for the adoption of IFRS 10 Consolidated Financial Statements from R462.6 million to R465.3 million for the 2013 financial year and from R358.5 million to R360.6 million in the 2012 financial year. Refer to note 42 for more detail.

The group manages its cash flow interest rate risk by monitoring interest rates on a regular basis.

41. FINANCIAL RISK MANAGEMENT (continued)

Based on simulations performed, the impact on post-tax profit of a 1% (2013: 1%; 2012: 1%) shift in interest rates is analysed in the following table and includes the effect of the economic interest rate hedge:

	2014 1% increase R000	2013 1% increase R000	2012 1% increase R000	**2014 1% decrease R000**	2013 1% decrease R000	2012 1% decrease R000
Impact on post-tax profit	**8 046**	4 156	2 579	**(8 046)**	4 156	2 579

Credit risk

Credit risk arises from the inability or unwillingness of a counterparty to a financial instrument to discharge its contractual obligations. Credit risk comprises default, settlement and migration risk (if credit ratings change).

Credit risk arises from cash and cash equivalents, derivative financial instruments, loans and advances, debt securities, investment in investment contracts, unit-linked investments, receivables including insurance receivables, reinsurance assets and deferred acquisition costs. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. In the case of loans and advances, management would take or insist on collateral or other form of securitisation as they deem fit.

The value of policy benefits on linked business is directly linked to the fair value of the supporting asset, and as such the group does not assume any credit risk on the linked policyholder assets, although it has a responsibility to manage these assets properly within set mandates.

Investments linked to guaranteed investment contracts

The group, through its subsidiary, PSG Life Limited (previously PSG Asset Management Life Limited), sell five-year single premium policies where the company guarantees a maturity amount that will be paid out in five years' time. Assets are purchased by this company to fully match the liability that will be payable at maturity. However, the company takes credit risk in that should the counterparty not make good the amount owed at maturity of the policy, PSG Life Limited (previously PSG Asset Management Life Limited) will have to stand in for the liability guaranteed.

To manage this risk, assets purchased need to be authorised by the investment committee and the board of PSG Life Limited (previously PSG Asset Management Life Limited), as well as the credit committee and the executive committee of the holding company, PSG Konsult Limited. In order to make the decision, a report is received from an independent party setting out pertinent financial information relating to the institution to which the company will be exposed. Should the risk be too high in the judgement of these various committees, collateral will be requested from the counterparty to reduce this risk. At year-end the assets backing the guaranteed liabilities were purchased, and the underlying assets purchased were ceded to the company in order to mitigate its credit risk. The ultimate credit risk is therefore reviewed by looking through to the ceded assets. Collateral purchased in shares, cash and guarantees provided to the value of R1.1 billion (2013: R1.0 billion; 2012: R0.6 billion). The collateral held consists mainly (> 90%) of shares listed on the JSE, with the fair value of these quoted investments based on the current stock exchange prices at the close of business on the statement of financial position date. The remaining collateral consists of guarantees provided by counterparty which represent exclusive rights on debtor book of counterparty.

Loans and advances

The collateral held for the loans to short-term insurance clients by Hi-Five Corporate Finance Proprietary Limited, a subsidiary of Western Group Holdings Limited, is held in the form of warranties and guarantees. Refer to note 11 for more detail.

41. FINANCIAL RISK MANAGEMENT (continued)

The table below shows the group's maximum exposure to credit risk by class of asset at the end of each reporting period:

	2014		Restated* 2013		Restated* 2012	
	Balance R000	**Collateral fair value R000**	Balance R000	Collateral fair value R000	Balance R000	Collateral fair value R000
Debt securities	**2 121 432**	**1 149 084**	2 011 484	1 034 904	2 048 742	554 420
Investment in investment contracts	**505 444**	**–**	848 645	–	994 380	–
Loans and advances	**109 995**	**32 976**	119 433	42 023	67 529	–
Unit-linked investments*	**10 218 629**	**–**	6 802 013	–	5 326 086	–
Derivative financial instruments	**21 190**	**–**	15 955	–	9 532	–
Reinsurance assets	**66 248**	**16 977**	50 883	18 778	–	–
Deferred acquisition costs	**1 025**	**–**	1 110	–	–	–
Receivables including insurance receivables	**2 112 096**	**–**	1 688 192	–	2 362 824	–
Loans to associated companies	**1 960**	**–**	4 179	–	8 932	–
Loans to joint ventures	**3 285**		3 160	–	–	–
Cash and cash equivalents*	**709 184**	**–**	470 662	–	360 750	–
	15 870 488	**1 199 037**	12 015 716	1 095 705	11 178 775	554 420

* Comparative information has been restated for the adoption of IFRS 10 Consolidated Financial Statements. Refer to note 42 for more detail.

Receivables are tested for impairment using a variety of techniques including assessing credit risk and monthly monitoring of individual debtors. At the reporting date, R0.7 million (2013: R0.7 million; 2012: Rnil) were found to be impaired.

Investments in investment contracts are linked to investment contracts and thus credit risk is carried by the policyholders of the linked investment contracts. Debt securities of R1.7 billion (2013: R1.9 billion; 2012: R2.0 billion), cash and cash equivalents of R51.3 million (2013: R65.1 million; 2012: R97.2 million) and unit-linked investments of R9.9 billion (2013: R6.5 billion; 2012: R5.2 billion) are linked to investment contracts and thus credit risk is carried by the policyholders of the linked investment contracts.

The shareholders' capital in PSG Life Limited (previously PSG Asset Management Life Limited) and Western Group Holdings Limited are primarily invested in cash or other highly liquid unit trust investments. All items that expose PSG Life Limited (previously PSG Asset Management Life Limited) and Western Group Holdings Limited to credit risk are monitored by the credit committee. The credit committee reviews on a weekly basis the exposure of the group to external parties. As part of this meeting, a credit specialists reports to the committee whether any new information has become available in the market which indicates that the group should reconsider its exposure to that counterparty. As at February for each of the respective financial years, this committee did not note any concerns as to the exposure that the group has to any counterparties.

Financial assets are assessed based on their credit ratings as published by Moody's. Financial assets which fall outside the published rates of Moody's are classified as not rated. Credit limits, for each counterparty, are set based on default probabilities that are in turn based on the ratings of the counterparty concerned.

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

		2014 R000	Restated* 2013 R000	Restated* 2012 R000
41.	**FINANCIAL RISK MANAGEMENT** (continued)			
	Government stock	**40 606**	134 243	50 234
	Aaa	**2 628**	–	3 252
	Aa2	**64 353**	908	223 623
	Aa3	**50 432**	105	139 960
	A1	**8 160**	168 415	463 727
	A2	**36 672**	–	729 823
	A3	**121**	103	67 086
	P1	**750 301**	1 240 587	511
	P2	**512 511**	5 549	339 690
	P3	**2 421**	3 196	–
	Other non-rated assets*	**3 926 199**	3 218 737	3 461 261
	Unit linked investments (including collective investment schemes) (CIS)*	**10 456 903**	7 219 046	5 696 022
	Past due or impaired assets	**19 181**	24 827	3 586
		15 870 488	12 015 716	11 178 775

* Comparative information has been restated for the adoption of IFRS 10 Consolidated Financial Statements. Refer to note 42 for more detail.

41. **FINANCIAL RISK MANAGEMENT** (continued)

The table below analyses the group's external credit rating by class of asset:

	R000	R000	R000	R000	R000	R000
2014	**Government stock**	**Aaa**	**Aa2**	**Aa3**	**A1**	**A2**
Debt securities	**40 606**	**2 628**	**64 353**	**50 432**	**8 160**	**36 672**
Investment in investment contracts	**–**	**–**	**–**	**–**	**–**	**–**
Loans and advances	**–**	**–**	**–**	**–**	**–**	**–**
Derivative financial instruments	**–**	**–**	**–**	**–**	**–**	**–**
Reinsurance assets	**–**	**–**	**–**	**–**	**–**	**–**
Deferred acquisition cost	**–**	**–**	**–**	**–**	**–**	**–**
Receivables due from contract holders and reinsurers	**–**	**–**	**–**	**–**	**–**	**–**
Brokers and clearing houses and client accounts	**–**	**–**	**–**	**–**	**–**	**–**
Other receivables (including loans to joint ventures)	**–**	**–**	**–**	**–**	**–**	**–**
Unit-linked investments	**–**	**–**	**–**	**–**	**–**	**–**
Loans to associated companies	**–**	**–**	**–**	**–**	**–**	**–**
Cash and cash equivalents	**–**	**–**	**–**	**–**	**–**	**–**
	40 606	**2 628**	**64 353**	**50 432**	**8 160**	**36 672**
2013						
Debt securities	134 243	–	908	105	163 053	–
Investment in investment contracts	–	–	–	–	–	–
Loans and advances	–	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–
Reinsurance assets	–	–	–	–	–	–
Deferred acquisition cost	–	–	–	–	–	–
Receivables due from contract holders and reinsurers	–	–	–	–	–	–
Brokers and clearing houses and client accounts	–	–	–	–	–	–
Other receivables (including loans to joint ventures)	–	–	–	–	–	–
Unit-linked investments	–	–	–	–	–	–
Loans to associated companies	–	–	–	–	–	–
Cash and cash equivalents	–	–	–	–	5 362	–
	134 243	–	908	105	168 415	–
2012						
Debt securities	50 234	3 252	223 623	139 960	52 257	723 231
Investment in investment contracts	–	–	–	–	411 470	–
Loans and advances	–	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–
Brokers and clearing houses and client accounts	–	–	–	–	–	–
Other receivables	–	–	–	–	–	6 592
Unit-linked investments	–	–	–	–	–	–
Loans to associated companies	–	–	–	–	–	–
Cash and cash equivalents	–	–	–	–	–	–
	50 234	3 252	223 623	139 960	463 727	729 823

R000	R000	R000	R000	R000	R000	R000	R000
				Unit-	Other non-	Past due or	
A3	P1	P2	P3	linked (incl CIS)	rated assets	impaired assets	Total
121	**238 507**	**510 245**	**2 421**	**–**	**1 167 287**	**–**	**2 121 432**
–	**–**	**–**	**–**	**–**	**505 444**	**–**	**505 444**
–	**–**	**–**	**–**	**–**	**90 987**	**19 008**	**109 995**
–	**–**	**–**	**–**	**–**	**21 190**	**–**	**21 190**
–	**–**	**–**	**–**	**–**	**66 248**	**–**	**66 248**
–	**–**	**–**	**–**	**–**	**1 025**	**–**	**1 025**
–	**–**	**–**	**–**	**–**	**36 807**	**–**	**36 807**
–	**–**	**–**	**–**	**–**	**1 925 858**	**–**	**1 925 858**
–	**400**	**–**	**–**	**42 982**	**109 161**	**173**	**152 716**
–	**–**	**–**	**–**	**10 218 629**	**–**	**–**	**10 218 629**
–	**–**	**–**	**–**	**–**	**1 960**	**–**	**1 960**
–	**511 394**	**2 266**	**–**	**195 292**	**232**	**–**	**709 184**
121	**750 301**	**512 511**	**2 421**	**10 456 903**	**3 926 199**	**19 181**	**15 870 488**

103	871 668	5 549	–	246 721	589 134	–	2 011 484
–	–	–	–	61 704	786 941	–	848 645
–	–	–	–	–	94 893	24 540	119 433
–	–	–	–	–	15 955	–	15 955
–	–	–	–	–	50 883	–	50 883
–	–	–	–	–	1 110	–	1 110
–	–	–	–	–	13 184	–	13 184
–	–	–	–	–	1 557 765	–	1 557 765
–	507	–	–	27 628	91 981	287	120 403
–	–	–	–	6 802 013	–	–	6 802 013
–	–	–	–	–	4 179	–	4 179
–	368 412	–	3 196	80 980	12 712	–	470 662
103	1 240 587	5 549	3 196	7 219 046	3 218 737	24 827	12 015 716

67 086	–	–	–	266 333	522 766	–	2 048 742
–	–	–	–	67 100	515 810	–	994 380
–	–	–	–	–	66 280	1 249	67 529
–	–	–	–	–	9 532	–	9 532
–	–	–	–	–	2 252 659	–	2 252 659
–	–	9	–	22 593	78 634	2 337	110 165
–	–	–	–	5 326 086	–	–	5 326 086
–	–	–	–	–	8 932	–	8 932
–	511	339 681	–	13 910	6 648	–	360 750
67 086	511	339 690	–	5 696 022	3 461 261	3 586	11 178 775

41. FINANCIAL RISK MANAGEMENT (continued)

The credit risk associated with 79.20% (2013: 75.25%; 2012: 67.90%) of non-rated financial assets and unit-linked investments (including collective investment schemes) (CIS) is assessed by reference to the investment mandates of linked policyholder investments which specify what type of underlying investments can be purchased.

For the financial assets where no published Moody's rating exists (other non-rated assets), the ratings published by other rating agencies were obtained.

Class of financial assets	Rating agency	External credit rating	2014 R000	2013 R000	2012 R000
Receivables including insurance receivables	Fitch	AA+(zaf) to AA-(zaf)	**1 675**	1 190	342
Receivables including insurance receivables	Global Credit Rating	AA(zaf) to A3(zaf)	**813**	–	–
Receivables including insurance receivables	S&P	A2-(za)	**12 352**	–	–
Debt securities	Fitch	AA(zaf) to F2(zaf)	**67 179**	11 764	7 800
Debt securities	Global Credit Rating	A1(za) to AA(za)	**18 819**	14 028	1 010
Debt securities	S&P	A2(za)	**17 578**	1 943	–
Cash and cash equivalents (including money market investments)	Fitch	A+(zaf) to AA(zaf)	**–**	6 397	–
Reinsurance assets	S&P	A-(za) to AA-(za)	**31 242**	6 168	–
Reinsurance assets	Fitch	AA(zaf)	**31 242**	–	–
Reinsurance assets	Global Credit Rating	AA-(za)	**3 764**	770	–
			184 664	42 260	9 152
Debt securities	Moody's*	Ba1(za) to BBB(za)	**89 409**	73 208	7 736
Receivables including insurance receivables	Moody's*	Ba1(za) to BBB(za)	**138**	–	–
			274 211	115 468	16 888

* Moody's ratings of financial assets which fell out of the range disclosed in the Moody's credit rating table disclosed on the previous pages.

Cash and cash equivalents

The non-rated cash and cash equivalents relate mainly to the group's investment in Namibian money market-related funds and the PSG Online trading account. The mandate of these investments is to invest in cash deposits and highly liquid, fixed-interest securities with a weighted average maturity of less than 90 days. A spread of investments in top-quality financial instruments and institutions moderates the risk through diversification.

Broker and clearing houses and client accounts

Non-rated financial assets relating to the group consist mainly of balances due from brokers and clearing houses and loans and advances. Balances due from brokers and clearing houses are settled within five days after the transaction occurred in terms of the clearing house rules.

Loans and advances

Loans and advances consist mainly of amounts due from short-term insurance clients, financial advisers and other group companies. Balances due from short-term insurance clients are monitored against the collateral provided in the form of the underlying equity securities. Balances due from financial advisers are monitored against the income generated by these advisers to ensure sufficient collateral for the amounts owed are available. Amounts due from other group companies are monitored by the holding company to ensure that adequate income is generated by the related company to repay the loan when required.

Reinsurance credit exposures

Reinsurance is used to manage insurance risk. However, this does not discharge the group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the group remains liable for the payment to the policyholder. The group has some exposure to concentration risk with individual reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The creditworthiness of reinsurers is considered annually by reviewing their financial strength prior to finalisation of any contract. The group's largest reinsurance counterparty is African RE and Santam RE (2013: African RE; 2012: none). This exposure is monitored on a regular basis with the forecast to completion monitored for any shortfall in the claims history to verify that the contract is progressing as expected and that no further exposure for the group will arise. The reinsurance receivable balances, disclosed as 'non-rated' on a group level, relate to reinsurance intermediaries.

41. **FINANCIAL RISK MANAGEMENT** (continued)

The following table presents the concentration risk with the individual insurers at 28 February:

	2014 R000	**%**	2013 R000	%
African RE	**31 242**	**47**	37 777	74
Santam RE	**31 242**	**47**	–	–
Everest RE	**–**	**–**	6 168	12
R&V	**–**	**–**	6 168	12
Namib RE	**3 764**	**6**	770	2
Reinsurance assets	**66 248**	**100**	50 883	100
African RE	**9 169**	**58**	–	–
Santam RE	**2 534**	**16**	–	–
Namib RE	**93**	**–**	–	–
Other	**4 093**	**26**	–	–
Amounts due from reinsurers	**15 889**	**100**	–	–
	82 137		50 883	–

Receivables that are due from contract holders, intermediaries and reinsurers emanating from the Southern African business amounted to R36.8 million (2013: R13.2 million; 2012: Rnil). The group is protected by guarantees provided by the Intermediary Guarantee Facility for the nonpayment of premiums collected by intermediaries and through direct control over certain bank accounts used by intermediaries. The protected portion of receivables due from contract holders, intermediaries and reinsurers amounts to 37.28% (2013: 33.33%; 2012: nil%). Debtors falling into the 'non-rated' category are managed on a daily basis to ensure recoverability of amounts.

Impairment history

The table below gives an age analysis of receivables that are past due but not impaired. The other classes of financial assets do not contain assets that are past due but not impaired.

	Total R000	**0 – 2 months R000**	**2 – 6 months R000**	**Over 6 months R000**
At 28 February 2014	**19 182**	**3 021**	**1 510**	**14 651**
Loans and advances – Secured loans	**19 009**	**3 021**	**1 337**	**14 651**
Trade receivables	**173**	**–**	**173**	**–**
At 28 February 2013	24 827	2 258	2	22 567
Loans and advances – Secured loans	23 429	2 258	–	21 171
– Unsecured loans	1 111	–	–	1 111
Trade receivables	287	–	2	285
At 29 February 2012	3 586	1 065	1 203	1 318
Trade receivables	3 586	1 065	1 203	1 318

With respect to receivables past due but not impaired, based on the credit history and current credit ratings, there are no indications that the debtors will not be able to meet their obligations.

Liquidity risk

Liquidity risk is the risk that the group will not be able to raise sufficient funds to meet the commitments associated with its liabilities. This risk arises when investments are not marketable and therefore cannot be realised in the short term.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, each entity aims to maintain flexibility in funding by keeping committed credit lines available.

With regard to the linked investment policy business it is the group's policy to pay a policyholder once the amount disinvested has been collected. Accordingly, the underlying assets' maturity profile should approximate that of the investment contracts. The investment contracts do not expose the group to significant liquidity risk. The investment policy and mandates take the expected liquidity cash flow into account. By limiting the cash flow mismatch the risk of premature realisation of assets or reinvestment of excess cash is mitigated. In addition, investment guidelines and limits are used to limit exposure to illiquid assets. With regard to the investments linked to guaranteed investment contracts, these products have very specific guaranteed repayment profiles. The expected liability outflow is matched by assets that provide the required cash flows as and when they become payable.

41. **FINANCIAL RISK MANAGEMENT** (continued)

Liquidity risk (continued)

The group is exposed to daily calls on its available cash resources mainly from claims arising from short-term insurance contracts, through its subsidiary, Western Group Holdings Limited. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Management actively manage the maturity profile of investments made in order to meet obligations. Investments are only made at reputable institutions.

Included in trade and other payables is the settlement control account of R1.6 billion (2013: R1.5 billion; 2012: R2.3 billion) which represents the settlement of trades done by clients in the last few days before year-end, with the settlement to the clients taking place within three days after the transaction date. The settlement control account is matched with current assets in the form of the broker and clearing accounts and cash and cash equivalents (if portion was received from the JSE before year-end) which reduces the liquidity risk.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carry balances as the impact of discounting is not significant.

	Carrying value R000	Less than 1 year R000	Between 1 and 5 years R000	Over 5 years R000
At 28 February 2014				
Borrowings	**412 188**	**359 712**	**64 802**	**–**
Derivative financial instruments	**28 406**	**28 406**	**–**	**–**
Investment contracts	**12 692 768**	**1 931 398**	**10 761 370**	**–**
Insurance contracts	**493 163**	**466 304**	**26 859**	**–**
Deferred reinsurance acquisition revenue	**2 842**	**2 842**	**–**	**–**
Third-party liabilities arising on consolidation of mutual funds	**372 169**	**372 169**	**–**	**–**
Trade and other payables	**2 014 798**	**2 014 798**	**–**	**–**
	16 016 334	**4 803 460**	**11 225 200**	**–**
At 28 February 2013				
Borrowings	222 597	137 244	107 847	–
Derivative financial instruments	17 139	17 139	–	–
Investment contracts	10 272 444	2 816 614	7 455 830	–
Insurance contracts	378 084	347 665	30 419	–
Deferred reinsurance acquisition revenue	2 889	2 889	–	–
Third-party liabilities arising on consolidation of mutual funds (restated)	109 032	109 032	–	–
Trade and other payables (restated)	1 827 372	1 827 372	–	–
	12 829 557	5 148 923	7 703 128	–
At 29 February 2012				
Borrowings	178 678	100 083	105 362	–
Derivative financial instruments	7 831	7 831	–	–
Investment contracts	9 144 681	1 713 541	7 921 477	–
Insurance contracts	29 949	–	29 949	–
Third-party liabilities arising on consolidation of mutual funds (restated)	124 614	124 614	–	–
Trade and other payables (restated)	2 576 229	2 560 068	16 346	–
	12 061 982	4 381 523	8 197 748	–

The group has provided suretyship to the value of R16.5 million (2013: R21.1 million; 2012: R26.6 million) in favour of various financial institutions for the purchase of books of business by advisers. At year-end, the fair value of the financial guarantee was Rnil (2013: Rnil; 2012: Rnil). Management monitors this exposure on a monthly basis against the income generated by these advisers.

Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are disclosed by level based on the following fair value measurement hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
  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. These instruments are included in level 1. Instruments included in level 1 comprise primarily JSE equity investments classified as at fair value through profit and loss or available-for-sale.

- Level 2 – Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
  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 input are classified within level 2. These include over-the-counter 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 input required to fair value an instrument is observable, the instrument is included in level 2.

41. FINANCIAL RISK MANAGEMENT (continued)

Unit-linked investments related to units held are collective investment schemes and are priced monthly. The prices are obtained from the collective investment scheme management companies for the particular scheme and are based on quoted prices that are publicly available.

Investments in investment contracts relate to units held in investment contracts issued by a registered long-term insurer. The prices are obtained from the insurer of the particular investment contract.

Debt securities relate to instruments that are listed on the JSE interest rate market and are benchmarked against RSA bonds. The value is determined using a valuation model that uses the market input (yield of benchmark bond).

Unit-linked investments, investments in investment contracts and debt securities are mostly held to match investment contract liabilities, and as such any change in measurement would result in a similar adjustment to investment contract liabilities. The group's overall profit or loss is therefore not materially sensitive to the input of the models applied to derive fair value.

Valuation techniques used in determining the fair value of financial assets and liabilities classified within level 2

Instrument	Valuation basis/techniques	Main assumptions
Derivative financial instruments	Exit price on recognised over-the-counter (OTC) platforms	Not applicable
Debt securities	Valuation model that uses the market inputs (yield of benchmark bonds)	Bond interest rate curves Issuer credit ratings Liquidity spreads
Unit-linked investments	Quoted put (exit) price provided by the fund manager	Not applicable – prices are publicly available
Investment in investment contracts	Prices are obtained from the insurer of the particular investment contract	Not applicable – prices provided by registered long-term insurers
Policyholder investment contracts liabilities – unit linked	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 financial liabilities arising on the consolidation of mutual funds	Quoted put (exit) price provided by the fund manager	Not applicable – prices are publicly available

- Level 3 – Input for the asset or liability that is not based on observable market data (that is, unobservable input)
  If one or more of the significant input are not based on observable market data, the instrument is included in level 3. Investments classified within level 3 have significant unobservable input, as they trade infrequently.

Significant fair value model assumptions and sensitivities – level 3

Equity instruments relate to stock exchange rights and other rights owned. As these rights are unquoted, the valuation technique is based on the fact that the variability in the range of reasonable fair value estimates is not significant for this instrument and that the fair value of these rights is estimated to be equal to the guaranteed amount receivable for these rights, thus equalling the cost.

Unit-linked investments and debt securities relate to units and debentures held in hedge funds and are priced monthly. The group has determined that the reported net asset value represents fair value at the end of the reporting period. 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. The group's overall profit or loss is therefore not materially sensitive to the input of the models applied to derive fair value.

Purchase consideration payable classified within level 3 has significant unobservable input, as the valuation technique used to determine the fair values takes into account the probability (at year-end) that the contracted party will achieve the profit guarantee as stipulated in the business agreement. Purchase consideration payable in debit relates to business combinations where the acquiree did not achieve the profit guarantee as stipulated in the sale of business agreement, and where purchase consideration paid is recovered from the acquiree.

	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
41. FINANCIAL RISK MANAGEMENT (continued)				
The following financial instruments are measured at fair value:				
At 28 February 2014				
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives	**–**	**21 190**	**–**	**21 190**
Equity securities	**604 035**	**–**	**–**	**604 035**
Debt securities	**35 897**	**960 015**	**237 347**	**1 233 259**
Unit-linked investments	**–**	**7 968 164**	**2 250 465**	**10 218 629**
Investment in investment contracts	**–**	**260 397**	**–**	**260 397**
Available-for-sale				
Equity securities	**–**	**–**	**845**	**845**
	639 932	**9 209 766**	**2 488 657**	**12 338 355**
Liabilities				
Financial liabilities at fair value through profit or loss				
Trading derivatives	**–**	**28 406**	**–**	**28 406**
Investment contracts	**–**	**9 056 872**	**2 487 811**	**11 544 683**
Purchase consideration payable	**–**	**–**	**3 981**	**3 981**
Trade and other payables	**–**	**–**	**6 659**	**6 659**
Third-party liabilities arising on consolidation of mutual funds	**–**	**372 169**	**–**	**372 169**
	–	**9 457 447**	**2 498 451**	**11 955 898**
At 28 February 2013				
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives	–	15 955	–	15 955
Equity securities*	615 970	395 958	–	1 011 928
Debt securities	–	477 188	250 137	727 325
Unit-linked investments (restated)	–	4 782 200	2 019 813	6 802 013
Investment in investment contracts	–	326 508	–	326 508
Available-for-sale				
Equity securities	–	–	845	845
	615 970	5 997 809	2 270 795	8 884 574
Liabilities				
Financial liabilities at fair value through profit or loss				
Trading derivatives	–	17 139	–	17 139
Investment contracts	–	6 152 545	2 266 522	8 419 067
Purchase consideration payable	–	–	6 288	6 288
Third-party liabilities arising on consolidation of mutual funds (restated)	–	109 032	–	109 032
	–	6 278 716	2 272 810	8 551 526

* Reclassification

The group reallocated equity securities designated at fair value through profit and loss from level 1 to level 2 in the 2013 financial year. This relates to policyholder funds that are invested in Satrix Top 40 (ECNs) which moved from level 1 to level 2 as the underlying equities are not directly traded by PSG Life Limited (previously PSG Asset Management Life Limited). The balance of the equity securities reallocated at 1 March 2012 was R345.1 million, and the balance included above at 28 February 2013 was R395.8 million.

	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
41. FINANCIAL RISK MANAGEMENT (continued)				
At 29 February 2012				
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives	–	9 532	–	9 532
Equity securities*	874 123	–	–	874 123
Debt securities	–	581 848	266 333	848 181
Unit-linked investments	–	3 595 447	1 716 766	5 312 213
Investment in investment contracts (restated)	–	525 880	–	525 880
Loans and advances	–	–	3 594	3 594
Available-for-sale				
Equity securities	–	–	845	845
Debt securities	17 755	–	–	17 755
Unit-linked investments	–	13 873	–	13 873
	891 878	4 726 580	1 987 538	7 605 996
Liabilities				
Financial liabilities at fair value through profit or loss				
Trading derivatives	–	7 831	–	7 831
Investment contracts	–	5 498 287	1 981 494	7 479 781
Purchase consideration payable	–	–	66 809	66 809
Third-party liabilities arising on consolidation of mutual funds (restated)	–	124 614	–	124 614
	–	5 630 732	2 048 303	7 679 035

Investment contracts

A subsidiary of the group, PSG Life Limited (previously PSG Asset Management Life Limited), is a linked insurance company and issues linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the supporting assets), and as such does not expose the business to the market risk of fair value adjustments on the financial asset as this risk is assumed by the policyholder. Investment contracts included within financial liabilities on the statement of financial position are therefore fully matched by investments as analysed in note 21.

41. FINANCIAL RISK MANAGEMENT (continued)

The following tables presents the changes in level 3 financial instruments during the reporting periods under review:

	Debt* securities R000	Purchase consideration payable in debit R000	Unit-* linked investments R000	Equity securities R000	Total R000
Assets					
Carrying amount at 1 March 2011	–	–	–	345	345
Additions	268 995	–	2 815 099	500	3 084 594
Disposals	(19 817)	–	(1 205 913)	–	(1 225 730)
Interest accrued and other movement not through profit and loss	–	594	–	–	594
Gains recognised in profit and loss	17 155	3 000	107 580	–	127 735
Carrying amount at 29 February 2012	266 333	3 594	1 716 766	845	1 987 538
Additions	24 879	–	669 679	–	694 558
Disposals	(70 352)	(3 943)	(565 974)	–	(640 269)
Disposal of subsidiaries	–	–	(3 695)	–	(3 695)
Interest accrued	7 611	–	–	–	7 611
Other movement not through profit and loss	–	113	–	–	113
Exchange differences on monetary assets	–	–	1	–	1
Realised profits	–	–	87	–	87
Gains recognised in profit and loss	21 666	236	202 949	–	224 851
Carrying amount at 28 February 2013	250 137	–	2 019 813	845	2 270 795
Additions	**45 052**	**–**	**1 511 227**	**–**	**1 556 279**
Disposals	**(43 855)**	**–**	**(1 459 809)**	**–**	**(1 503 664)**
Other movement not through profit and loss	**–**	**–**	**(11)**	**–**	**(11)**
(Losses)/gains recognised in profit and loss	**(13 987)**	**–**	**179 245**	**–**	**165 258**
Carrying amount at 28 February 2014	**237 347**	**–**	**2 250 465**	**845**	**2 488 657**

* Gains/(losses) on these items were recognised in profit and loss under the line item 'net fair value gains and losses on financial instruments'.

	Other payables R000	Purchase consideration payable in credit R000	Investment** contracts R000	Total R000
Liabilities				
Carrying amount at 1 March 2011	–	71 848	–	71 848
Additions	–	65 109	3 066 706	3 131 815
Disposals	–	(63 537)	(1 210 192)	(1 273 729)
Interest accrued and other movement not through profit and loss	–	(3 861)	–	(3 861)
(Gains)/losses recognised in profit and loss	–	(2 750)	124 980	122 230
Carrying amount at 29 February 2012	–	66 809	1 981 494	2 048 303
Additions	–	15 123	687 315	702 438
Disposals	–	(73 479)	(634 274)	(707 753)
Interest accrued and other movement not through profit and loss	–	(732)	–	(732)
(Gains)/losses recognised in profit and loss	–	(1 433)	231 987	230 554
Carrying amount at 28 February 2013	–	6 288	2 266 522	2 272 810
Additions	**6 660**	**–**	**1 556 278**	**1 562 938**
Disposals	**–**	**(2 469)**	**(1 501 602)**	**(1 504 071)**
Losses recognised in profit and loss	**–**	**162**	**166 612**	**166 774**
Carrying amount at 28 February 2014	**6 660**	**3 981**	**2 487 810**	**2 498 451**

** Losses recognised in profit and loss were recognised in the line item 'fair value adjustment to investment contract liabilities'.

Gains of R179.2 million (2013: R226.3 million; 2012: R130.5 million) were recognised in profit and loss under fair value gains on financial instruments on level 3 financial instruments held at any time during the financial year. Losses of R180.8 million (2013: R232.0 million; 2012: R125.0 million) were recognised in profit and loss under fair value losses on financial instruments on level 3 financial instruments held at any time during the financial year.

41. FINANCIAL RISK MANAGEMENT (continued)

Gains of R173.7 million (2013: R224.9 million; 2012: R90.7 million) were recognised in profit and loss under fair value gains on financial instruments on level 3 financial instruments held at the reporting date. Losses of R173.7 million (2013: R224.8 million; 2012: R87.7 million) were recognised in profit and loss under fair value losses on financial instruments on level 3 financial instruments held at the reporting date.

The table below summarises the carrying amounts and fair values of financial instruments not presented on the statement of financial position at fair value, for which their carrying value do not approximate their fair value:

	Carrying value			Fair value		
	2014	2013	2012	**2014**	2013	2012
	R000	R000	R000	**R000**	R000	R000
Debt securities – held-to-maturity	**888 173**	1 284 159	1 182 806	**889 020**	1 347 286	1 179 114
Investment in investment contracts	**245 047**	522 137	468 500	**255 382**	554 473	486 849
	1 133 220	1 806 296	1 651 306	**1 144 402**	1 901 759	1 665 963

The fair value of financial assets and liabilities as above which are measured at amortised cost is categorised into the follow fair value hierarchies:

	Level 1	Level 2	Level 3	Total
	R000	**R000**	**R000**	**R000**
At 28 February 2014				
Assets				
Debt securities – held-to-maturity	**–**	**889 020**	**–**	**889 020**
Investment in investment contracts	**–**	**255 382**	**–**	**255 382**
	–	**1 144 402**	**–**	**1 144 402**
At 28 February 2013				
Assets				
Debt securities – held-to-maturity	–	1 347 286	–	1 347 286
Investment in investment contracts	–	554 473	–	554 473
	–	1 901 759	–	1 901 759
At 29 February 2012				
Assets				
Debt securities – held-to-maturity	–	1 179 114	–	1 179 114
Investment in investment contracts	–	486 849	–	486 849
	–	1 665 963	–	1 665 963

OFFSETTING

The group does not have any financial assets or financial liabilities that are currently subject to offsetting in accordance with IAS 32 Financial Instruments: Presentation.

However, the derivative assets of R21.2 million (2013: R16.0 million; 2012 R9.5 million) and derivative liabilities of R28.4 million (2013: R17.1 million; 2012: R7.8 million) are subject to a master netting arrangement, with a net exposure of R7.2 million (2013: R1.1 million; 2012: R1.7 million).

INSURANCE RISK

Insurance risk is the risk that future claims and expenses will exceed the allowance for expected claims and expenses in the measurement of policyholder liabilities and in product pricing.

Long-term insurance contracts

The insurance risk that PSG Life Limited (previously PSG Asset Management Life Limited) is exposed to arises from an annuitant book with 74 (2013: 76; 2012: 84) policies which are in the process of being run off, with a total liability value of R26.9 million (2013: R30.4 million; 2012: R29.9 million). The insurance risk associated with this line of business is longevity risk, as there is a risk of loss that could arise should annuitants live longer than expected.

The loss arises as a result of the company having undertaken to make regular payments to the policyholders for their remaining lives. The most significant risk on these liabilities is continued medical advances and improvement in social conditions that lead to longevity improvements being better than expected.

The group manages the longevity risk by making use of standard mortality tables in calculating the expected life expectancy of its annuitants. However, the risk is not seen as material due to the size of this annuitant book.

41. FINANCIAL RISK MANAGEMENT (continued)

INSURANCE RISK (continued)

Long-term insurance contracts (continued)

The profile of annuity amounts payable per life in respect of annuities is as follows:

	2014		2013		2012	
Annuity amount per annum – R	**Number of annuities**	**Annual annuity exposure R000**	Number of annuities	Annual annuity exposure R000	Number of annuities	Annual annuity exposure R000
0 – 50 000	**57**	**1 326**	58	1 296	65	1 420
50 000 – 100 000	**8**	**581**	9	669	10	716
100 000 – 150 000	**6**	**780**	7	892	8	1 002
150 000 – 200 000	**2**	**310**	1	152	–	–
200 000 – 999 999 999	**1**	**235**	1	224	1	215

The table above shows that the concentration risk is likely to be small given the number of lives and the annuity profile being heavily weighted to lower annuity amounts per annum.

In the measurement of annuitant liabilities, a margin as described in the accounting policies is subtracted from the best estimate mortality. The best estimate mortality includes an allowance for future mortality improvements.

Significant assumptions used in determining the policyholder liability on this annuitant book were as follows:

- Mortality table: 95.00% of a 55, less a three-year age adjustment.
- Annuity bonus: average of 4.00% (2013: 3.50%; 2012: 3.50%) per annum on Glenrand policies and 5.50% (2013: 5.00%; 2012: 5.00%) on mCubed policies.
- Investment returns: 8.77% (2013: 13.28%; 2012: 9.16%) per annum.

The investment strategy followed for assets held to cover these liabilities is to match the liability cash flows as closely as possible, given the availability of appropriate inflation-linked bonds. The targeted return of these portfolios is to earn returns which at least match inflation and this is reviewed by the investment committee as well as the statutory actuary on at least an annual basis.

The group issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the group manages them.

Short-term insurance contracts

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, the materialisation of risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur when the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques. Changing risk parameters and unforeseen factors, such as patterns of crime, economic and geographical circumstances, may result in unexpectedly large claims.

a) Pricing and reserving

The group bases its pricing policy on the theory of probability. Underwriting limits are set for underwriting managers and brokers to ensure that this policy is consistently applied. The group also has the right to re-price and change the conditions for accepting risks on renewal. It also has the ability to impose deductibles and reject fraudulent claims.

The group is exposed to accumulation risk in the form of geographical (large metropolitan areas) as well as class of business concentrations of risk. The risk appetite policy dictates how much capital the group is willing to put at risk in the pursuit of value. It is within this risk appetite framework that the reinsurance programme has been selected to mitigate accumulation risk within its portfolio.

The reinsurance arrangements include excess, stop-loss and catastrophe coverage.

Claim provisions for all classes of business are regularly reviewed to make sure they are sufficient. These analyses draw on the expertise and experience of a wide range of specialists, such as underwriting and accounting experts.

Capital adequacy management aims to manage the risk that the net technical reserves held on the statement of financial position to fund reported and future claims as well as their associated expenses may prove insufficient.

The group holds its technical reserves at the minimum levels of sufficiency in accordance with prudential guidelines and legal requirements. The group aims to be conservative in the holding of technical reserves to protect its capital.

41. FINANCIAL RISK MANAGEMENT (continued)

INSURANCE RISK (continued)

Short-term insurance contracts (continued)

b) Underwriting risk

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

The concentration of insurance risk in relation to the type of insurance risk accepted as well as the relative geographical concentration of the risk is summarised in the table below:

	2014		2013		2012	
	Type of insurance risk		Type of insurance risk		Type of insurance risk	
Geographic location	**Motor**	**Non-motor**	Motor	Non-motor	Motor	Non-motor
South Africa	**57%**	**43%**	56%	44%	–	–
Namibia	**14%**	**86%**	16%	84%	–	–
	53%	**47%**	43%	57%	–	–

c) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

d) Sources of uncertainty in the estimation of future claim payments

Claims are payable on a claims-occurrence basis. The group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time, and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by the individual contract holders and the risk management procedures they adopted.

In calculating the estimated cost of unpaid claims (both reported and not), the group's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based on actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

e) Development of claims

Due to the nature of the insurance contracts, the uncertainty about the amount and timing of claims payments is typically resolved within one year.

CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. The group considers the optimal capital structure to be a structure in which the optimal level of capital is maintained in the most effective way by balancing the needs of shareholders, policyholders and regulators, with the main focus being one of maximising shareholder value. This requires the group to manage the levels of capital within each regulated entity in the group to keep these in line with the capital requirements for that entity, as well as to ensure that this reflects and is consistent with the group's risk profile and risk appetite. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Executive Committee and the Management Committee (Manco) provide oversight for the capital management of the group. The group monitors capital on the basis of the gearing ratio. This is also consistent with similar companies within the industry. The gearing ratio is calculated as the net debt divided by total capital. Net debt is calculated as total borrowings (excluding the Societe Generale loan) including purchase consideration payable less cash and cash equivalents, reduced by client-related funds, as shown in the consolidated statement of financial position. Total capital is calculated as the total equity as shown in the consolidated statement of financial position plus the net debt.

When funding is required, management will consider the various forms of paper available for issue, taking into account current market conditions, anticipated trends in market indicators and the financial position of the group at the time. Management will consider issuing ordinary shares, short, long or medium-term borrowings with variable or fixed rates accordingly.

41. FINANCIAL RISK MANAGEMENT (continued)

The gearing ratios at year-end can be summarised as follows:

	2014 R000	2013 R000	2012 R000
Borrowings (net borrowings and purchase consideration payable)	**114 599**	145 988	245 487
Less: Cash and cash equivalents	**(663 500)**	(293 232)	(125 031)
Net debt position	**(548 901)**	(147 244)	120 456
Total equity	**1 174 763**	953 203	744 568
Total capital	**625 862**	805 959	865 024
Gearing ratio	**(87.70%)**	(18.27%)	13.93%

GROUP RESTRICTIONS ON ASSETS AND LIABILITIES

The group does not have any significant restrictions on its ability to access or use its assets and settle its liabilities, other than those required by supervisory regulatory frameworks.

Certain subsidiaries have regulatory capital adequacy requirements as a result of the respective industries in which they operate. PSG Life Limited (previously PSG Asset Management Life Limited) is required to hold a minimum amount of capital in order to reduce the policyholders' exposure to the company's liquidity risk. The Financial Services Board regularly reviews compliance with these minimum capital requirements as the regulatory authority. The company must maintain shareholders' funds that will be sufficient to meet obligations in the event of substantial deviations from the main assumptions affecting the company's business. Capital adequacy requirements were covered 2.44 times at 28 February 2014 (2013: 1.85 times; 2012: 2.17 times). This ratio is determined in accordance with regulations and the guidelines issued by the Actuarial Society of South Africa.

The subsidiary of the group, Western Group Holdings Limited, operates in the short-term insurance industry. The objectives when managing capital are to safeguard its ability to continue as a going concern and to ensure optimal capital adequacy management in order to manage the risk that the net technical reserves held on the statement of financial position be sufficient to fund reported and future claims as well as their associated expenses. Capital management is done through reinsurance and reserving. The group is exposed to accumulation risk in the form of geographical (large metropolitan areas) as well as class of business concentrations of risk. The risk appetite policy dictates how much capital the group is willing to put at risk in the pursuit of value. It is within this risk appetite framework that the reinsurance programme has been selected to mitigate accumulation risk within its portfolio. The reinsurance arrangements include excess, stop-loss and catastrophe coverage. The group manages its capital requirements in accordance with the guidelines and statutory regulations of each Regulator in the various jurisdictions. The group holds its technical reserves at the minimum levels of sufficiency in accordance with prudential guidelines and legal requirements. The group aims to be conservative in the holding of technical reserves to protect its capital.

The capital levels of the non-insurance companies and subsidiaries are based on operational requirements (subject to any regulatory capital requirements), taking into account new business targets.

REGULATORY CAPITAL DEVELOPMENTS

The FSB is in the process of introducing a new solvency regime for the South African long-term and short-term insurance industries to be in line with European standards. To achieve this, the FSB launched its solvency assessment and management (SAM) project during 2010. The basis of the SAM regime will be the principles of the Solvency II directive, as adopted by the European parliament, but adapted to specific South African circumstances where necessary. The intention with the FSB's SAM project is to achieve third country equivalence status with the Solvency II regime.

It is expected that SAM will ultimately result in substantial changes to the South African insurance capital management landscape, but the impact of SAM on required capital levels is still uncertain at this stage. It is therefore appropriate to adopt a prudent approach towards capital management until clarity of the eventual impact of SAM is obtained. The group is actively participating in the development and formulation of the new South African solvency standards and is also reviewing its internal economic capital models in light of local and international developments.

GROUP CREDIT RISK

During October 2013, Global Credit Rating reviewed the credit rating of PSG Konsult Limited. A national long-term rating of BBB (za) and a national short-term rating of A2 (za) were affirmed. The company was assigned a stable outlook due to strong credit protection ratios and a solid earnings track record.

42. CHANGE IN ACCOUNTING POLICY AND RESTATEMENTS

IFRS 10 Consolidated Financial Statements (IFRS 10)

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. Under IFRS 10, subsidiaries are all entities (including structured entities) over which the group has control.

Previously the group consolidated collective investment schemes where the group's holding in a fund was greater than 50%. As a result of the adoption of IFRS 10 the group no longer uses the percentage holdings referred to above as the defining parameter of control.

The changes resulting from the above have been applied retrospectively as required by the transitional provisions of IFRS 10. These reclassifications of mutual funds have resulted in a number of changes to items presented in both the statement of comprehensive income and financial position for the years ended 28 February 2013 and 29 February 2012. There were however, no resultant changes to the group's total earnings, comprehensive income, shareholders' funds or net asset value.

The group held an interest of 44% in the PSG Multi-Management Foreign Flexible Fund of Funds on 1 March 2011. The comparative figures were restated to reflect the consolidation of this fund from 1 March 2011 for both the 2012 and 2013 financial years. This fund was also consolidated for the current financial year.

Reclassification on consolidated statement of cash flows: Societe Generale

The comparative figures in the consolidated statement of cash flows were restated to reflect the Societe Generale loan facility, obtained within the stockbroking business to fund the scriplending business, under operating activities rather than under the financing activities to match the corresponding movement in the client accounts under receivables including insurance receivables. The reclassification had no impact on the 2013 year reported earnings, diluted earnings or headline earnings, nor the statement of financial position, income statement, statement of changes in equity and the net cash flow for the 2013 year. No reclassification was required for the 2012 financial year as this facility was only obtained during the 2013 financial year.

Reclassification: Unexpired risk provision

The group previously disclosed the unexpired risk reserve (URR), which forms part of the short-term insurance contract liabilities, as part of the provision for claims reported and loss adjustment expenses. The group decided, to enhance the comparability with other short-term insurance companies in Southern Africa, to reflect the unexpired risk reserve (URR) as part of the unearned premium reserve (UPR). This reclassification, which was done retrospectively, was done within the underlying breakdown of the insurance contracts liability and therefore had no impact on the statement of financial position. The reclassification had no impact on the 2013 year reported earnings, diluted earnings or headline earnings, nor the statement of financial position, statement of changes in equity and the net cash flow for these periods.

No short-term insurance contract liabilities existed in the 2012 financial year as the group only acquired the interest in Western Group Holdings Limited in the 2013 financial year.

Restatement of segment report

Refer to annexure D – Segment reporting for detail regarding this restatement. The restatement had no impact on the 2012, 2013 and 2014 financial year reported earnings, diluted earnings or headline earnings, nor the statement of financial position, income statement, statement of changes in equity and the net cash flow for these periods.

42. CHANGE IN ACCOUNTING POLICY AND RESTATEMENTS (continued)

IFRS 10 Consolidated Financial Statements (IFRS 10) (continued)

The table below shows the impact of the change in accounting policy and restatements:

	As previously stated R000	Restatement – IFRS 10 R000	Reclassification – Societe Generale R000	Reclassification – Unexpired risk provision R000	Restated R000
29 February 2012					
Consolidated statement of financial position					
Unit-linked investments	5 219 174	106 912	–	–	5 326 086
Cash and cash equivalents (including money market investments)	358 637	2 113	–	–	360 750
Third-party liabilities arising on consolidation of mutual funds	(16 008)	(108 606)	–	–	(124 614)
Trade and other payables	(2 646 146)	(419)	–	–	(2 646 565)
Consolidated income statement					
Net fair value gains and losses on financial instruments	427 846	8 965	–	–	436 811
Fair value adjustment to third-party liabilities	–	(8 965)	–	–	(8 965)
28 February 2013					
Consolidated statement of financial position					
Unit-linked investments	6 720 464	81 549	–	–	6 802 013
Cash and cash equivalents (including money market investments)	468 049	2 613	–	–	470 662
Third-party liabilities arising on consolidation of mutual funds	(25 103)	(83 929)	–	–	(109 032)
Trade and other payables	(1 871 629)	(233)	–	–	(1 871 862)
Consolidated income statement					
Net fair value gains and losses on financial instruments	944 726	28 242	–	–	972 968
Fair value adjustment to third-party liabilities	(1 646)	(28 242)	–	–	(29 888)
Change in unearned premium – Gross	(5 277)	–	–	(13 728)	(19 005)
Insurance claims and loss adjustment expenses	(93 919)	–	–	13 728	(80 191)
Consolidated statement of cash flows					
29 February 2012					
Cash flows from operating activities					
Cash utilised in operating activities	(57 762)	(726)	–	–	(58 488)
Cash flows from investing activities					
Acquisition of subsidiaries/books of business	248 097	2 839	–	–	250 936
Net increase in cash and cash equivalents	78 832	2 113	–	–	80 945
Cash and cash equivalents at end of year	358 592	2 113	–	–	360 705
28 February 2013					
Cash flows from operating activities					
Cash utilised in operating activities	(180 740)	500	82 897	–	(97 343)
Cash flows from financing activities					
Net proceeds from/(repayments of) borrowings	43 232	–	(82 897)	–	(39 665)
Net increase in cash and cash equivalents	109 315	500	–	–	109 815
Cash and cash equivalents at beginning of year	358 592	2 113	–	–	360 705
Cash and cash equivalents at end of year	468 008	2 613	–	–	470 621

	Shareholders Number	Shareholders %	Shares held Number	Shares held %
43. SHARE ANALYSIS				
Range of shareholding				
1 – 50 000	**1 332**	**75.9%**	**18 185 836**	**1.5%**
50 001 – 100 000	**126**	**7.2%**	**9 143 665**	**0.7%**
100 001 – 500 000	**182**	**10.4%**	**40 264 757**	**3.3%**
500 001 – 1 000 000	**35**	**2.0%**	**25 720 430**	**2.1%**
Over 1 000 000	**80**	**4.5%**	**1 128 245 207**	**92.4%**
	1 755	**100.0%**	**1 221 559 895**	**100.0%**
Treasury shares	**1**		**357 875**	
	1 756		**1 221 917 770**	
Public and non-public shareholding				
Non-public				
Holding company	**1**	**0.0%**	**790 813 029**	**64.7%**
Directors and management	**45**	**2.6%**	**161 002 691**	**13.2%**
Public	**1 709**	**97.4%**	**269 744 175**	**22.1%**
	1 755	**100.0%**	**1 221 559 895**	**100.0%**

No individual shareholders (excluding the holding company) held more than 5% of the issued shares as at 28 February 2014 (2013: Nil; 2012: Nil).

ANNEXURE A – INTERESTS IN SUBSIDIARIES
for the year ended 28 February 2014

Subsidiary	Country of incorporation	Nature of business
PSG Wealth Financial Planning Proprietary Limited (previously PSG Konsult Financial Planning Proprietary Limited)	South Africa	Financial, investment planning, advice and stockbroking
Online Securities Limited	South Africa	Stockbroking
PSG Fixed Income and Commodities Proprietary Limited	South Africa	Investing and share trading
PSG Trust Proprietary Limited (previously PSG Konsult Trust Proprietary Limited)	South Africa	Trust and fiduciary services
PSG Academy Proprietary Limited (previously PSG Konsult Academy Proprietary Limited)	South Africa	Learning academy and related activities
PSG Management Services Proprietary Limited (previously PSG Konsult Management Services Proprietary Limited)	South Africa	Provision of corporate, financial administrative and advisory services
PSG Konsult (Namibia) Proprietary Limited	Namibia	Investment management, insurance and investment brokers, financial planning and advice
Topexec Management Bureau Proprietary Limited	South Africa	Short-term insurance administration services
PSG Konsult Short-Term Insurance Brokers Proprietary Limited	South Africa	Short-term insurance advice and products
PSG Wealth Group Services Proprietary Limited (Previously PSG Online Solutions Proprietary Limited)	South Africa	Provision for corporate financial administrative and advisory services
PSG Scriptfin Proprietary Limited (previously Crest Constantia Management Services Proprietary Limited)	South Africa	Investment holding company
PSG Multi Management Proprietary Limited	South Africa	Multi-manager
PSG Konsult Nucleus Proprietary Limited	South Africa	Investment management, insurance and investment brokers, financial planning and advice
PSG Optimum Proprietary Limited (previously PSG Konsult Optimum Proprietary Limited)	South Africa	Investment management, insurance and investment brokers, financial planning and advice
PSG Konsult Brokers (UK) Limited	United Kingdom	Investment management, insurance and investment brokers, financial planning and advice
PSG Konsult Securities Proprietary Limited	South Africa	Financial, investment planning, advice and stockbroking
Abrafield Proprietary Limited	South Africa	Property management
PSG Nominees Proprietary Limited	South Africa	Nominee company
PSG Nylstroom Proprietary Limited (previously PSG Konsult Nylstroom Proprietary Limited)	South Africa	Investment management, insurance and investment brokers, financial planning and advice
PSG Warmbad Proprietary Limited (previously PSG Konsult Warmbad Proprietary Limited)	South Africa	Investment management, insurance and investment brokers, financial planning and advice
PSG Potgietersrus Proprietary Limited (previously PSG Konsult Potgietersrus Proprietary Limited)	South Africa	Investment management, insurance and investment brokers, financial planning and advice
PSG Ellisras Proprietary Limited (previously PSG Konsult Ellisras Proprietary Limited)	South Africa	Investment management, insurance and investment brokers, financial planning and advice
PSG Employee Benefits Limited (previously PSG Konsult Corporate Limited)	South Africa	Healthcare, brokerage and administration
PSG Corporate Financial Planning Proprietary Limited (previously PSG Konsult Corporate Financial Planning Proprietary Limited)	South Africa	Healthcare, brokerage and employee benefits
Nhluvuko Risk Administration Proprietary Limited	South Africa	Administration
PSG Konsult Insurance Solutions Proprietary Limited	South Africa	Short-term underwriting business
Delerus Proprietary Limited	South Africa	Debtor financing
PSG Asset Management Holdings Proprietary Limited	South Africa	Investment holding company
PSG Asset Management Proprietary Limited	South Africa	Local management company
PSG South Easter Fund Management Proprietary Limited	South Africa	Hedge fund business
PSG Asset Management Group Services Proprietary Limited	South Africa	Provision of corporate, financial administrative and advisory services
PSG Collective Investments Limited	South Africa	Local unit trusts
PSG Fund Management (CI) Limited (Guernsey)	Guernsey	Offshore unit trusts
PSG Life Limited (previously PSG Asset Management Life Limited)	South Africa	Linked insurance company
PSG Wealth Nominees Proprietary Limited	South Africa	Nominee company

Effective interest held directly or indirectly			Issued share capital			Cost of investment		
2014	2013	2012	**2014**	2013	2012	**2014**	2013	2012
%	%	%				**R000**	R000	R000
100	100	100	**105**	105	101	**–**	216 175	29 294
100	100	100	**4 738**	4 738	4 738	**–**	180 106	180 106
100	100	100	**95 827**	95 827	95 827	**–**	17	17
100	100	100	**111**	111	111	**–**	714	714
100	100	100	**120**	120	120	**–**	–	1 907
100	100	100	**100**	100	100	**–**	–	–
51	51	51	**300 000**	300 000	300 000	**–**	2 400	2 400
[2]	[2]	100	**–**	–	200	**–**	–	43 781
[2]	[2]	100	**–**	–	201	**–**	–	140 427
100	100	100	**100**	100	100	**–**	–	–
100	100	100	**200**	200	200	**–**	6 896	22 488
100	100	–	**120**	120	–	**–**	–	–
[2]	[2]	60	**–**	–	54 000	**–**	–	923
51	51	51	**200**	200	200	**–**	2 599	2 599
100	100	100	**2 882**	2 882	2 882	**9 599**	9 599	9 599
[2]	[2]	100	**–**	–	200 001	**–**	–	–
100	100	100	**100**	100	100	**–**	–	–
100	100	100	**100**	100	100	**–**	–	–
51	26	26	**200**	200	200	**–**	–	–
26	26	26	**200**	100	100	**–**	–	–
36	36	36	**116 500**	116 500	116 500	**–**	–	–
26	26	26	**500**	500	500	**–**	–	–
74	74	74	**1 962**	1 962	1 962	**–**	1 101	1 101
100	100	100	**100**	100	100	**–**	–	–
100	100	100	**100**	100	100	**–**	–	–
65	65	65	**300**	300	300	**–**	12 174	12 174
100	100	100	**100**	100	100	**–**	–	–
100	100	100	**121**	120	120	**344 616**	506 867	506 867
100	100	100	**2 797 121**	2 797 121	2 797 121	**–**	–	–
[2]	[2]	100	**–**	–	128	**–**	–	–
100	100	100	**1 351**	1 351	1 351	**–**	–	–
100	100	100	**50 099**	50 099	50 099	**–**	–	–
100	100	100	**102 824**	102 824	102 824	**–**	–	–
100	100	100	**300 000**	300 000	300 000	**–**	–	–
100	100	100	**100**	100	100	**–**	–	–

ANNEXURE A – INTERESTS IN SUBSIDIARIES

for the year ended 28 February 2014

Subsidiary	Country of incorporation	Nature of business
PSG Invest Proprietary Limited (previously PSG Asset Management Administration Services Proprietary Limited)	South Africa	LISP functionality
PSG Asset Management Nominees Proprietary Limited	South Africa	Nominee company
PSG Konsult Group Share Incentive Trust	South Africa	Share Trust*
Western Group Holdings Limited	Namibia	Investment holding company with investment in two short-term insurance companies
Western National Insurance Company Limited (Namibia)	Namibia	Short-term insurance company focusing on commercial and agricultural markets
Hi-Five Corporation Finance Proprietary Limited	Namibia	Debtor financing
Born Free Investments 487 Proprietary Limited	South Africa	Property investment company
Western National Administration Services Proprietary Limited	South Africa	Group administration services
Western National Insurance Company Limited (South Africa)	South Africa	Short-term insurance company focusing on commercial and agricultural markets
Cinetaur Proprietary Limited 4	South Africa	Property Investments
PSG Wealth Holdings Proprietary Limited	South Africa	Investment holding company
PSG Insure Holdings Proprietary Limited	South Africa	Investment holding company
PSG Distribution Proprietary Limited	South Africa	Investment holding company

1 Ownership interest equal voting rights.

2 Disposed/rationalised investment in subsidiary.

3 Invested in subsidiary in the 2013 financial year.

4 Step acquisition, additional shareholding purchased, classified as subsidiary.

* PSG Konsult Group Share Incentive Trust consolidated in terms of requirement of IFRS 10.

PSG Employee Benefits Limited (previously PSG Konsult Corporate Limited)
Western Group Holdings Limited
PSG Konsult (Namibia) Proprietary Limited
PSG Optimum Proprietary Limited (previously PSG Konsult Optimum Proprietary Limited)
iHound Proprietary Limited
PSG Konsult Insurance Solutions Proprietary Limited
Cinetaur Proprietary Limited
PSG Absolute Investments Proprietary Limited

Subsidiary
PSG Wealth Financial Planning Proprietary Limited (previously PSG Konsult Financial Planning Proprietary Limited)
Online Securities Limited
PSG Multi Management Proprietary Limited
PSG Employee Benefits Limited (previously PSG Konsult Corporate Limited)
PSG Asset Management Holdings Proprietary Limited
PSG Life Limited (previously PSG Asset Management Life Limited)
Western Group Holdings Limited

Effective interest held directly or indirectly			Issued share capital			Cost of investment		
2014	2013	2012	2014	2013	2012	2014	2013	2012
%	%	%				R000	R000	R000
100	100	100	100	100	100	–	–	–
100	100	100	100	100	100	–	–	–
–	–	–	–	–	–	1	1	–
60	75	[3]	64 233 976	24 234 000	–	–	131 540	–
60	75	[3]	65 260	65 260	–	–	–	[3]
60	75	[3]	100	100	–	–	–	–
60	75	[3]	100	100	–	–	–	–
60	75	[3]	100	100	–	–	–	–
60	75	[3]	57 000	57 000	–	–	–	–
75	40	35	1 000	[4]	[4]	–	[4]	[4]
100	–	–	349 252 776	–	–	349 253	–	–
100	–	–	102	–	–	176 714	–	–
100	–	–	222 987 709	–	–	222 988	–	–
						1 103 171	1 070 172	954 380

Profit or loss attributable to non-controlling interest			Carrying value of non-controlling interest		
2014	2013	2012	2014	2013	2012
R000	R000	R000	R000	R000	R000
3 725	(1 440)	3 475	8 495	4 770	6 210
11 297	927	–	70 472	23 039	–
1 859	1 124	956	3 136	2 315	2 015
–	–	21	1 241	541	604
–	(2 751)	247	–	424	3 175
(223)	(2 620)	3 131	2 878	3 101	5 721
44	–	–	–	–	–
–	–	(473)	–	–	–
16 702	(4 760)	7 357	86 222	34 190	17 725

Dividends paid								
To non-controlling interest 2014 R000	To owners of the parent 2014 R000	Total 2014 R000	To non-controlling interest 2013 R000	To owners of the parent 2013 R000	Total 2013 R000	To non-controlling interest 2012 R000	To owners of the parent 2012 R000	Total 2012 R000
–	–	–	–	–	–	–	11 228	11 228
–	34 285	34 285	–	20 570	20 570	–	18 486	18 486
–	–	–	–	–	–	–	–	–
–	62 500	62 500	–	44 100	44 100	272	12 500	12 772
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	[3]	[3]	[3]

ANNEXURE A – INTERESTS IN SUBSIDIARIES
for the year ended 28 February 2014

Subsidiary
PSG Wealth Financial Planning Proprietary Limited (previously PSG Konsult Financial Planning Proprietary Limited)
Online Securities Limited
PSG Multi Management Proprietary Limited
PSG Employee Benefits Limited (previously PSG Konsult Corporate Limited)
PSG Asset Management Holdings Proprietary Limited
PSG Life Limited (previously PSG Asset Management Life Limited)
Western Group Holdings Limited

PSG Wealth Financial Planning Proprietary Limited (previously PSG Konsult Financial Planning Proprietary Limited)
Online Securities Limited
PSG Multi Management Proprietary Limited
PSG Employee Benefits Limited (previously PSG Konsult Corporate Limited)
PSG Asset Management Holdings Proprietary Limited
PSG Life Limited (previously PSG Asset Management Life Limited)
Western Group Holdings Limited

Subsidiary
PSG Wealth Financial Planning Proprietary Limited (previously PSG Konsult Financial Planning Proprietary Limited)
Online Securities Limited
PSG Multi Management Proprietary Limited
PSG Employee Benefits Limited (previously PSG Konsult Corporate Limited)
PSG Asset Management Holdings Proprietary Limited
PSG Life Limited (previously PSG Asset Management Life Limited)
Western Group Holdings Limited

The company's interest in attributable income and losses of subsidiaries amounts to R278.5 million (2013: R207.7 million; 2012: R178.0 million) and R19.8 million (2013: R30.2 million; 2012: R9.3 million) respectively.

Further details of investments are available at the registered offices of the relevant group companies.

[1] Invested in subsidiary in the 2013 financial year.

Assets

Non-current 2014 R000	Current 2014 R000	Total 2014 R000	Non-current 2013 R000	Current 2013 R000	Total 2013 R000	Non-current 2012 R000	Current 2012 R000	Total 2012 R000
474 475	**236 177**	**710 652**	465 815	90 329	556 144	223 438	89 740	313 178
59 326	**2 054 965**	**2 114 291**	56 344	1 759 924	1 816 268	58 841	2 426 931	2 485 772
198	**37 383**	**37 581**	75	17 356	17 431	–	–	–
49 218	**15 471**	**64 689**	62 645	14 535	77 179	102 644	37 581	140 225
10 116	**108 439**	**118 555**	12 861	83 474	96 335	22 443	54 853	77 296
10 964 876	**2 316 437**	**13 281 312**	7 444 187	3 090 414	10 534 601	6 443 369	2 939 246	9 382 615
77 591	**636 479**	**714 070**	176 285	314 661	490 946	[1]	[1]	[1]

Liabilities

32 085	**332 382**	**364 467**	19 511	240 483	259 994	957	176 071	177 028
301 570	**1 701 072**	**2 002 643**	82 897	1 627 375	1 710 272	–	2 386 676	2 386 676
–	**25 866**	**25 866**	–	11 182	11 182		–	–
4 259	**27 674**	**31 933**	6 279	52 548	58 827	784	115 550	116 334
356	**66 977**	**67 333**	–	55 585	55 585	–	45 598	45 598
10 784 227	**2 331 854**	**13 116 081**	7 455 830	2 929 083	10 384 913	7 447 148	1 797 136	9 244 284
–	**545 215**	**545 215**	–	406 067	406 067	[1]	[1]	[1]

Profitability

Profit/(loss) from continuing operations 2014 R000	Total comprehensive income for the year 2014 R000	Revenue 2014 R000	Profit/(loss) from continuing operations 2013 R000	Total comprehensive income/(loss) for the year 2013 R000	Revenue 2013 R000	Profit from continuing operations 2012 R000	Total comprehensive income for the year 2012 R000	Revenue 2012 R000
56 155	**56 155**	**1 103 199**	(33 743)	(33 743)	901 132	43 114	43 114	600 008
40 457	**40 457**	**353 257**	27 469	27 469	295 118	26 473	26 473	271 297
17 469	**17 469**	**155 610**	8 249	8 249	105 855	–	–	–
14 404	**14 404**	**102 736**	(5 503)	(5 503)	111 730	13 367	13 367	114 866
71 831	**71 831**	**493 453**	64 021	64 021	373 832	26 987	26 987	264 612
16	**16**	**259**	24	24	304	24	24	272
39 062	**39 062**	**507 605**	4 160	4 160	88 575	[1]	[1]	[1]

ANNEXURE B – INTERESTS IN ASSOCIATED COMPANIES
for the year ended 28 February 2014

Company	Country of incorporation	Nature of business
Make-a-Million Proprietary Limited	South Africa	Financial Intermediation
Cinetaur Proprietary Limited	South Africa	Property Investments
Karana Property Investments Proprietary Limited	South Africa	Property Investments
Jamwa Beleggings Proprietary Limited	South Africa	Property Investments
Woodwind Proprietary Limited	South Africa	Property Investments
Axon Xchange Proprietary Limited	South Africa	Currency trading
PSG Consult Limited	United Kingdom	UK based financial services
Xinergistics Proprietary Limited	South Africa	Transport Business
Purple Line Plastics Proprietary Limited	South Africa	Manufacturing
JWR Holdings Proprietary Limited	South Africa	Financial Services
Excluwin Traders Proprietary Limited	South Africa	Retail
Prexision Asset Finance Proprietary Limited	South Africa	Asset Finance
Tradesure Marine Proprietary Limited	South Africa	Underwriting Manager
Total		

[1] Ownership interest equal voting rights.

[2] Effective 1 November 2013, the group, through its subsidiary Abrafield Proprietary Limited, acquired an additional 35% interest in Cinetaur Proprietary Limited (“Cinetaur”). The investment in this associated company was derecognised on 31 October 2013 as the group obtained control over this company. Cinetaur was treated as a subsidiary from 1 November 2013 and fully consolidated from that date.

Associate
Axon Xchange Proprietary Limited
PSG Consult Limited
Xinergistics Proprietary Limited
Axon Xchange Proprietary Limited
PSG Consult Limited
Xinergistics Proprietary Limited

[3] Disposed of investment in associated company.

[4] Invested in associated company in 2013 financial year.

Associate
Axon Xchange Proprietary Limited
PSG Consult Limited
Xinergistics Proprietary Limited

There are no contingent liabilities or commitments relating to the group’s interests in associated companies. There are also no significant restrictions on the associated companies’ ability to transfer funds in the form of cash for the repayment of loans made to the associated companies or to pay dividends.

Further detail of the investments in the associated companies are available at the registered offices of the relevant group companies.

Effective interest held directly or indirectly [1]			Carrying value		
2014	2013	2012	**2014**	2013	2012
%	%	%	**R000**	R000	R000
33%	33%	33%	**129**	131	272
–	40%	35%	[2]	–	152
–	–	30%	**–**	–	1 145
–	–	30%	**–**	–	(187)
30%	30%	30%	**–**	–	(274)
–	38%	38%	**–**	4 461	4 371
–	–	50%	**–**	–	5 871
23%	23%	–	**39 341**	36 295	–
–	25%	–	**–**	1 497	–
–	26%	–	**–**	137	–
–	34%	–	**–**	475	–
38%	38%	–	**–**	–	–
20%	20%	–	**77**	35	–
			39 547	43 031	11 350

Assets								
Non-current 2014 R000	**Current 2014 R000**	**Total 2014 R000**	Non-current 2013 R000	Current 2013 R000	Total 2013 R000	Non-current 2012 R000	Current 2012 R000	Total 2012 R000
[3]	[3]	[3]	13	3 241	3 254	10	3 732	3 742
[3]	[3]	[3]	[3]	[3]	[3]	1 152	3 366	4 518
331 556	**158 150**	**489 706**	294 116	163 780	457 896	[4]	[4]	[4]
Liabilities								
[3]	[3]	[3]	–	1 287	1 287	–	954	954
[3]	[3]	[3]	[3]	[3]	[3]	5 569	1 035	6 604
178 454	**134 473**	**312 927**	155 249	136 511	291 760	[4]	[4]	[4]

Profitability								
Profit/(loss) from continuing operations 2014 R000	**Total comprehensive income for the year 2014 R000**	**Revenue 2014 R000**	Profit/(loss) from continuing operations 2013 R000	Total comprehensive income for the year 2013 R000	Revenue 2013 R000	Profit/(loss) from continuing operations 2012 R000	Total comprehensive income for the year 2012 R000	Revenue 2012 R000
[3]	[3]	[3]	2 295	2 295	7 999	883	883	5 849
[3]	[3]	[3]	[3]	[3]	[3]	12	12	5 318
15 518	**15 518**	**423 413**	4 116	4 116	226 915	[4]	[4]	[4]

ANNEXURE C – INTERESTS IN JOINT VENTURES
for the year ended 28 February 2014

INVESTMENT IN JOINT VENTURES

		Proportion held directly or indirectly by holding companies		Group carrying value	
		2014	2013	**2014**	2013
Name of joint venture	**Nature of business**	**%**	%	**R000**	R000
Unlisted					
Jan Jonker Property Investment Trust*	Property investment	**50**	50	**12 057**	8 682
				12 057	8 682

* Jan Jonker Property Investment Trust is incorporated in Namibia.

Summarised financial information for joint ventures
Set out below is the summarised financial information for Jan Jonker Property Trust which is accounted for using the equity method.

Summarised balance sheet As at 28 February	**2014 R000**	2013 R000
Total current assets	**799**	241
Total current liabilities	**(1 115)**	(618)
Total non-current assets	**58 813**	37 954
Total non-current liabilities	**(34 382)**	(20 213)
Net assets	**24 115**	17 364

Summarised statement of comprehensive income For period ended 28 February	**2014 R000**	2013 R000
Revenue	**5 337**	1 112
Post-tax profit	**6 750**	316
Other comprehensive income	**–**	–
Total comprehensive income	**6 750**	316
Dividends received	**–**	–

Reconciliation of summarised financial information
Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture.

Summarised financial information	**2014 R000**	2013 R000
Opening net assets 1 March	**8 682**	–
Share of profit after taxation	**3 375**	158
Movement in investment value		
Acquisition of subsidiary: Western Group Holding Limited	**–**	8 524
Closing net assets	**12 057**	8 682

There are no contingent liabilities or commitments relating to the group's interest in the joint venture. There are also no significant restrictions on the joint venture's ability to transfer funds in the form of cash for the repayment of loans made to the joint venture or to pay dividends.

Further details of the investment is available at the registered office of the relevant group company.

ANNEXURE D – SEGMENT REPORTING
for the year ended 28 February 2014

The composition of the reportable segments represents the internal reporting structure and the monthly reporting to the chief operating decision-maker (CODM). The CODM for the purpose of IFRS 8, Operating Segments, has been identified as a Chief Executive Officer, supported by the group management committee (Manco). The group's internal reporting structure is reviewed in order to assess performance and allocated resources. The group is organised into three reportable segments, namely:

- PSG Wealth
- PSG Asset Management
- PSG Insure

The reporting structure described above was implemented with effect from 1 March 2013 and comparative figures have been adjusted to reflect the new reportable segments applicable for the 2014 financial year.

Description of business segments
PSG Wealth, which consists of five business units – Distribution, PSG Online, LISP Platform, Multi-Management and Employee Benefits – is designed to meet the requirements of individuals, families and businesses. Through our highly skilled Wealth Managers, PSG Wealth offers a wide range of personalised services (including portfolio management, stockbroking, local and offshore investments, estate planning, financial planning, local and offshore fiduciary services, multi-managed solutions, and retirement products). Our Wealth offices are fully equipped to deliver a high-quality personal service to our selected customers.

PSG Asset Management is an established investment management company with a proven investment track record. We offer investors a simple, but comprehensive range of local and global investment products. Our products include both local and international unit trust funds.

PSG Insure, through our registered insurance brokers and PSG's short-term insurance company Western National Insurance Company Limited, offer a full range of tailor-made short-term insurance products and services from personal (home, car and household insurance) to commercial (business and Agri-insurance) requirements. To harness the insurance solutions available to our customers effectively, our expert insurance specialists, through our strict due diligence process, will simplify the selection process for the most appropriate solution for our clients. In addition to the intermediary services we offer, PSG Administration supports clients through the claim process, administrative issues and general policy maintenance, including an annual reappraisal of their portfolio.

The Manco considers the performance of reportable segments based on total income as a measure of growth and headline earnings as a measure of profitability. The segment information provided to Manco for the reportable segments for the period ended 28 February is set out below:

Headline earnings per reportable segments	**Wealth R000**	**Asset Management R000**	**Insure R000**	**Total R000**
For the year ended 28 February 2014				
Headline earnings	**166 578**	**54 377**	**23 530**	**244 485**
– recurring	**166 578**	**54 377**	**30 190**	**251 145**
– non-recurring	**–**	**–**	**(6 660)**	**(6 660)**
For the year ended 28 February 2013				
Headline earnings	128 447	30 240	15 121	173 808
– recurring	125 791	30 982	17 651	174 424
– non-recurring	2 656	(742)	(2 530)	(616)
For the year ended 29 February 2012				
Headline earnings	118 455	19 703	24 124	162 282
– recurring	103 064	19 871	28 369	151 305
– non-recurring	15 391	(169)	(4 245)	10 977

ANNEXURE D – SEGMENT REPORTING
for the year ended 28 February 2014

Income per reportable segment

Total income	**Wealth R000**	**Asset Management R000**	**Insure R000**	**Total R000**
For the year ended 28 February 2014				
Total segment income	**1 793 011**	**475 099**	**789 891**	**3 058 001**
Inter-segment income	**(316 846)**	**(181 300)**	**(2 419)**	**(500 565)**
Income from external customers	**1 476 165**	**293 799**	**787 472**	**2 557 436**
For the year ended 28 February 2013				
Total segment income	1 474 276	334 749	402 692	2 211 717
Inter-segment income	(240 524)	(121 859)	(3 315)	(365 698)
Income from external customers	1 233 752	212 890	399 377	1 846 019
For the year ended 29 February 2012				
Total segment income	1 290 785	257 246	355 939	1 903 970
Inter-segment income	(185 171)	(103 233)	(11 740)	(300 144)
Income from external customers	1 105 614	154 013	344 199	1 603 826

Inter-segment income consists of fees charged at market-related rates. Inter-segment income is eliminated by deducting it from total segment income to reflect income generated by segment from external customers.

Other information provided to the Manco is measured in a manner consistent with that of the financial statements.

The group mainly operates in the Republic of South Africa, with 91.2% (2013: 95.9%; 2012: 98.7%) of the total income from external customers generated in the Republic of South Africa.

In order to evaluate the consolidated financial position of the group, the Manco segregates the statement of financial position of the group between own balances and client-related balances.

Client-related balances represent the investment contract liabilities and related linked client assets of PSG Life Limited (previously PSG Asset Management Life Limited), the broker and clearing accounts, and the settlement control accounts of the stockbroking business, the collective investment schemes consolidated under IFRS 10 and corresponding third-party liabilities, the short-term claim control accounts and related bank accounts as well as the contracts for difference assets and related liabilities.

	As at 28 February 2014		
	Total R000	**Own balances R000**	**Client-related balances R000**
ASSETS			
Equity securities	**604 880**	**4 630**	**600 250**
Debt securities	**2 121 432**	**107 297**	**2 014 135**
Unit-linked investments	**10 218 629**	**346 833**	**9 871 796**
Investment in investment contracts	**505 444**	**–**	**505 444**
Receivables including insurance receivables	**2 129 358**	**162 451**	**1 966 907**
Derivative financial instruments	**21 190**	**–**	**21 190**
Cash and cash equivalents (including money market investments)	**709 184**	**663 500**	**45 684**
Other assets*	**1 065 623**	**1 065 623**	**–**
Total assets	**17 375 740**	**2 350 334**	**15 025 406**
EQUITY			
Total equity	**1 174 763**	**1 174 763**	**–**
LIABILITIES			
Borrowings	**412 188**	**110 618**	**301 570**
Investment contracts	**12 692 768**	**–**	**12 692 768**
Third-party liabilities arising on consolidation of mutual funds	**372 169**	**–**	**372 169**
Derivative financial instruments	**28 406**	**–**	**28 406**
Trade and other payables	**2 129 914**	**499 421**	**1 630 493**
Other liabilities**	**565 532**	**565 532**	**–**
Total liabilities	**16 200 977**	**1 175 571**	**15 025 406**
Total equity and liabilities	**17 375 740**	**2 350 334**	**15 025 406**

	As at 28 February 2013		
	Total R000	Own balances R000	Client-related balances R000
ASSETS			
Equity securities	1 012 773	14 753	998 020
Debt securities	2 011 484	66 557	1 944 927
Unit-linked investments	6 802 013	283 503	6 518 510
Investment in investment contracts	848 645	–	848 645
Receivables including insurance receivables	1 704 156	119 928	1 584 228
Derivative financial instruments	15 955	–	15 955
Cash and cash equivalents (including money market investments)	470 662	293 232	177 430
Other assets*	1 023 765	1 023 765	–
Total assets	13 889 453	1 801 738	12 087 715
EQUITY			
Total equity	953 203	953 203	–
LIABILITIES			
Borrowings	222 597	139 700	82 897
Investment contracts	10 272 444	–	10 272 444
Third-party liabilities arising on consolidation of mutual funds	109 032	–	109 032
Derivative financial instruments	17 139	–	17 139
Trade and other payables	1 871 862	265 659	1 606 203
Other liabilities**	443 176	443 176	–
Total liabilities	12 936 250	848 535	12 087 715
Total equity and liabilities	13 889 453	1 801 738	12 087 715

	As at 29 February 2012		
ASSETS			
Equity securities	874 968	9 615	865 353
Debt securities	2 048 742	36 078	2 012 664
Unit-linked investments	5 326 086	72 432	5 253 654
Investment in investment contracts	994 380	–	994 380
Receivables including insurance receivables	2 377 207	101 968	2 275 239
Derivative financial instruments	9 532	–	9 532
Cash and cash equivalents (including money market investments)	360 750	125 031	235 719
Other assets*	958 226	958 226	–
Total assets	12 949 891	1 303 350	11 646 541
EQUITY			
Total equity	744 568	744 568	–
LIABILITIES			
Borrowings	178 678	178 678	–
Investment contracts	9 144 681	–	9 144 681
Third-party liabilities arising on consolidation of mutual funds	124 614	–	124 614
Derivative financial instruments	7 831	–	7 831
Trade and other payables	2 646 565	277 150	2 369 415
Other liabilities**	102 954	102 954	–
Total liabilities	12 205 323	558 782	11 646 541
Total equity and liabilities	12 949 891	1 303 350	11 646 541

* Other assets consist of property and equipment, investment property, intangible assets, investments in associated companies, investments in joint ventures, current and deferred income tax assets, loans and advances, reinsurance assets and deferred acquisition costs.

** Other liabilities consist of deferred reinsurance acquisition revenue, current and deferred income tax liabilities and insurance contracts.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF PSG KONSULT FOR THE 2012, 2013 AND 2014 FINANCIAL YEARS

30 May 2014

The Directors
PSG Konsult Limited
Building A
Pro Sano Park South Gate
Carl Cronje Drive
Tyger Waterfront
Tyger Valley
Bellville, 7530

Dear Sirs

Independent Reporting Accountants' Report on the consolidated historical financial information of PSG Konsult Limited ("The Company")

Introduction

PSG Konsult Limited ("the Company") is issuing a Pre-listing Statement to its shareholders ("the Pre-listing Statement") regarding the proposed listing of the Company ("the Listing").

At your request and for the purpose of the Pre-listing Statement to be dated on or about 9 June 2014, we have audited the consolidated historical financial information of PSG Konsult Limited presented in the Report of Historical Financial Information which comprises the consolidated statement of financial position of PSG Konsult Limited as at 28 February 2014, 28 February 2013 and 29 February 2012 and the consolidated income statements, statements of comprehensive income, changes in equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory notes ("the Financial Information"), as presented in **Annexure 1** to the Pre-listing Statement, in compliance with the JSE Limited ("JSE") Listings Requirements.

Directors' Responsibility

The directors of the PSG Konsult Limited are responsible for the preparation, contents and presentation of the Pre-listing Statement including the Financial Information. The directors of PSG Konsult Limited are responsible for the fair presentation of the Financial Information in accordance with International Financial Reporting Standards and in the manner required by the JSE Listings Requirements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Financial Information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Financial Information of the Company as set out in **Annexure 1** to the Pre-listing Statement, presents fairly, in all material respects, for the purposes of the Pre-listing Statement, the consolidated statement of financial position of PSG Konsult Limited at 28 February 2014, 28 February 2013 and 29 February 2012, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards and in the manner required by the JSE Listings Requirements.

PricewaterhouseCoopers Inc
Director: C van den Heever
Registered Auditor

Cape Town
30 May 2014

RELEVANT PROVISIONS FROM THE MEMORANDUM OF INCORPORATION OF PSG KONSULT

*This **Annexure 3** contains extracts of various provisions from the Memorandum of Incorporation, as required under the JSE Listings Requirements. In each case, the numbering and wording below matches that of the applicable provisions in the Memorandum of Incorporation.*

For a full appreciation of the provisions of the Memorandum of Incorporation, Shareholders are referred to the full text of the Memorandum of Incorporation, which is available for inspection, as provided for in paragraph 13.9 of the Pre-listing Statement.

6 ISSUE OF SHARES AND VARIATION OF RIGHTS

6.1 The Company is authorised to issue –

6.1.1 such number of such class of Shares as is set out in Schedule 1 hereto, subject to the preferences, rights, limitations and other terms associated with such class set out therein;

6.1.2 such number of each of such further classes of Shares, if any, as are set out in Schedule 1 hereto with the preferences, rights, limitations and other terms associated with each such class set out therein, subject to the JSE Listings Requirements.

6.2 The power of the Board to –

6.2.1 increase or decrease the number of authorised Shares of any class of the Company's Shares; or

6.2.2 create any class of Shares; or

6.2.3 reclassify any classified Shares that have been authorised but not issued; or

6.2.4 classify any unclassified Shares that have been authorised but not issued; or

6.2.5 determine the preferences, rights, limitations or other terms of any Shares,

shall be subject to the approval of the Shareholders by way of a special resolution.

6.3 The authorisation and classification of Shares, the numbers of authorised Shares of each class, and the preferences, rights, limitations and other terms associated with each class of Shares, as set out in this Memorandum of Incorporation, may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the Shareholders and in accordance with the JSE Listings Requirements.

6.4 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share, and accordingly if any amendment to this Memorandum of Incorporation relates to the variation of any preferences, rights, limitations and other terms associated with any class of Share already in issue, such amendments shall not be implemented without a special resolution adopted by the holders of Shares of that class at a separate meeting. The holders of Shares of that class will, subject to the further provisions of clause 23.2, also be entitled to vote at the meeting of ordinary Shareholders where the amendment is tabled for approval.

6.5 No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7).

6.6 The Board may, subject to clauses 6.7, 6.9 and 6.11, the Act and the JSE Listings Requirements, resolve to issue Shares of the Company at any time, but only –

6.6.1 within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation; and

6.6.2 to the extent that such issue has been approved by the Shareholders in general meeting, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares, provided that, if such approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting, provided further that the approval by Shareholders in general meeting shall not be required –

6.6.2.1 to the extent that such Shares have first been offered to existing ordinary Shareholders in proportion to their shareholding, on such terms and in accordance with such procedures as the Board may determine; or

6.6.2.2 to the extent that such Shares are issued for the acquisition of assets by the Company, whether by means of an acquisition issue or a vendor consideration placement.

6.7 All issues of Shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition, be in accordance with the JSE Listings Requirements.

6.8 Save where permitted by the JSE, all Securities for which a listing is sought on the JSE and all Securities of the same class as Securities which are listed on the JSE must be freely transferable and must, notwithstanding the provisions of section 40(5), but unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Board for the issuance of such Securities.

6.9 Save –

6.9.1 where otherwise permitted under the Act, the JSE Listings Requirements or this Memorandum of Incorporation;

6.9.2 where approved by Shareholders in general meeting; or

6.9.3 where such Shares are issued for the acquisition of assets by the Company, whether by means of an acquisition issue or a vendor consideration placement,

the Board may only issue unissued Shares if such Shares have first been offered to existing ordinary Shareholders in proportion to their shareholding on such terms and in accordance with such procedures as the Board may determine.

6.10 The Shareholders may at a general meeting authorise the Directors to issue Shares of the Company at any time and/or grant options to subscribe for Shares as the Directors in their discretion think fit, provided that, to the extent applicable, such transaction(s) has/have been approved by the JSE and comply with the JSE Listings Requirements.

6.11 Notwithstanding anything to the contrary herein, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of section 41(3), require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.

6.12 Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or as may otherwise be provided in this Memorandum of Incorporation, no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company.

14 DEBT INSTRUMENTS

The Board may authorise the Company to issue secured or unsecured debt instruments as set out in section 43(2), but no special privileges associated with any such debt instruments as contemplated in section 43(3) may be granted, and the authority of the Board in such regard is limited by this Memorandum of Incorporation.

15 CAPITALISATION SHARES

15.1 The Board shall, subject to compliance with the JSE Listings Requirements and without requiring any approval from Shareholders, have the power or authority to –

15.1.1 approve the issuing of any authorised Shares as capitalisation Shares; and/or

15.1.2 subject to the provisions of clause 15.2, to resolve to permit Shareholders to elect to receive a cash payment in lieu of a capitalisation Share,

provided that the Board shall not have the power to issue Shares of one class as capitalisation Shares in respect of Shares of another class, save to the extent authorised by the Shareholders by means of on an ordinary resolution and unless the JSE Listings Requirements have been complied with in regard to such issue.

15.2 The Board may not resolve to offer a cash payment in lieu of awarding a capitalisation share, as contemplated in clause 15.1.2, unless the Board –

15.2.1 has considered the Solvency and Liquidity Test as required by section 46, on the assumption that every such Shareholder would elect to receive cash; and

15.2.2 is satisfied that the Company would satisfy the Solvency and Liquidity Test immediately upon the completion of the distribution.

16 POWER OF BOARD AT THE CAPITALISATION OR DISTRIBUTION OF PROFITS

16.1 If any problem arises with regard to any distribution in terms of this Memorandum of Incorporation, the Board may resolve it as it deems fit.

16.2 The Board may make all allocations and appropriations of the undivided profits or the capitalised amount as well as all issues of paid-up Shares or debentures (if any), and is generally authorised to do everything necessary to effect same, either through –

16.2.1 the issue of certificates for fractions of Shares; or

16.2.2 determining that fractions shall not be considered; or

16.2.3 payment in cash or otherwise (in the discretion of the Board) in the case where Shares or debentures can be divided in fractions.

16.3 The Board may also appoint any person to enter any contract on behalf of all the Shareholders (who are entitled to the benefit of such allocations and appropriations or are entitled to share in such distributions) which may be necessary to give effect thereto and such appointment and contract shall bind all such Shareholders.

27 DIRECTORS

27.1 Every person holding office as a Director, Prescribed Officer, company secretary or auditor of the Company immediately before the effective date of the Act will, as contemplated in item 7(1) of Schedule 5 to the Act, continue to hold that office.

27.2 **Number of Directors**

27.2.1 The Board must comprise at least 4 (four) Directors.

27.2.2 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with clause 27.3.6 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said 3 (three) month period does not limit or negate the authority of the Directors or invalidate anything done by the Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.

27.2.3 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the 3 (three) month period contemplated in clause 27.2.2, their number remains below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) or of summoning general meetings of the Company, but not for any other purpose.

27.3 **Nomination and appointment of Directors**

27.3.1 Except for the executive Directors who shall be appointed in terms of clause 30, and subject to the provisions of clause 27.3.6, all other Directors shall be nominated by the Shareholders for appointment as Directors in terms of the provisions of clauses 27.3.2 and 27.3.3 and elected as such by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 shall be competent.

27.3.2 Subject to the provisions of clauses 27.4 and 27.3.6, a person as envisaged in clause 27.3.1 shall only be eligible for election as a Director if he is recommended by the Board or nominated in the manner referred to in clause 27.3.3.

27.3.3 No person, other than a Director retiring at the meeting shall, unless recommended by the Board, be eligible for election as a Director at any general meeting, unless –

27.3.3.1 not more than 28 (twenty eight) days, but at least 7 (seven) clear days before the day appointed for the meeting, there shall have been delivered at the principal place of business of the Company a notice in writing by a Shareholder (who may be the proposed Director) duly qualified to be present and to vote at the meeting for which such notice is given;

27.3.3.2 such notice sets out the Shareholder's intention to propose a specific person for election as Director; and

27.3.3.3 notice in writing by the proposed person of his willingness to be elected is attached thereto (except where the proposer is the same person as the proposed).

27.3.4 In any election of Directors –

27.3.4.1 the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Board have been filled;

27.3.4.2 in each vote to fill a vacancy –

27.3.4.2.1 each vote entitled to be exercised may be exercised once; and

27.3.4.2.2 the vacancy is filled only if a majority of the votes exercised support the candidate;

27.3.4.3 if the election process results therein that –

27.3.4.3.1 more nominees are elected as Directors than there are vacancies, those nominees (being a number of the nominees that are equal to the number of vacancies) that received the most votes will be the elected Directors, provided that in the event that a number of nominees that compete for a lesser number of vacancies received an equal number of votes, the Director or Directors elected to fill those vacancies will be determined by lot in the manner that the chairman of the meeting will determine;

27.3.4.3.2 less nominees are elected as Directors than there are vacancies, the remaining vacancies will remain unless filled in terms of the provisions of clause 27.3.6.

27.3.4.4 if no or insufficient candidates are nominated to fill the number of vacancies on the Board, the vacancies so caused shall be regarded as interim vacancies which shall be filled in terms of the provisions of clause 27.3.6.

27.3.5 Save as provided for in clauses 27.3.6 and 30, the Company shall only have elected Directors and there shall be no appointed or ex officio Directors as contemplated in section 66(4).

27.3.6 The Board has the power to appoint or co-opt any person as Director, whether to fill any vacancy on the Board on a temporary basis, as set out in section 68(3), or as additional Director, provided that such appointment must be confirmed by the Shareholders at the next annual general meeting of the Company, as required in terms of section 70(3)(b)(i).

27.4 **Eligibility, resignation and retirement of Directors**

27.4.1 Apart from satisfying the qualification and eligibility requirements set out in section 69 and subject to the below-mentioned provisions of this clause 27.4, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director or a Prescribed Officer of the Company.

27.4.2 Subject to any provisions of clause 27.4.3, a Director shall vacate his office as Director if –

27.4.2.1 his estate is sequestrated or he surrenders his estate or enters into a general compromise with his creditors;

27.4.2.2 he is found to be or become of unsound mind;

27.4.2.3 a majority of his co-Directors sign a written notice in which he is requested to vacate his office and lodge it at the principal place of business of the Company, (which shall come into effect upon lodging thereof at the principal place of business of the Company), but without prejudice to any claim for damages;

27.4.2.4 he is removed from office by a resolution of the Company of which proper notice have been given in term of the Act, but without prejudice to any claim for damages;

27.4.2.5 he is, pursuant to the provisions of the Act or any order made thereunder, prohibited from acting as a Director;

27.4.2.6 he resigns his office as Director by notice in writing to the Company;

27.4.2.7 he is absent from meetings of the Board for 3 (three) consecutive months without leave of the Directors while not engaged in the business of the Company, and he is not represented at any such meeting during such 3 (three) consecutive months by an alternate Director; and the Directors resolve that his office be, by reason of such absence, vacated, provided that the Directors shall have the power to grant to any Director leave of absence for a definite or indefinite period.

27.4.3 No Director shall be appointed for life or for an indefinite period and the non-executive Directors shall rotate in accordance with the following provisions of this clause 27.4.3 –

27.4.3.1 at each annual general meeting referred to in clause 21.2.1, 1/3 (one third) of the non-executive Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office;

27.4.3.2 the non-executive Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as non-executive Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;

27.4.3.3 notwithstanding the provisions of this clause 27.4.3, a non-executive Director who has already held his office for a period of 3 (three) years since his last election for appointment by the date of any annual general meeting shall retire at such meeting, either as one of the non-executive Directors retiring according to the roster referred to above, or over and above such non-executive Directors;

27.4.3.4 the length of time a non-executive Director has been in office shall be computed from his last election, appointment or date upon which he was deemed re-elected;

27.4.3.5 a non-executive Director retiring at a meeting shall retain office until the election of non-executive Directors at that meeting has been completed;

27.4.3.6 a retiring non-executive Director shall be eligible for re-election;

27.4.3.7 the Company, at the general meeting at which a non-executive Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, and in default the retiring non-executive Director, if willing to continue to act, shall be deemed to have been re-elected, unless it is expressly resolved at the meeting not to fill such vacated office; or a resolution for the re-election of such non-executive Director was put to the meeting and rejected, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with clause 26.

27.4.4 The Board shall, through its nomination committee (if such nomination committee has been constituted in terms of clause 34), provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring non-executive Director is proposed, as to which retiring non-executive Directors are eligible for re-election, taking into account that non-executive Director's past performance and contribution.

27.5 **Directors' interests**

27.5.1 A Director may hold any other office or place of profit under the Company (except that of auditor), any subsidiary of the Company or any holding company of the Company in conjunction with the office of Director, for such period and on such terms as to remuneration (in addition to the remuneration to which he may be entitled as a Director) and otherwise as a disinterested quorum of the Directors may determine.

27.5.2 A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, provided that the appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.

27.5.3 Any Director may act for the Company personally or through his firm in a professional capacity (except as auditor) and he or his firm shall be entitled to remuneration for professional services rendered as if he had not been a Director of the Company.

27.5.4 Each Director, Prescribed Officer and member of any committee of the Board shall, subject to the exemptions contained in section 75(2) and the qualifications contained in section 75(3), comply with all of the provisions of section 75 in the event that they (or to their knowledge any person who is a related person to them) have a personal financial interest in any matter to be considered by the Board.

27.6 **Alternate Directors**

27.6.1 A Director may –

27.6.1.1 appoint another Director to act as alternate Director in his place and during his absence; and

27.6.1.2 remove such alternate Director.

27.6.2 A person so appointed or elected shall, except as regards authority to appoint an alternate Director and remuneration, be subject in all respects to the terms and conditions existing in respect of the other Directors of the Company.

27.6.3 Each alternate Director, whilst so acting, shall be entitled to –

27.6.3.1 receive notices of all meetings of the Directors or of any committee of the Directors of which the person for whom he acts as alternate is a member;

27.6.3.2 attend and vote at any such meeting at which the person for whom he acts as alternate is not personally present;

27.6.3.3 generally exercise and discharge all the functions, powers and duties of the person for whom he acts as alternate in such person's absence as if he were a Director.

27.6.4 An alternate Director shall ipso facto cease to be an alternate Director if the person for whom he acts as alternate ceases for any reason to be a Director, provided that if any Director retires by rotation or otherwise, but is re-elected at the same meeting, any alternate of him who was appointed or elected as such immediately before his retirement shall remain in office as though he had not retired.

27.6.5 Any appointment or removal of an alternate Director shall be effected by written notice delivered at the principal place of business of the Company and signed by the appointer, if applicable.

27.6.6 The remuneration of an alternate Director shall be payable only out of the remuneration payable to the Director for whom he acts as alternate and he shall have no claim against the Company for any remuneration.

27.6.7 An alternate Director shall not be required to hold any qualifying Shares.

29 DIRECTORS' COMPENSATION AND FINANCIAL ASSISTANCE

29.1 The Company may pay remuneration to the Directors for their services as Directors in accordance with a special resolution approved by the Shareholders within the previous 2 (two) years, as set out in section 66(8) and (9), and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.

29.2 Any Director who –

29.2.1 serves on any executive or other committee; or

29.2.2 devotes special attention to the business of the Company; or

29.2.3 goes or resides outside South Africa for the purpose of the Company; or

29.2.4 otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,

may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.

29.3 The Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with -

29.3.1 the business of the Company; and

29.3.2 attending meetings of the Directors or of committees of the Directors of the Company.

29.4 The Board may, as contemplated in and subject to the requirements of section 45, authorise the Company to provide financial assistance to a Director, Prescribed Officer or other person referred to in section 45(2), and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.

30 EXECUTIVE DIRECTORS

30.1 The Directors may from time to time appoint –

30.1.1 managing and other executive Directors (with or without specific designation) of the Company;

30.1.2 any Director to any other executive office with the Company,

as the Directors shall think fit, for a period as the Directors shall think fit, (provided that, for as long as it may be required by the JSE Listings Requirements, the appointment of a managing or other executive Director in terms of clause 30.1.1

above, must be confirmed by the Shareholders at the next annual general meeting of the Company) and may from time to time remove or dismiss such persons from office and appoint another or others in his or their place or places.

30.2 Any Director appointed in terms of clause 30.1 –

30.2.1 shall (subject to the provisions of the contract under which he is appointed) whilst he continues to hold that position or office, not be subject to retirement by rotation; and

30.2.2 shall not be subject to the same provisions as to removal as the other Directors of the Company, and if he ceases to hold office as a Director, his appointment to such position or executive office shall ipso facto terminate, without prejudice to any claims for damages which may accrue to him as a result of such termination.

30.3 The remuneration of a Director appointed to any position or executive office in terms of clause 30.1 –

30.3.1 shall be determined by a disinterested quorum of the Directors or a remuneration committee appointed by the Directors;

30.3.2 shall be in addition to or in substitution of any ordinary remuneration as a Director of the Company, as the Directors may determine;

30.3.3 may consist of a salary or a commission on profits or dividends or both, as the Directors may direct.

30.4 The Directors may from time to time entrust to and confer upon an executive Director for the time being such of the powers exercisable in terms of this Memorandum of Incorporation by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions, as they think expedient; and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

32 POWERS OF THE BOARD OF DIRECTORS

32.1 The business and affairs of the Company shall be managed by or under the directions of the Board, which has the authority to exercise all of the powers and perform any of the functions of the Company, except to the extent that the Act or this Memorandum of Incorporation provides otherwise.

32.2 The general powers granted to the Board by this clause 32 shall not be limited or reduced by any special authorisation or power granted to the Board by any other clause.

32.3 The Directors may at any time and from time to time appoint any person or persons to be the agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the shareholders, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with agents as the Directors think fit. Any such agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

32.4 All cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed, drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.

32.5 All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

32.6 The Directors shall, for as long as the Securities are listed on the JSE, not have the power to propose any resolution to Shareholders in terms of sections 20(2) and 20(6), to ratify any act of the Directors that is contrary to the JSE Listings Requirements and is inconsistent with any limit imposed by this Memorandum of Incorporation on the authority of the Directors to perform such an act on behalf of the Company unless agreed otherwise by the JSE.

33 BORROWING POWERS

33.1 Subject to the provisions of this Memorandum of Incorporation, the Directors may from time to time

33.1.1 borrow for the purposes of the Company such sums as they think fit;

33.1.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities, mortgage or charge upon all or any of the property or assets of the Company.

33.2 The Board shall procure (but as regards subsidiaries of the Company only insofar as by the exercise of voting and other rights or powers of control exercisable by the Company they can procure) that the aggregate principal amount at any one time outstanding in respect of moneys so borrowed or raised by –

33.2.1 the Company; and

33.2.2 all the subsidiaries for the time being of the Company (excluding moneys borrowed or raised by any of such companies from any other such companies but including the principal amount secured by any outstanding guarantees or suretyships given by the Company of any of its subsidiaries for the time being for the share capital or indebtedness of any other company or companies whatsoever and not already included in the aggregate amount of the moneys so borrowed or raised), shall not exceed, to the extent applicable, the aggregate amount at that time authorised by the Directors to be borrowed or secured, provided that no such sanction shall be required to the borrowing of any moneys intended to be applied and actually applied within 90 (ninety) days in the repayment (with or without any premium) of any moneys then already borrowed and outstanding and notwithstanding that new borrowing may result in the abovementioned limit being exceeded.

38 DISTRIBUTIONS

38.1 The Directors may in their discretion, subject to the requirements of the Act, declare and pay dividends as they deem fit.

38.2 Subject to the provisions of the Act, and particularly section 46, and in this Memorandum of Incorporation, the Company may make any proposed distribution, as defined and contemplated in the Act, if such distribution –

38.2.1 is pursuant to an existing legal obligation of the Company, or a court order; or

38.2.2 is authorised by resolution of the Board, in compliance with the JSE Listings Requirements.

38.3 No distribution shall bear interest against the Company, except as otherwise provided under the conditions of issue of the Shares in respect of which such distribution is payable.

38.4 Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.

38.5 The Directors may from time to time declare and pay to the Shareholders such interim dividends as the Directors consider to be appropriate.

38.6 All unclaimed monies that are due to any Shareholder/s shall be held by the Company in trust until lawfully claimed by such Shareholder/s, or until the Shareholder's claim to such money has prescribed in terms of the applicable laws of prescription.

38.7 Distributions or any other sum payable in cash to any holder of the Company's Shares shall be paid by way of an electronic funds transfer only, unless agreed to otherwise at the discretion of the Company, into the selected bank account of -

38.7.1 the holder; or

38.7.2 in the case of joint holders, to the holder whose name stands first in the register in respect of the Share(s); or

38.7.3 such person as the holder or joint holders may in writing direct.

38.8 The electronic funds transfer of the distributions or other sum made into such account shall discharge the Company of any further liability in respect of the amount concerned. The Company shall not be responsible for a holder's loss arising from any fraudulent, diverted or incorrect electronic funds transfer of dividends or other sum payable to a holder unless such loss was due to the Company's gross negligence or wilful default.

38.9 For the purpose of this clause 38, no notice of change of bank account or instructions as to payment being made at any other bank account which is received by the Company after the date on which a Shareholder must be registered in order to qualify for a distribution or other payment and which would have the effect of changing the currency in which such payment would be made, shall be effective in respect of such payment.

38.10 A Shareholder who is a South African resident shall only be entitled to supply a Rand denominated bank account of a bank registered to operate such account in South Africa.

38.11 In the event that a Shareholder has failed to supply a valid bank account as envisaged herein, the distributions or other moneys shall be deemed unclaimed dividends or other monies in terms of clause 38.6.

38.12 A distribution may also be paid in any other way determined by the Directors, and if the directives of the Directors in that regard are complied with, the Company shall not be liable for any loss or damage which a Shareholder may suffer as a result thereof.

38.13 Without detracting from the ability of the Company to issue capitalisation Shares, any distribution may be paid wholly or in part -

38.13.1 by the distribution of specific assets; or

38.13.2 by the issue of Shares, debentures or securities of the Company or of any other company; or

38.13.3 in cash; or

38.13.4 in any other way which the Directors may at the time of declaring the distribution determine.

38.14 Where any difficulty arises in regard to such distribution, the Directors may settle that difficulty as they think expedient, and in particular may fix the value which shall be placed on such specific assets on distribution.

38.15 The Directors may -

38.15.1 determine that cash payments shall be made to any Shareholder on the basis of the value so fixed in order to secure equality of distribution; and

38.15.2 vest any such assets in trustees upon such trusts for the benefit of the persons entitled to the distribution as the Directors deem expedient.

38.16 All distributions must be made payable to Shareholders registered as at a date subsequent to the date of declaration thereof or the date of confirmation thereof, whichever is the later date.

38.17 Without limiting the provisions of clause 38.2.2 above, all payments made to holders of Securities listed on the JSE ("Listed Securities") must be in accordance with the JSE Listings Requirements and capital payments to holders of Listed Securities may not be made on the basis that it can be called up again.

43 AMENDMENT OF MEMORANDUM OF INCORPORATION

43.1 This Memorandum of Incorporation may only be altered or amended (including any alteration or amendment that changes the name of the Company) by way of a special resolution of the Shareholders in accordance with section 16(1)(c), except if such amendment is in compliance with a Court order as contemplated in section 16(1)(a) read with section 16(4).

43.2 An amendment of this Memorandum of Incorporation will take effect from the later of –

43.2.1 the date on, and time at, which the notice of amendment is filed with the Commission; and

43.2.2 the date, if any, set out in the said notice of amendment,

save in the case of an amendment that changes the name of the Company, which will take effect from the date set out in the amended registration certificate issued by the Commission.

KING III CODE AND CORPORATE GOVERNANCE

PART A

PSG Konsult is committed to the principles of transparency, integrity, fairness and accountability as also advocated in the King III Code.

The King III Code recognises that no "*one size fits all*" approach can be adopted in the application of its principles and that it may not be appropriate for entities to adopt all of its principles, in the context of its particular business and/or operational environment.

A full report is attached in Part B hereof which, to the best of the knowledge and belief of the Board, sets out the extent of PSG Konsult's current application of the principles of the King Ill Code and explains the non-application of certain of its principles and/or where principles are not fully applied.

The key principles underpinning the corporate governance of PSG Konsult and systems of control that form an integral part of corporate governance are set out hereunder.

1. THE BOARD

1.1. **Introduction**

The Board consists of eight members, of whom six are non-executive Directors and three are independent non-executive Directors (see **Annexure 6** of the Pre-listing Statement for their profiles). The changes to the Board during the most recent financial year ended 28 February 2014, are set out in paragraph 7.1.2 of the Pre-listing Statement.

PSG Konsult does not have a nomination committee and Director appointments are considered to be a matter for the Board as a whole with all appointments being made in a formal and transparent manner.

There is a policy evidencing a clear balance of power and authority at Board level, to ensure that no one Director has unfettered powers of decision making.

The key roles and responsibilities of the Board include the following:

- acting as the focal point for, and custodian of, corporate governance;
- determining the strategies and strategic objectives of PSG Konsult;
- determining and setting the tone of PSG Konsult's values;
- satisfying itself that PSG Konsult is governed effectively in accordance with corporate governance best practices;
- monitoring the implementation of the Board's strategies, decisions, values and policies;
- ensuring that PSG Konsult has an effective and independent audit and risk committee and remuneration committee;
- ensuring that disputes are resolved effectively and efficiently; and
- appointing and evaluating the performance of the chief executive officer.

The Board considers it a good business imperative that all actions undertaken in the Company's name are executed ethically and professionally. To this end, the Board has implemented a Group-wide code of conduct, which requires the following:

- advising clients with the highest level of good faith, integrity, professional knowledge and diligence;
- providing clients with accredited products and services which will appropriately address their particular needs;
- ensuring that all client funds are always directly deposited with the relevant financial institution;
- disclosing the exact amount of commission and fees earned; and
- complying with legislation regulating the financial services industry.

Directors disclose their personal financial interests at the start of every Board or committee meeting.

1.2. **Composition of the Board**

The Board consists of eight Directors, of whom six are non-executive Directors and three are independent non-executive Directors.

PSG Konsult has an appointed chief executive officer and a chairman, being, respectively, Mr FJ Gouws and Mr W Theron.

The chairman is not independent for purposes of the King III Code. Accordingly, the Board has appointed Mr J de V du Toit as lead independent Director in compliance with the King III Code and the JSE Listings Requirements.

1.3. **Expertise and experience of the chief financial officer**

Mr MIF Smith is the chief financial officer of PSG Konsult. The audit committee has considered and satisfied itself of the appropriateness of the expertise and experience of Mr Smith.

1.4. **Company secretary**

All Board members have access to the advice and services of the company secretary which is responsible for the proper administration of the Board and the implementation of sound corporate governance procedures. This includes Board induction and training programmes and the supply of all information to assist Board members in the proper discharge of their duties.

The Board is of the opinion that the company secretary is suitably qualified and experienced to carry out its duties as stipulated under section 84 of the Companies Act.

The Board has reviewed, through discussion and assessment, the qualifications, experience and competence of the individuals employed by the company secretary and has noted that the company secretary performed all formalities and substantive duties timeously and in an appropriate manner. The Board is satisfied that an arm's length relationship exists.

2. BOARD COMMITTEES

2.1. **Audit and risk committee**

Previously the PSG Group audit committee was nominated annually at PSG Konsult's annual general meetings to act as the audit committee for PSG Konsult, as permitted in terms of section 94(2) of the Companies Act.

As a result of the Listing, PSG Konsult shall be required to have its own audit committee. Accordingly, in anticipation of the Listing, the Board has appointed the following members to PSG Konsult's audit and risk committee:

- Mr JdV Du Toit
- Mr PE Burton
- Mr ZL Combi

all of whom are independent non-executive Directors.

The audit and risk committee shall assist the Board by providing an objective and independent view on the PSG Konsult Group's finance, accounting and control mechanisms and by reviewing and ensuring that consideration is given to the following:

- the accounting policies of the PSG Konsult Group and any proposed revisions thereto;
- the effectiveness of the PSG Konsult Group's information systems and internal controls;
- the appointment and monitoring of the effectiveness of the external auditors;
- the appropriateness, expertise and experience of the chief financial officer;
- setting the principles for recommending the use of external auditors for non-audit services and recommending that these be kept to a minimum;
- the annual report and specifically the annual financial statements included therein;
- the reports of the external auditors;
- the PSG Konsult Group's going concern status; and
- compliance with applicable legislation and requirements of regulatory authorities.

In terms of risk management (through consultation with the external auditors), the committee ensures that management's processes and procedures are adequate to identify, assess, manage and monitor group-wide risks.

This committee will hold at least two meetings per year.

2.2. **Remuneration committee**

The remuneration committee consists of the following members:

- Mr ZL Combi
- Mr PE Burton
- Mr JdV Du Toit
- Mr PJ Mouton
- Mr FJ Gouws

A majority of the members of the remuneration committee are non-executive Directors. A majority of the non-executive Directors serving on the remuneration committee are independent non-executive Directors.

The remuneration committee is primarily responsible for reviewing and approving executive Directors' remuneration. Further, the remuneration committee assists the Board in reviewing non-executive Directors' remuneration recommendations. In doing so, it takes cognisance of both local and international best practices to ensure that such total remuneration is fair and reasonable to both the Directors and the Company.

This committee will hold at least one meeting per year.

2.3. **Executive Committee**

The PSG Konsult executive committee meets quarterly and acts as a consolidating oversight committee for the Group. The composition of this committee is reflected in paragraph 6.2 of the Pre-listing Statement.

2.4. **Management committee**

An informal management control committee meets weekly via telecom to discuss business performance, divisional key initiatives, the approval of all planned appointments and other key operational-related issues. The composition of this committee is reflected in paragraph 6.3 of the Pre-listing Statement.

3. LEGAL AND COMPLIANCE

The Board recognises its responsibility to ensure that PSG Konsult complies with all applicable laws and considers adherence to all financial services industry charters, codes and standards. Board members are familiar with the industry and aware of the potential impact of legislative changes. The combined risk and internal audit function manages the process of compliance according to a framework that has been approved and is being monitored by the audit and risk committee.

During the past financial year no instances of material non-compliance were noted and no judgements, damages, penalties or fines were recorded or levied against PSG Konsult, its directors or employees for noncompliance with any legislation.

4. REMUNERATION REPORT

PSG Konsult's remuneration approach is aimed at remunerating Directors, executives and employees fairly and responsibly. This approach takes cognisance of local and international remuneration best practices to ensure that PSG Konsult attracts and retains appropriate skills and talent.

Remuneration is governed by the remuneration committee, which is mandated by and reports to the Board, and which oversees the setting and administration of remuneration. The committee considers the holistic compensation model as well as the specific remuneration of all executive directors and prescribed officers, including the fees paid to all non-executive directors. Fees payable to Directors are recommended by the Board to the Shareholders at annual general meetings for approval.

Remuneration is aligned with the overall business strategy, objectives and values of the PSG Konsult Group, and is implemented by means of a performance management system which requires at least two formal reviews per employee per annum. Profitability, business processes, clients and people are the key performance indicators for reward.

All remuneration (guaranteed and variable) is market-related and is differentiated on the basis of performance. Three performance components are considered for annual increases, namely Group, divisional and individual performance – with due consideration for inflation.

5. IT GOVERNANCE REPORT

Information technology (IT) at PSG Konsult is a strategic tool that facilitates the successful implementation of the Company's strategy and sustainable business performance. IT is governed on an operational level and executive management ensures that PSG Konsult complies with all relevant IT laws, rules, codes and standards.

The IT function at PSG Konsult focuses on being an enabler to business, aligning with business initiatives, creating fluidity, and assisting in providing a competitive operational edge to business. PSG Konsult has an IT policy that is implemented at an operational level, where there is a strong focus on change control processes and incident reporting systems. The business currently does not have a Board-approved internal IT control framework, but an IT business continuity plan is in place. An annual review is done by an external company to test the strength and identify any vulnerabilities within the IT system security.

The effectiveness of internal IT controls and the infrastructure design have been validated by PSG Konsult's principle international vendors. Independent external audits have also been conducted to validate infrastructure and application security.

The PSG Konsult performance management process is an important tool to ensure that the business exploits opportunities to improve the performance and sustainability of the Group through the use of IT. As part of their key performance indicators, IT employees are assessed on and encouraged to introduce cost-saving and business enhancing measures in their development of IT solutions.

The IT function's main areas of focus and key performance indicators include the following:

- enhancing availability;
- performance and IT agility;
- continual refinement of security; and
- opportunity identification and implementation.

The most important risks associated with information technology in PSG Konsult relate to the following:

- data leakage prevention;
- vendor compliance with legislation;
- supply chain management; and
- database administration and optimisation (personnel requirement).

During the previous financial year new architecture was deployed to the primary datacentre and disaster recovery sites. The deployment of a global active directory has been launched and will continue to be deployed throughout 2014. Systems have, where possible, been migrated to the latest versions of operating systems and database platforms.

The main IT challenges during the past financial year were related to the divisional restructuring and subsequent system consolidations.

PART B – APPLICATION OF PRINCIPLES IN THE KING III CODE

Preamble

PSG Konsult is committed to the principles of transparency, integrity, fairness and accountability as also advocated in the King III Code and strives to meet those objectives in accordance with the content of the table below.

Key – Level of compliance:

Applied ✓

Partially applied ★

Not applicable ✗

	PRINCIPLE	LEVEL OF COMPLIANCE	COMMENTS
1.	**Ethical leadership and corporate citizenship**		
1.1	The board should provide effective leadership based on an ethical foundation	✓	Applied. Ethics forms part of the values of the company and the board. The board provides effective leadership based on an ethical foundation.
1.2	The board should ensure that the company is, and is seen to be, a responsible corporate citizen	✓	Applied. Projects for corporate social investments are regularly assessed and the board ensures that the company is a responsible corporate citizen.
1.3	The board should ensure that the company's ethics are managed effectively	✓	Applied. Ethical principles are always applied during decision-making.
2.	**Board and Directors**		
2.1	The board should act as the focal point for and custodian of corporate governance	✓	Applied. The board as a whole is responsible for effective corporate governance.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	✓	Applied. Strategy, risk, performance and sustainability are considered collectively by the board in the decision-making process.
2.3	The board should provide effective leadership based on an ethical foundation	✓	Applied. Ethics form part of the values of the company and the board.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	✓	Applied. The board ensures that the company is a responsible corporate citizen and in line with the image the company would like to project.
2.5	The board should ensure that the company's ethics are managed effectively	✓	Applied. Ethics are the responsibility of the board as a whole.
2.6	The board should ensure that the company has an effective and independent audit committee	✓	Applied. The board has appointed the first members of the audit and risk committee who will retire and offer themselves for election at the Company's next annual general meeting on 20 June 2014.
2.7	The board should be responsible for the governance of risk	✓	Applied. The board as a whole is responsible for risk governance.
2.8	The board should be responsible for information technology (IT) governance	✓	Applied. The board as a whole is responsible for information technology governance in the company.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✓	Applied. Compliance with all applicable laws and adherence to non-binding rules, codes and standards form part of the values of the company.
2.10	The board should ensure that there is an effective risk-based internal audit	★	Partially applied. Appointment of an internal auditor will be implemented with effect from 1 June 2014. We have utilised the services of an external audit firm to perform certain operational control reviews during the course of the year.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	✓	Applied. The board monitors stakeholders' perceptions, in light of the importance of the company's reputation.

	PRINCIPLE	LEVEL OF COMPLIANCE	COMMENTS
2.12	The board should ensure the integrity of the company's integrated report	✓	Applied. Due care is applied during the completion of the integrated report to ensure its integrity.
2.13	The board should report on the effectiveness of the company's system of internal controls	✓	Applied. This is reported on in the company's annual report.
2.14	The board and its directors should act in the best interests of the company	✓	Applied. The board acts in the best interests of the company.
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	✓	Applied. This will be considered, if applicable.
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	★	Partially Applied. We have a lead independent non-executive director, since our chairman is not independent.
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	✓	Applied. The Board has appointed a CEO and a framework for the delegation of power has been established.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	★	Partially applied. Non-executive Directors make up the majority of the Board. Of the six non-executive Directors, three are independent non-executive Directors.
2.19	Directors should be appointed through a formal process	✓	Applied. Directors are appointed after a formal assessment and board discussion, following reference and CV checks.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	★	Partially applied. The induction of Directors is not conducted through a formal process. This has not been necessary to date as new appointees have been familiar with the group's operations and the environment in which the Group operates. Consideration will be given to an induction programme for future appointees. Directors have unlimited access to the Company's resources regarding training and development.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	✓	Applied. A competent, suitably qualified and experienced company secretary has been appointed.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	★	Partially applied. We have no formal process, however we have a balance of complementary skills and experience.
2.23	The board should delegate certain functions to well-structured committees without abdicating its own responsibilities	✓	Applied. Committees make recommendations which are approved at board level.
2.24	A governance framework should be agreed between the group and its subsidiary boards	✓	Applied. A governance framework together with necessary levels of authority has been approved by the PSG Konsult board.
2.25	Companies should remunerate directors and executives fairly and responsibly	✓	Applied. The board is of the view that directors and executives are remunerated on a basis being fair and reasonable to both the employee and company.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	✓	Applied. The remuneration of directors is disclosed in the directors' report (included in the annual report).
2.27	Shareholders should approve the company's remuneration policy	✓	Applied. Director remuneration is approved at the AGM each year.

	PRINCIPLE	LEVEL OF COMPLIANCE	COMMENTS
3.	**Audit Committees**		
3.1	The board should ensure that the company has an effective and independent audit committee	★	Applied. The board has appointed the first members of the audit and risk committee who will retire and offer themselves for election at the Company's next annual general meeting on 20 June 2014.
3.2	Audit committee members should be suitably skilled and experienced independent, non-executive directors (subsidiary exemption)	✓	Applied. Members are suitably skilled and experienced.
3.3	The audit committee should be chaired by an independent non-executive director	✓	Applied. The audit and risk committee is chaired by an independent non-executive Director.
3.4	The audit committee should oversee the integrated reporting (integrated reporting, financial, sustainability and summarised information) The audit committee should be responsible for evaluating the significant judgements and reporting decisions affecting the integrated report The audit committee's review of the financial reports should encompass the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive financial information, trading statements, circulars and similar documents	✓	Applied. Performed by the audit and risk committee.
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	✓	Applied. The audit and risk committee ensures that a combined assurance model is applied. We are also in the process of appointing an internal auditor.
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	✓	Applied. The audit and risk committee has satisfied itself in this regard.
3.7	The audit committee should be responsible for overseeing of internal audit	★	Partially applied. The appointment of an internal auditor is in progress. Control reviews are performed by external audit firms as required.
3.8	The audit committee should be an integral component of the risk management process	✓	Applied. This forms part of the audit and risk committee's role and function.
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	✓	Applied. This forms part of the audit and risk committee's role and responsibilities.
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	✓	Applied. Reported at board level.
4.	**The governance of risk**		
4.1	The board should be responsible for the governance of risk	✓	Applied. Risk governance is performed by the board.
4.2	The board should determine the levels of risk tolerance	✓	Applied. Risk levels are discussed at board level.
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	✓	Applied. A separate Risk and Legal Committee assess the group and entity levels risks. A report is then presented at board level.
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	✓	Applied. The board has delegated to management the responsibility to design, implement and monitor the risk management plan, and management has done so to the satisfaction of the board.
4.5	The board should ensure that risk assessments are performed on a continual basis	✓	Applied. The board performs risk assessments on a continual basis.
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	✓	Applied. All risk factors within the current business model are continually monitored.
4.7	The board should ensure that management considers and implements appropriate risk responses	✓	Applied. Responses are monitored and preventative measures implemented to the extent possible.

	PRINCIPLE	LEVEL OF COMPLIANCE	COMMENTS
4.8	The board should ensure continual risk monitoring by management	✓	Applied. Risk-monitoring forms part of planning and decision making and is continuously performed.
4.9	The board should receive assurance regarding the effectiveness of the risk management process	✓	Applied. This occurs at board level. The Risk and Legal Committee reports to the board in this regard.
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	✓	Applied. Disclosed in the annual report and further disclosures are assessed when needed.
5.	**The governance of Information Technology**		
5.1	The board should be responsible for information technology (IT) governance	✓	Applied. The Board is responsible for IT governance.
5.2	IT should be aligned with the performance and sustainability objectives of the company	✓	Applied. Objectives are aligned.
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	✓	Applied. The board discharges this responsibility to the Risk and Legal Committee which oversees IT management and implementation.
5.4	The board should monitor and evaluate significant IT investments and expenditure	✓	Applied. In line with the company's levels of authority, all significant expenditures (including those for IT) are approved by the board.
5.5	IT should form an integral part of the company's risk management	✓	Applied. IT is considered as part of risk management.
5.6	The board should ensure that information assets are managed effectively	✓	Applied. The board is comfortable with the current processes and controls.
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	✓	Applied. The Risk and Legal Committee assists the board in carrying out its responsibilities.
6.	**Compliance with laws, codes, rules and standards**		
6.1	The board should ensure that the company complies with applicable laws and considers adherence to nonbinding rules, codes and standards	✓	Applied. The board considers compliance with applicable laws, codes, rules and standards and changes thereto.
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	✓	Applied. The board and each individual director have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business.
6.3	Compliance risk should form an integral part of the company's risk management process	✓	Applied. Compliance duly forms part of the risk management process.
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	✓	Applied. This is performed by the Operating Committee which oversees legal and compliance processes, controls and procedures.
7.	**Internal Audit**		
7.1	The board should ensure that there is an effective risk-based internal audit	★	Partially Applied. The appointment of Internal Auditor will be implemented with effect from 1 June 2014. During the year an external audit firm has performed control reviews on the administration businesses.
7.2	Internal audit should follow a risk-based approach to its plan	★	Refer to 7.1
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	★	Refer to 7.1
7.4	The audit committee should be responsible for overseeing internal audit	★	Refer to 7.1
7.5	Internal audit should be strategically positioned to achieve its objectives	★	Refer to 7.1

	PRINCIPLE	LEVEL OF COMPLIANCE	COMMENTS
8.	**Governing stakeholder relationships**		
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	✓	Applied. The board monitors stakeholders' perceptions in light of the importance of the company's reputation.
8.2	The board should delegate to management to proactively deal with stakeholder relationships	✓	Applied. Stakeholder relationships are critical for the company and the executive team manage these proactively.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	✓	Applied. All stakeholders are considered during decision-making.
8.4	Companies should ensure the equitable treatment of shareholders	✓	Applied. Equitable treatment of shareholders is important and considered during decision-making.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	✓	Applied. Communication with stakeholders is the responsibility of the board.
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	✓	Applied. The board is informed of any disputes to ensure speedy and effective resolutions.
9.	**Integrated Reporting and disclosure**		
9.1	The board should ensure the integrity of the company's integrated report	✓	Applied. Due care is applied during the compilation of the integrated report to ensure its integrity.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	✓	Applied. The company reports on sustainability matters as part of the integrated report.
9.3	Sustainability reporting and disclosure should be independently assured	✗	Not applied. We do not have such a report at present, the requirements of which are currently being evaluated

SALIENT TERMS OF THE PSG KONSULT SIT

*This **Annexure 5** contains extracts of various provisions from the PSG Konsult SIT Deed. In each case, the numbering and wording below matches that of the applicable provisions in the PSG Konsult SIT Deed.*

For a full appreciation of the provisions of the PSG Konsult SIT Deed, Shareholders are referred to the full text of the PSG Konsult SIT Deed, which is available for inspection, as provided for in paragraph 13.9 of the Pre-listing Statement.

2.1 The main object and purpose of the Share Scheme is the incentivisation and retention of employees of Group Companies and to this extent the Scheme as contemplated in this Trust Deed will not to be used for trading purposes. This Trust Deed facilitates and governs the implementation of the Share Scheme. Employees, as beneficiaries of the Share Scheme, shall be provided with an incentive to advance the interests and growth of the Group Companies by awarding to them in terms of the Share Scheme the opportunity to acquire and obtain the benefit of Shares in the Company.

4. TRUSTEES

4.1 It is recorded that, as at the Signature Date, Petrus Johannes Mouton and Jacob de Vos du Toit (both of whom are non-executive Directors) are the Trustees of the Trust, having been appointed as such in terms of the Original Trust Deed.

4.2 The number of Trustees shall at all times not be less than 2 (two) nor more than 5 (five).

4.3 A Trustee may not be or become a Beneficiary under this Trust whilst acting as a Trustee.

4.4 Executive Directors of the Company may not be appointed as Trustees of the Trust. Non-executive Directors, subject to any restriction contained in the Act, may be appointed as Trustees, provided they do not benefit from the Scheme.

6. TERMINATION OF OFFICE AS A TRUSTEE

Each Trustee shall remain in office until such Trustee ceases to hold office as contemplated in this clause 6. A Trustee shall cease to hold office as such upon –

6.1 such Trustee's estate being sequestrated; or

6.2 such Trustee having become incapacitated in law to hold the office of trustee, in the circumstances as contemplated in section 20(2) of the Trust Property Control Act, 57 of 1988; or

6.3 the Trustee having been removed from office at any time if the Board is of the opinion that such Trustee is not fulfilling his role as contemplated herein; or

6.4 the Board giving one calendar months' notice in writing to such Trustee that such Trustee has been removed from office; or

6.5 the Trustee having resigned at any time on giving one calendar months' notice in writing to the Company, provided that the Board may, at the request of a Trustee, waive the full period of notice; or

6.6 any Trustee becoming disqualified, in terms of the Act or any other law or regulation, from holding an appointment as a director of a company (or similar position); or

6.7 the Trustee having been removed from a position of trust or as a trustee from another trust with similar provisions as described in this clause 6.

7. SUCCESSION AND APPOINTMENT OF TRUSTEES

7.1 Upon any Trustee succeeding to office as Trustees, he shall, in his representative capacity, automatically become vested with the assets and liabilities of the Trust and in every way, with immediate effect, take the place of and assume the powers and duties of the Trustee whom he has succeeded.

7.2 On any Trustee ceasing to hold office for any reason whatsoever, the Board may, subject to clause 4, appoint a successor, but who may not be –

7.2.1 a Beneficiary;

7.2.2 an executive Director of the Company; or

7.2.3 disqualified from holding such office by virtue of the provisions of clause 6,

as a Trustee to fill the vacancy.

7.3 The Board shall be entitled from time to time to appoint additional Trustees, subject to the maximum number of Trustees and other restrictions provided for in clause 4.

8. POWERS OF TRUSTEES

8.1 The Trustees shall, in addition to such other powers as may be conferred upon them by law or in terms of this Deed (whether express or implied), and subject to any other provisions of this Deed and any applicable peremptory statutory or regulatory provisions have the following powers –

8.1.1 to implement the main object and purpose of the Trust as contemplated in clause 2.1;

8.1.2 to implement the principles of the Share Scheme;

8.1.3 to acquire Shares for purpose of the Share Scheme, either by original subscription, purchase, exchange or any other means, and upon such terms as they in their discretion may deem fit, provided that any Shares purchased through the market will not be taken into account when calculating the number of Shares utilised by the Scheme;

8.1.4 to acquire any other marketable securities, whether in the Company or otherwise, either by original subscription, purchase (including the purchase of securities through the stock market in order to satisfy any obligations in terms of the Scheme), exchange or any other means, and upon such terms as they in their discretion may deem fit provided that the acquisition thereof falls within, or is ancillary to, the scope of the main object and purpose of the Trust as contemplated in clause 2.1;

8.1.5 to sell, exchange, donate, alienate, pledge, encumber or in any other manner deal with, dispose of or transfer Shares or the marketable securities as contemplated in 8.1.4 upon such terms as they in their discretion may deem fit;

8.1.6 to participate in any Rights Offer or Capitalisation Issue (including any dividend capitalisation issue) of the Group Companies or in respect of any other company (to the extent applicable);

8.1.7 to buy-back Shares or other marketable securities from Participants and to sell such Shares or marketable securities to the Company if the Company lawfully wishes to acquire its own Shares or other Group Company shares or to acquire such marketable securities;

8.1.8 to acquire property for such purposes and upon such terms as they in their discretion may deem fit, provided that the acquisition of such property falls within, or is ancillary to, the scope of the main object and purpose of the Trust as contemplated in clause 2.1;

8.1.9 to take and act upon any expert or professional advice that may be required for any purposes of the Scheme;

8.1.10 subject to any applicable statute, to open and operate accounts of all descriptions with registered financial institutions as may be required for the efficient administration of the Scheme;

8.1.11 to draw, accept, make or endorse cheques, bills of exchange or promissory notes for and on behalf of the Trust in administering the Scheme;

8.1.12 to exercise all rights conferred by shares and any other assets beneficially held by the Trust including voting rights, rights of conversion and redemption, rights to take up further allotments of shares (including by way of rights or Capitalisation Issues) and the like as they in their discretion may deem fit;

8.1.13 to invest the surplus moneys of the Trust in such investments as they in their discretion may determine and to realise any such investment and to reinvest the proceeds thereof;

8.1.14 subject to the provisions of the Act, to borrow or raise moneys from the Group Companies or any other third party for the purposes of the Share Scheme (including for the purposes of subscribing for or purchasing Shares or other marketable securities), on such terms as they in their discretion may deem fit;

8.1.15 to delegate to any person the performance of any acts which they are entitled to perform or exercise under this Deed;

8.1.16 subject to the provisions of the Act, and with the prior written approval of the Board, make loans to any persons (including Participants), whether interest-bearing or otherwise or whether secured or unsecured, for any purpose considered by the Trustees to be within, or is ancillary to, the scope of the main object and purpose of the Trust as contemplated in clause 2.1;

8.1.17 instead of acting personally, to employ, and to pay, any attorney or any other person to transact business or do any act of whatsoever nature to be done pursuant to this Deed provided that any reasonable payment made in terms hereof shall be refunded to the Trustees by the Trust and/or the Company; and

8.1.18 to exercise such further rights, powers and authorities as may from time to time be conferred upon them under the Share Scheme or by resolution of the Board or, if applicable, by Shareholders in general meeting.

8.2 The Trustees shall have –

8.2.1 full capacity to contract on behalf of the Trust, subject always to such limitations, if any, as may be imposed by this Deed, provided that, subject to any applicable statute, they will under no circumstances be personally liable in respect of any such contract; and

8.2.2 *locus standi in judicio* and be capable of bringing, defending, opposing, withdrawing, settling and/or otherwise acting in connection with any proceedings whatsoever in or before any court, or in any arbitration, or before any other forum, provided that all costs reasonably incurred by them in that regard shall be for the account of the Trust;

8.2.3 without in any way derogating from the powers and authorities hereinbefore vested in the Trustees, such ancillary and/or additional powers as shall be necessary or requisite (including the power to sign all necessary or requisite documentation) to enable them from time to time to deal with all matters appertaining to the Trust and the Share Scheme hereunder in such manner as they shall in their discretion deem advisable in the interests of the Trust and/or any Beneficiary hereunder;

8.2.4 the power to pay any surplus funds held by the Trust from time to time (after discharging liabilities and having made provision for contingent liabilities) to the Company;

8.2.5 the power, in their sole discretion, to resolve to distribute any income and/or capital assets of the Trust to the Company in which event such income and/or capital assets shall vest in the Company in the financial year in which such resolution was passed.

10. VOTING OF TRUSTEES

Decisions of Trustees shall be passed by majority of votes of the Trustees present at the meeting provided that in the event that there are, at any time, only 2 (two) Trustees in office, a decision of the Trustees shall be the unanimous decision of both of them.

14. REMUNERATION OF TRUSTEES

14.1 The Trustees may receive for their services as trustees such remuneration as may from time to time be approved by the Board.

14.2 The Trustees shall be entitled to be reimbursed for all expenses incurred by them in connection with the execution of their duties as trustees, including, if for any reason they are at any time required to furnish security, the costs from time to time of furnishing such security.

16. ACQUISITION BY TRUST AND FINANCIAL ASSISTANCE TO THE TRUST

16.1 The Board may from time to time offer Shares to the Trust or grant options to such Shares to the Trust in respect of Shares which do not exceed the scheme allocation determined in terms of clause 19 below. The Shares referred to in this clause 16.1, or any options in respect thereof are intended to enable the Trustees (in addition to any other Shares acquired by the Trust in terms of this Deed) to fulfil any obligations to Participants from time to time in terms of this Deed. The provisions of clause 26.1 shall apply *mutatis mutandis* to any applicable provisions of this clause 16.1.

16.2 Subject to the provisions of this Deed, the purchase or subscription price of Shares acquired by the Trust pursuant to the Share Scheme, the costs incurred in the acquisition of such Shares, any duties payable upon the transfer of Shares, any disbursements and expenditure incurred by the Trustees in their capacity as such, any amount due to the Trustees in terms of clause 14, any amount in respect of which a Trustee has been lawfully indemnified in terms of clause 15 and any money required to effect any loans under the Share Scheme or repayment of any previous borrowings by the Trustees shall be met out of –

16.2.1 loans to be made to the Trust by any of the Group Companies in accordance with the provisions of section 44 of the Act;

16.2.2 contributions, awards or funds other than in the form of a loan, to be provided to the Trust by any of the Group Companies;

16.2.3 loans by third parties (plus any interest thereon) to the Trust to be procured by the Board upon such terms as the Board is able to arrange having due regard to the provisions of section 44 of the Act; and

16.2.4 the Trust's own resources, if any,

as the Board may from time to time direct. The Company undertakes to ensure that the Trust shall at all times be in a position to fund the acquisition by it (whether by purchase or subscription) of Shares under the Share Scheme.

16.3 Any loss incurred by the Trust pursuant to the implementation of the Share Scheme shall be borne by the Company unless the Board determines to the contrary.

16.4 The Trust shall not be entitled to any capital gain or profit on any transactions undertaken by it (including in relation to any Shares) and no such capital gain or profit shall accrue to it, unless the Board determines in writing to the contrary. The Trust (unless the Board determines in writing to the contrary) shall cede and transfer to the Company from time to time upon request, as a *quid pro quo* for clauses 16.3 and 36.4, its right to any capital gain or profit, which may arise from any such transaction undertaken by it.

18. AWARDING OF OPTIONS

18.1 The Board, subject to clause 19.4, may from time to time instruct and authorise the Trustees in writing to award Options to such Employees selected by it to participate in this Scheme ("**the Resolution**"). The Resolution shall specify the name of the Employee, the number of Options, the Option Date, the Strike Price and any other relevant terms and conditions as may be determined by the Board. Each such Option shall be offered for purchase at the Strike Price. The Trustees shall as soon as practicable award the Options to the persons named in the Resolution, which award shall be in writing and specify the number of Options, the Option Date, the Strike Price, the obligation of the Participant to adhere strictly to the terms of this Deed (which shall be made available at all times to any Participant) and any other relevant terms and conditions as may be determined by the Trustees.

18.2 All Options shall be subject to the provisions of the Trust Deed.

18.3 The Board shall determine Employees selected to participate in this Scheme and the number of Options awarded to such Employees based on the main object and purpose of the Trust (as contemplated in clause 2.1) and having regard to incentivising Employees based on recommendations (which will be made at least annually) by management and directors of the Company and/or any other Group Companies, to the extent applicable.

18.4 The frequency of the awarding of Options (including any new or additional Options from time to time) shall be determined by the Board from time to time.

18.5 The Board shall be under no obligation to award any Options to Employees or to award the same or similar amount of Options to Employees.

19. PARTICIPATION ALLOCATION AND AMOUNT

19.1 The persons eligible for participation in the Share Scheme shall be such Employees determined in accordance with the provisions of this Trust Deed.

19.2 *The modus operandi* in terms whereof the Trust procures or acquires Options or Shares for the purposes hereof shall be in terms of clause 16.1 above or as otherwise determined between the Board and the Trustees.

19.3 The maximum aggregate number of Shares that may be utilised for the purposes of this Share Scheme, shall not exceed –

19.3.1 100 000 000 Shares, being 7.92% of all Shares in the issued share capital of the Company on the Signature Date; or

19.3.2 such other number of Shares, as may be permitted in terms of the JSE Listings Requirements from time to time, as approved by the Board and, to the extent that such approval is required under the JSE Listings Requirements or other law, by Shareholders.

19.4 The maximum number of Shares that may be acquired by any one Beneficiary in terms of the Share Scheme, shall not exceed –

19.4.1 37 861 383; or

19.4.2 such other number of Shares, as may be permitted in terms of the JSE Listings Requirements from time to time, as approved by the Board and, to the extent that such approval is required under the JSE Listings Requirements or other law, by Shareholders.

19.5 The limits contained in clauses 19.3 or 19.4 are subject to any adjustment in terms of clause 26.1 below.

19.6 Save as expressly indicated otherwise in this Trust Deed, Scheme Shares shall in all respects rank *pari passu* with ordinary issued Shares of the Company, including as to voting, dividend, transfer and other rights and as to rights arising on a liquidation of the Company.

19.7 The Company shall make timeous application for any listing on the JSE of the Scheme Shares (to the extent applicable).

20. OPTIONS

20.1 An Option –

20.1.1 shall be awarded on the basis that if the Option is exercised the purchase price payable by the Participant concerned will be the Strike Price;

20.1.2 shall, save to any extent permitted in terms of this Trust Deed, be personal to and only capable of being accepted by the Beneficiary to whom it is granted;

20.1.3 shall be exercised within the relevant period specified in terms of this Deed;

20.1.4 shall be exercised in writing and duly signed by the Beneficiary concerned or, if after his death it is capable of being exercised by the executors of his estate, by such executors. Such exercise shall include a physical address (and, if available, a telefax number or e-mail address), which address (and telefax number or e-mail address) shall constitute the *domicilium citandi et executandi* of such Beneficiary for all purposes in terms of the Scheme. Any notice addressed to the said *domicilium* of such Beneficiary shall, if sent by prepaid registered post, be deemed to have been received on the 5th (Fifth) day after posting (unless the contrary is proved) and shall, if delivered by hand to a responsible person during ordinary business hours, be deemed to have been received on the day of delivery (unless the contrary is proved) and shall, if sent by telefax or e-mail, be deemed to have been received on the date of despatch (unless the contrary is proved). Notwithstanding anything to the contrary contained in this clause 20.1.4 any notice actually received by a Beneficiary shall be an adequate notice for the purposes hereof notwithstanding the fact that it was not sent to or delivered to the said *domicilium* of the Beneficiary;

20.1.5 shall, as to the number thereof awarded from time to time to any Beneficiary, be determined by the Board, in its discretion;

20.1.6 may be awarded from time to time during the existence of the Scheme (subject always to clause 19);

20.1.7 may only be exercised in respect of 100 (One Hundred) Shares or multiples thereof at a time, or in full (if permitted in terms of this Deed);

20.1.8 shall, pursuant to the exercise of an Option, be settled upon a Participant only by way of the delivery of Shares and a Participant shall not be entitled to receive cash in lieu of Shares (it being recorded that, for the purposes of International Financial Reporting Standard 2, the aforegoing shall be an equity-settled share-based payment transaction);

20.1.9 shall be awarded on the basis that the number of Scheme Shares to be delivered to a Participant, and the discharge of the Strike Price in respect of such Shares, shall be on a delivery versus payment method in accordance with the provisions of this Trust Deed; and

20.1.10 shall be governed by the provisions of this Trust Deed, to which the Beneficiary shall strictly adhere.

20.2 Save to any extent contemplated to the contrary in this Trust Deed, the risk in the Scheme Shares shall pass to the Beneficiary on the exercise of the Option.

20.3 Ownership or any other vested rights in and to the Scheme Shares shall only pass to the Beneficiary on delivery in terms of clause 23 and against payment of the Strike Price and fulfilment of any other obligations of the Beneficiary in terms of this Deed.

20.4 Delivery and registration of Scheme Shares to a Beneficiary shall only take place subject to compliance with the provisions of clause 20.3 and any other applicable provisions of this Deed.

20.5 An Option shall immediately lapse –

20.5.1 to the extent that it is not exercised within the Exercise Period of such Option; or

20.5.2 prior to the exercise of the Option, if the Beneficiary to whom such Option has been granted, is dismissed from employment by a Group Company on grounds of misconduct, poor performance, dishonesty or fraudulent conduct; or

20.5.3 prior to the exercise of the Option, if the Beneficiary to whom such Option has been granted, ceases to be employed by any Group Company for any reason whatsoever, save to any extent expressly contemplated in terms of clause 24 below; or

20.5.4 to the extent contemplated in terms of this Trust Deed; or

20.5.5 upon the Beneficiary making application for the voluntary surrender of his estate or his estate becoming subject to any provisional or final order for its sequestration or upon any attachment of any interest of a Beneficiary under the Scheme unless the Board in its discretion passes a resolution to the contrary within 60 (Sixty) days of such voluntary surrender, sequestration or attachment.

20.6 Neither an Option, nor any rights awarded thereunder may be transferred, ceded, pledged or alienated in any way whatsoever, save as may be expressly permitted in terms of this Trust Deed.

21. OPTION EXERCISE

21.1 Options forming part of any Employee Allocation shall only be capable of being exercised in terms hereof (during the Exercise Period) on the basis of –

21.1.1 25% (Twenty Five Percent) thereof vesting as at the 2nd (second) anniversary of the Option Date ("**First Vesting Date**");

21.1.2 25% (Twenty Five Percent) thereof vesting as at the 3rd (third) anniversary of the Option Date ("**Second Vesting Date**");

21.1.3 25% (Twenty Five Percent) thereof vesting as at the 4th (fourth) anniversary of the Option Date ("**Third Vesting Date**"); and

21.1.4 25% (Twenty Five Percent) thereof vesting as at the 5th (fifth) anniversary of the Option Date ("**Fourth Vesting Date**").

21.2 An Option must be exercised during the applicable Exercise Period of such Option ("**Option Exercise Date**") and such exercise, and the Scheme Shares acquired pursuant to such exercise, shall be governed by the applicable provisions of this Trust Deed. For the avoidance of any doubt, and having regard to the provisions of clauses 20.5.1 and 21.1, the Exercise Period for Options falling due at the First Vesting Date, the Second Vesting Date, the Third Vesting Date and the Fourth Vesting Date (as the case may be) shall be within 30 (Thirty) days of each of such First Vesting Date, Second Vesting Date, Third Vesting Date and Fourth Vesting Date (as the case may be).

21.3 The Board, in its discretion, may instruct the Trustees to reach more favourable alternative arrangements with Participants or the relevant executor or legal representative in regard to the date or time limits of the lapsing of an Option or the exercising of an Option or the date of payment of the Strike Price (including in respect of any dates or time limits contemplated in clauses 20, 21, 24 or 26 hereof) or the manner for effecting payment thereof.

21.4 Failure by a Beneficiary to exercise an Option timeously in accordance with the provisions of this clause 21 shall result in the lapsing of such Option.

21.5 Failure by a Beneficiary to comply faithfully and timeously with all his obligations in terms of the Trust Deed shall result in the immediate lapsing of his Options unless the Board instructs the Trustees to the contrary.

24. FINANCIAL ASSISTANCE TO BENEFICIARIES

24.1 In amplification of clauses 8.1.14 and 8.1.16, in respect of any Beneficiary (or the relevant executor or legal representative of a Beneficiary's deceased estate) ("**Borrower**") who has exercised all or part of his Options in such manner as is contemplated in terms of this Trust Deed, the Trustees ("**Lender**") shall, in their absolute and unfettered discretion, be entitled to provide financial assistance to the Borrower for the purpose of assisting the Borrower in fulfilling the monetary obligations arising due to the exercise of all or part of his Options in terms of this Trust Deed, which obligations shall include, *inter alia*, the payment of the Strike Price in respect of such Options so exercised and any Beneficiary Taxation ("**the loan**"), subject to the following terms and conditions –

24.1.1 the Borrower shall be required to provide the Lender with a deposit equal to at least 10% of the loan value in cash on the applicable Option Exercise Date;

24.1.2 the Borrower shall be required, in a separate agreement, to pledge in *securitatum debiti* such number of Shares (whether or not they are the Scheme Shares to be delivered to the Borrower as contemplated in this clause 24) as is equal to (or more than) 130% (One Hundred and Thirty Percent) of the loan value, unless the Trustees on reasonable grounds decide otherwise, with the value of such security to be calculated in *mutatis mutandis* the same manner as the Strike Price ("**the security**");

24.1.3 to the extent that the value of the security as calculated by the Lender continues to fall below aforementioned percentage in clause 24.1.2 above for a period of at least 5 (five) business days, the Lender shall be entitled to forthwith perfect all or part of the security so as to reduce any outstanding balance in respect the loan and in so doing restore the requisite percentage cover, to the extent additional security is not provided by the Borrower;

24.1.4 any outstanding balance in respect of the total amount borrowed by the Borrower from time to time shall attract interest at the South African Revenue Services fringe benefit rate, which shall accrue and be compounded annually in arrears and be payable annually by the Borrower;

24.1.5 the capital amount outstanding in respect of the loan, together with all interest accrued thereon, must be paid in full within 3 (three) years of such capital amount having been advanced to the Borrower by the Lender;

24.1.6 subject to the provisions of clause 25 and notwithstanding the provisions of 24, if the Borrower ceases to be an Employee at any time while any amount (whether capital or interest) in respect of the loan is outstanding, the full amount of the loan plus all interest that accrues thereon shall become due and payable within 7 (seven) days of written notice thereof by the Lender to the Borrower and interest at the prime rate of interest plus 3% (Three Percent) shall be payable on any outstanding amount unless the Lender resolves otherwise. The Lender shall furthermore be entitled to forthwith perfect all or part of the security so as effect repayment of the full loan amount, including interest, that may be outstanding.

24.2 Notwithstanding the aforegoing, the Board may instruct the Trustees to reach more favourable alternative arrangements with a Borrower, depending on the personal circumstances of such Borrower. Accordingly, the terms and conditions of any financial assistance as granted by the Lender, remain in the Lender's sole discretion.

33. AMENDMENTS TO THE TRUST DEED

33.1 Subject to –

33.1.1 the approval by Shareholders, to the extent that such approval may be required in terms of any law and the JSE Listings Requirements (including schedule 14 of the JSE Listings Requirements); and

33.1.2 compliance with any applicable law and the JSE Listing Requirements (including the provisions contained in paragraph 14.1 of Schedule 14 of the JSE Listing Requirements),

this Deed may be amended from time to time by written agreement between the Board and the Trustees. For the avoidance of doubt, to the extent that any such amendment relates specifically to matters listed in paragraph 14.1 of Schedule 14 of the JSE Listings Requirements, such amendment shall require the approval of an ordinary resolution to this effect, which resolution shall be approved by not less than a 75% (Seventy-Five Percent) majority of the votes cast in respect of such resolution by all Shareholders present in person or by proxy at the general meeting to approve such resolution and duly authorised to vote in terms of paragraph 14.2 of Schedule 14 of the JSE Listings Requirements.

33.2 Subject to clause 33.1, if the implementation of any provision of this Deed is rendered impossible or impracticable by reason of any change in law at any time after the signing of this Deed, the Board shall have the power, with the approval of the Trustees, to amend this Deed in such manner as will result in it being capable of practical implementation in terms of the law then in force so as to result in the Trust, the Group and the Participants enjoying such rights as confer, in the opinion of the Auditors (acting as experts and not as arbitrators and whose determination shall be final and binding) for the time being of the Company, substantially the same degree of benefit on them as would have been enjoyed by them but for such amendments and change in law.

36. TERMINATION OF THE TRUST

36.1 The Trustees shall be entitled in their discretion to terminate the Trust –

36.1.1 as soon as all Options awarded by it to Employees have been exercised and the Trust has received payment in full of any amounts owed to it by the Participants; or

36.1.2 the Board resolves that the Trust shall be terminated; or

36.1.3 should the Company, the Trustees and the Participants (if any) who have vested rights in terms of this Deed, agree in writing to terminate the Trust.

36.2 Upon termination of the Trust, the Trustees shall be entitled in their discretion to release the assets of the Trust and wind-up the affairs of the Trust and pay over to the Company any surplus funds (after having discharged all liabilities) remaining in the Trust. The provision of this clause 36.2 shall apply *mutatis mutandis* to any Shares held by the Trust upon the termination thereof.

36.3 Upon termination of the Trust, the Trustees shall be entitled in their discretion to transfer any income or capital (on terms and conditions to be determined by the Board and the Trustees) of the Trust to the Company.

36.4 Should the amount paid by the Trustees to the Company in terms of this clause 36 fall short of any indebtedness of the Trust to the Company and/or its Subsidiaries, the Trustees shall be relieved of all liability for such shortfall, which loss shall be constituted as a loss to be borne by the Company and/or its Subsidiaries.

36.5 The Trustees shall consult with the Board prior to implementing any aspects of this clause 36 and shall as far as reasonably possible take into consideration any determination of the Board.

DIRECTOR PROFILES

WILLEM THERON (61)

Non-executive director and chairman

BCompt (Hons), CA(SA)

Willem founded the chartered accountancy firm, Theron du Plessis in 1976 in Middelburg which eventually had ten branch offices in the Western and Eastern Cape. In 1998 he founded PSG Konsult and acted as its chief executive officer until 30 June 2013, where after he was appointed as its non-executive chairman. He also serves on the board of PSG Group Limited.

Appointed to the PSG Konsult board on 1 March 1998.

PATRICK ERNEST BURTON (61)

Independent non-executive director

BCom (Hons) Financial Management, PG Dip Tax

Patrick served at Moores Rowland, Chartered Accountants for eight years, during which he completed his training contract. He immigrated to Canada in 1981 and worked for Lanvethol and Horwath, Chartered Accountants, from 1981 to 1984. Patrick obtained his BCom (Honours) in Financial Management in 1992 and a Post-Graduate Diploma in Tax Law in 1993 from the University of Cape Town. Patrick was one of the Founding Members of Siphumelele Investments Limited established in 1995. His experience includes executive and non-executive positions in fishing, financial services, telecommunications, media and entertainment, technology and insurance. He currently serves as the financial director of Snoek Wholesalers (Pty) Ltd.

Appointed to the PSG Konsult board 1 March 2014

JACOB DE VOS DU TOIT (59)

Lead independent non-executive director

BAcc, CA(SA), CTA, CFA

Jaap was appointed as senior general manager at the Trust Building Society in 1984, financial director at Senekal, Mouton & Kitshoff Securities (Proprietary) Limited in 1988 and portfolio director in 1990. In 1996 he was co-founder of both PSG Group and PSG Konsult and has been a director of both since inception. He also acted as chairman of PSG Konsult from inception in 1998 until 2013. In August 2012 Jaap was appointed as the lead independent non-executive director for PSG Group Limited and PSG Financial Services Limited. He was appointed as chairman of KAP Industrial Holdings Limited in 2012 and is chairman of its nomination committee.

Appointed to the PSG Konsult board on 17 August 1998.

JOHANNES FREDERICUS MOUTON (67)

Non-executive director

BCom (Hons), CA(SA), AEP

Jannie was co-founder and managing director of Senekal, Mouton & Kitshoff (Proprietary) Limited, where after he founded PSG Group Limited and later Capitec Bank. He is chairman and director of various companies within the PSG Group and also serves on the boards of Zeder Investments Limited and Steinhoff International Holdings Limited. He has more than 35 years' experience in financial management and investment banking and serves as a trustee of various trusts administered on behalf of the University of Stellenbosch.

Appointed to the PSG Konsult board on 1 March 2002.

PETRUS JOHANNES MOUTON (37)

Non-executive director

BComm (Mathematics)

Piet is the chief executive officer of PSG Group Limited. He serves as a director on the boards of various PSG group companies, including Curro Holdings, Capitec Bank, Thembeka Capital and Zeder Investments Limited. He has been active in the investment and financial services industry since 1999.

Appointed to the PSG Konsult board on 6 December 2012.

FRANCOIS JOHANNES GOUWS (49)

Chief Executive Officer

BAcc, CA(SA)

Francois was a group managing director jointly responsible for the UBS Securities Division before joining PSG Konsult initially as deputy chief executive officer in July 2012 and assumed the role of chief executive officer of PSG Konsult with effect from 1 July 2013. He started his career at UBS Investment Bank in 1995 as head of research in South Africa. Prior to that he worked for Senekal, Mouton & Kitshoff (Proprietary) Limited in South Africa.

Appointed to the PSG Konsult board on 1 March 2013.

MICHAEL IAN FRAIN SMITH (46)

Chief Financial Officer

BCom (Hons), CA(SA), H Dip Tax, H Dip Company Law

Mike has more than 20 years' experience in the financial services industry. He was appointed chief financial officer of PSG Konsult in June 2013, having joined PSG in 2001 as group financial director of Appleton Limited, later becoming chief operating officer (COO) for PSG Asset Management and most recently serving as the COO for the PSG Wealth division. Prior to that he worked for both RAD Investment Bank and Deloitte & Touche in their corporate finance divisions.

Appointed to the PSG Konsult board on 18 July 2013.

ZITULELE LUKE (KK) COMBI (62)

Independent non-executive director

Diploma in Public Relations

KK is the executive chairman of Thembeka Capital Limited. He holds a diploma in public relations and was awarded the Ernst & Young South African Best Entrepreneur of the Year award in 2000, as well as the World Entrepreneur of the Year in Managing Change award in 2001. KK is a member of the Institute of Directors and serves on various listed and unlisted companies' boards, including PSG Group, Curro Holdings Limited and as Chairman of Pioneer Food Group Limited.

Appointed to the PSG Konsult board on 16 April 2014.

OTHER DIRECTORSHIPS

The table below sets out the names of the companies and other entities of which PSG Konsult's Directors, as well as the directors of its major subsidiaries are or have been directors, members or partners during the five years preceding the Last Practicable Date.

Director	Name of Company or Entity	Capacity
W Theron	PSG Wealth Financial Planning Proprietary Limited	Director
	PSG Management Services Proprietary Limited	(resigned)
	PSG Konsult Securities Proprietary Limited	(resigned)
	PSG Konsult Short-term Insurance Brokers Proprietary Limited	(resigned)
	Western Group Holdings Limited	Director
	Western National Insurance Company Limited	Director
	Western National Insurance Company Proprietary Limited	Director
	PSG Employee Benefits Limited	Director
	Terason Proprietary Limited	Director
	Terason Holdings Proprietary Limited	Director
	Terason Investments Proprietary Limited	Director
	Hermanus Batebestuurders CC	Member
	Walkerbaai Beleggings CC	Member
	Investment House Namibia Proprietary Limited	Director
	PSG Namibia Proprietary Limited	(resigned)
	PSG Group Limited	Director
	PSG Financial Services Limited	Director
	PSG Brokers (UK) Limited	Director
	PSG Konsult Limited	Director
	Abrafield Proprietary Limited	(resigned)
	Delerus Proprietary Limited	(resigned)
	Norster Proprietary Limited	Director
	PSG Asset Management Holdings Proprietary Limited	(resigned)
	PSG Collective Investments Limited	(resigned)
	PSG Invest Proprietary Limited	Director
	PSG Asset Management Life Limited	Director
	Online Securities Limited	(resigned)
	Xinergistix Limited	Director
F Gouws	PSG Group Limited	Director
	PSG Financial Services Limited	Director
	Lanchian Investments Proprietary Limited	Director
	UBS Limited	(resigned)
MIF Smith	PSG Konsult MS (UK) Limited	Director
	PSG Konsult Brokers (UK) Limited	Director
	Micali Family Trust	Trustee
	Unicorn Smith Family Trust	Trustee
	Smith Frain Family Trust	Trustee
	PSG South Easter Fund Management Proprietary Limited	(resigned)
	PSG Asset Management Proprietary Limited	(resigned)
	PSG Asset Management Group Services Proprietary Limited	(resigned)
	PSG Asset Management Life Limited	(resigned)
	PSG Wealth Nominees Proprietary Limited	(resigned)
	PSG Asset Management Admin Services Proprietary Limited	(resigned)
	PSG Asset Management Nominees Proprietary Limited	(resigned)
	PSG Multi Management Proprietary Limited	(resigned)
	PSG Collective Investments Limited	(resigned)
	PSG Wealth Holdings Proprietary Limited	(resigned)
	PSG Fund Management (CI) Limited	(resigned)
	PSG Mutual Fund PCC Limited	(resigned)
	PSG Asset Management Holdings Proprietary Limited	(resigned)

Director	Name of Company or Entity	Capacity
JF Mouton	PSG Financial Services Limited	Director
	PSG Group Limited	Chairman
	Charite Beleggings Proprietary Limited	Director
	Dana Beleggings Proprietary Limited	Director
	Enjasu Beleggings Proprietary Limited	Director
	PSG Konsult Beperk	Director
	Steinhoff International Holdings Limited	Director
	Klipbank Beleggings Proprietary Limited	Chairman
	Zeder Investments Limited	Chairman
	Zeder Financial Services Limited	Director
	Paladin Capital Limited	Director
	Klein Gustrouw Estate Proprietary Limited	Director
	Gwarrynek Proprietary Limited	Director
	J F M Investments Proprietary Limited	Director
	Jan Mouton Beleggings Proprietary Limited	Director
	My Favourite Beleggings Proprietary Limited	Director
	Deidre Beleggings Proprietary Limited	Director
	Piet Mouton Beleggings Proprietary Limited	Director
PJ Mouton	Dana Beleggings Proprietary Limited	Director
	Klipbank Beleggings Proprietary Limited	Director
	Thembeka Capital Limited	Director
	GRW Holdings Proprietary Limited	Director
	Capitec Bank Holdings Limited	Director
	Capitec Bank Limited	Director
	Koktyls Investments Proprietary Limited	Director
	Spirit Capital Proprietary Limited	Director
	PSG Group Limited	Director
	PSG Financial Services Limited	Director
	Paladin Capital Limited	Director
	PSG Capital Proprietary Limited	Director
	Ou Kollege Beleggings Limited	Director
	Curro Holdings Limited	Director
	PSG Africa Holdings Proprietary Limited	Director
	PSG Corporate Services Proprietary Limited	Director
	35 Kerk Street Investments Limited	Director
	Precrete Holdings Proprietary Limited	Director
	Green Square Mining and Mining Contracting Proprietary Limited	Director
	African Unity Insurance Limited	Director
	AIC Holding Company Proprietary Limited	Director
	Zeder Africa Proprietary Limited	Director
	Zeder Financial Services Limited	Director
	Zeder Investments Limited	Director
	Grayston Elliot Proprietary Limited	Director
	Charite Beleggings Proprietary Limited	Director
	JFM Investments Proprietary Limited	Director
	Heroldsbaai Investments Proprietary Limited	Director
	Jayvista Proprietary Limited	Director
	K2013202275 (South Africa) Proprietary Limited	Director
	PSG Konsult Limited	Director
	Sideling Hill Properties Proprietary Limited	Director
	Spiritorque Proprietary Limited	Director

Director	Name of Company or Entity	Capacity
J de V du Toit	PSG Group Limited	Director
	PSG Financial Services Limited	Director
	PSG Konsult Limited	Director
	Connection Telecom Proprietary Limited	Director
	Intercontinental Trust	Director
	Diamant Wynlandgoed Proprietary Limited	Director
	Crest GmbH	Director
	Capespan Group Limited	Director
	Nouvelle Mushrooms Proprietary Limited	Director
	Kap Industrial Holdings Limited	Director
	Club Augusta Share Block Proprietary Limited	Director
	Fancourt Leisure Proprietary Limited	Director
	Rich Rewards Trading 485 Proprietary Limited	Director
PE Burton	Siphumelele Investments Limited	Director
	Scofish Proprietary Limited	Director
	Talhado Fishing Enterprises Proprietary Limited	Director
	PSG Group Limited	Director
	Shapreez Property Proprietary Limited	Director
	PSG Financial Services Limited	Director
	Safrican Insurance Co Limited	Director
	Thembeka Capital Limited	Director
	Gourmet Fish Products Proprietary Limited	Director
	Randgold & Exploration Company Limited	Director
	Freedom Property Fund Limited	Director
	Good Hope Fisheries Proprietary Limited	Director
	HCW Fishing Proprietary Limited	(resigned)
	Simanyene Fishing Proprietary Limited	(resigned)
	Snoek Wholesalers Proprietary Limited	(resigned)
	Cape Lobster Exporters Association Limited	(resigned)
	Blue Atlantic Trading Proprietary Limited	(resigned)
	RGS Fishing CC	Member
ZL Combi	Business Venture Investments No 1582 (RF) Proprietary Limited	Director
	Business Venture Investments No 1583 (RF) Proprietary Limited	Director
	Combi Investments CC	Director
	Curro Holdings Limited	Director
	Kombo King Proprietary Limited	Director
	Kompact Koock Proprietary Limited	Director
	PSG Financial Services Limited	Director
	PSG Group Limited	Director
	Pioneer Food Group Limited	Director
	Thembeka Capital (RF) Limited	Director
	Combi And Co Proprietary Limited	Director
	Rugay Investments Proprietary Limited	Director
	Vat Refund Administrator Proprietary Limited	Director
	Vividend Income Fund Limited	Director
	Tourist Vat Refund Proprietary Limited	Director
Directors of Major Subsidiaries		
C Henderson	PSG Asset Management Holdings Proprietary Limited	Director
	PSG Asset Management Proprietary Limited	Director
	PSG Asset Management Group Services Proprietary Limited	Director
	PSG Collective Investments Limited	Director
	Brunia Capital Proprietary Limited	(resigned)
	AI Fund Management Proprietary Limited	Director (deregistered)
	Black Swan Fund Management Proprietary Limited	Director (being deregistered)
	Brunia Fund Management Proprietary Limited	(resigned)
	PSG Fixed Income and Commodities Proprietary Limited	(resigned)
	PSG Multi Management Proprietary Limited	(resigned)
	South Easter Fund Management Proprietary Limited	(resigned)
	Totarite Proprietary Limited	(resigned)
	Olive Capital Proprietary Limited	(resigned)

Director	Name of Company or Entity	Capacity
J Hugo	PSG Insure Holdings Proprietary Limited	Director
T Biesenbach	PSG Distribution Holdings Proprietary Limited	Director
	PSG Wealth Financial Planning Proprietary Limited	Director
	PSG Wealth Holdings Proprietary Limited	Director
	PSG Trust Proprietary Limited	(resigned)
	Allfinanz Board of Executors and Trust Company Proprietary Limited	(resigned)
	PSG Management Services Proprietary Limited	(resigned)
	PSG Academy Proprietary Limited	(resigned)
	PSG Employee Benefits Limited	Director
	Nhluvuko Risk Administration Proprietary Limited	(resigned)
	Topexec Management Bureau Proprietary Limited	(resigned)
	PSG Konsult Insurance Solutions Proprietary Limited	(resigned)
	PSG Fixed Interest & Commodities Proprietary Limited	(resigned)
	Online Securities Limited	(resigned)
	PSG Wealth Group Services Proprietary Limited	(resigned)
	PSG Scriptfin Proprietary Limited	(resigned)
	Marled Nominees Proprietary Limited	(resigned)
	Utrade Nominees Proprietary Limited	(resigned)
	Abrafield Proprietary Limited	(resigned)
	Delerus Proprietary Limited	(resigned)
	PSG Insure Holdings Proprietary Limited	Director
	PSG Konsult Brokers (UK) Limited	(resigned)
	PSG Consult Limited	(resigned)
	PSG Asset Management Holdings Proprietary Limited	Director
	PSG Collective Investments Limited	Director
	PSG Invest Proprietary Limited	Director
	PSG Life Limited	Director
	Western Group Holdings Limited	Director
	Western Insurance Company Limited (Namibia)	Director
	PSG Absolute Investments Proprietary Limited	(resigned)
W Waldeck	PSG Multi Management Proprietary Limited	Director
	PSG Scriptfin Proprietary Limited	Director
	PSG Wealth Group Services Proprietary Limited	Director
	PSG Wealth Holdings Proprietary Limited	Director
	Online Securities Limited	Director
	PSG Life Limited	Director
	PSG Collective Investments Limited	(resigned)
	PSG Fixed Income and Commodities Proprietary Limited	Director
	PSG Invest Proprietary Limited	Director
	PSG Asset Management Proprietary Limited	(resigned)
	PSG Asset Management Group Services Proprietary Limited	(resigned)
	PSG Asset Management Holdings Proprietary Limited	(resigned)
	PSG Konsult Limited	(resigned)
	Brunia Capital Proprietary Limited	(resigned)
	South Easter Fund Management Proprietary Limited	(resigned)
C de Bruyn	Online Securities Limited	Director
	PSG Wealth Group Services Proprietary Limited	Director
	Make A Million Online Proprietary Limited	Director
	PSG Nominees Proprietary Limited	Director
	Bubble Creek Properties Proprietary Limited	Director
	Highland Gate Lodge 790 Proprietary Limited	Director
	PSG Asset Management Life Limited	Director
	PSG Asset Management Nominees Proprietary Limited	Director
	PSG Invest Proprietary Limited	Director
	PSG Multi Management Proprietary Limited	Director
	PSG Scriptfin Proprietary Limited	Director
	PSG Wealth Holdings Proprietary Limited	Director
	STRATE Charity Shares NPC	Director
	Marled Nominees Proprietary Limited	Director
	PSG Fixed Income and Commodities Proprietary Limited	Director

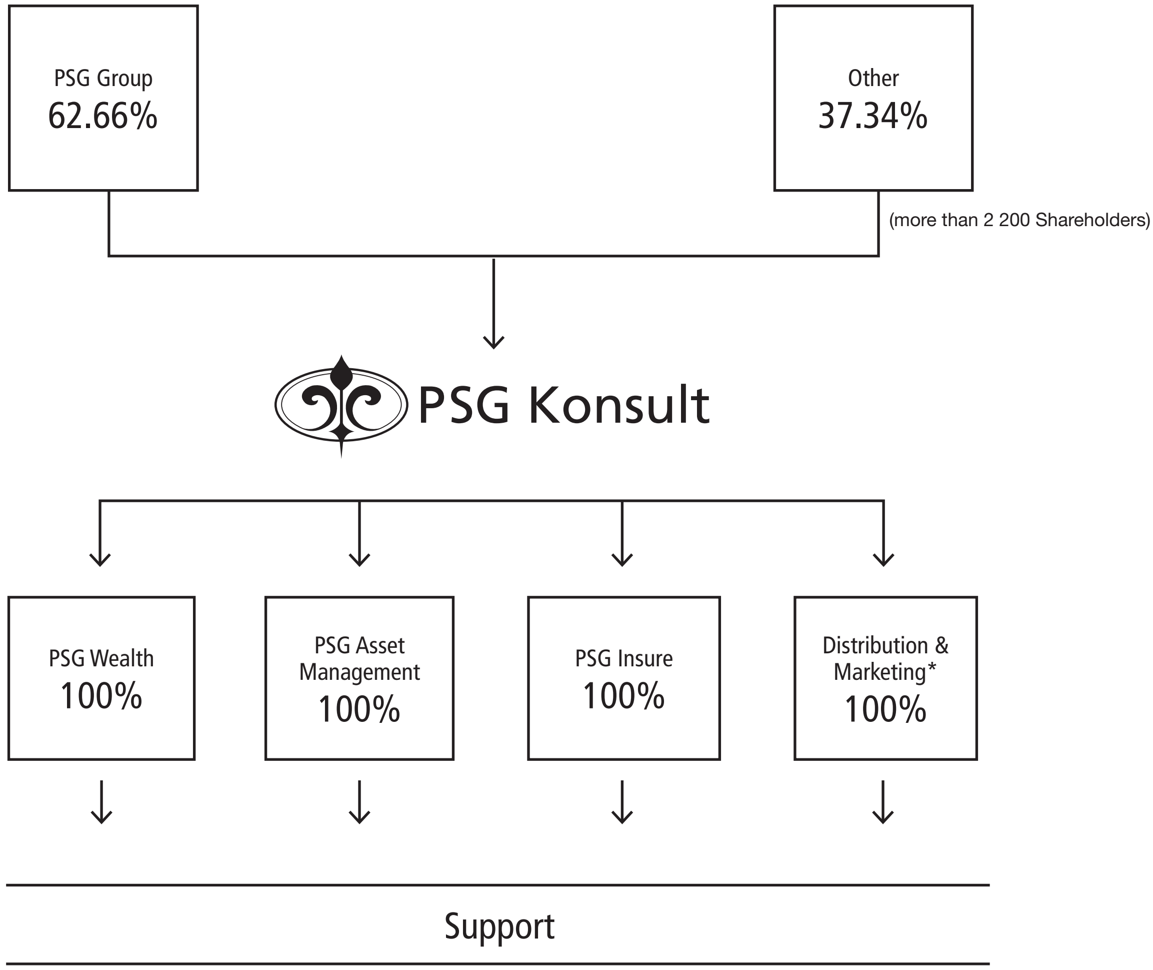
Director	Name of Company or Entity	Capacity
J Theron	PSG Distribution Holdings Proprietary Limited	Director
	PSG Wealth Financial Planning Proprietary Limited	Director
	PSG Konsult Securities Proprietary Limited	Director
	PSG Konsult Short-term Insurance Brokers Proprietary Limited	Director
	Bouwer Collins Insurance Brokers Proprietary Limited	Director
	PSG Konsult Verre-Noord Proprietary Limited	Director
	PSG Konsult Commercial Division Proprietary Limited	Director
	PSG Konsult Nucleus Proprietary Limited	Director
	PSG Optimum Proprietary Limited	Director
	PSG Potgietersrus Proprietary Limited	Director
	PSG Ellisras Proprietary Limited	Director
	PSG Warmbad Proprietary Limited	Director
	PSG Nylstroom Proprietary Limited	Director
	NFA ProprietaryNFA Proprietary Limited	Director
	PSG Konsult Vereeniging Proprietary Limited	Director
T Collopy	PSG Asset Management Group Services Proprietary Limited	Director
	PSG Asset Management Proprietary Limited	Director
	PSG Asset Management Holdings Proprietary Limited	Director
	PSG Collective Investments Limited	Director
	PSG Multi Management Proprietary Limited	(resigned)
	PSG South Easter Fund Management Proprietary Limited	(resigned)
	PSG Fund Management (CI) Limited	Alternate Director
	Dialstat Trading 101 Proprietary Limited	Director (deregistered)
	PSG Alphen Asset Management Proprietary Limited	(resigned)
	PSG Invest Proprietary Limited	(resigned)
	PSG Invest Nominees Proprietary Limited	(resigned)
	PSG Tanzanite Proprietary Limited	(resigned)
D Johnson	Stephen Lovemore Family Trust	Trustee
	The Geluk Trust	Trustee
	The Eleanor Kelley-Patterson Trust	Trustee
	Sygnia Life	Director
	Sygnia Nominees	Director
	Sygnia Retirement Annuity Fund	Principal Officer
	Sygnia Pension Preservation Fund	Principal Officer
	Sygnia Provident Preservation Fund	Principal Officer
	Sygnia Collective Investments	Director
	School Governing Body South African College (SACS)	Chairman
	Foord Umbrella Provident Fund	Principal Officer
	New Safmarine Proprietary Limited Pension Fund	Principal Officer
	Dave Johnson Consulting CC	Member
	PSG Life Limited	Director
	PSG Invest Proprietary Limited	Director
	PSG Collective Investments Limited	Director
	PSG Wealth Nominees Proprietary Limited	Director
	PSG Invest Nominees Proprietary Limited	Director
	PSG Asset Management Preservation Pension Fund	Trustee
	PSG Asset Management Preservation Provident Fund	Trustee
	PSG Asset Management Retirement Annuity Fund	Trustee
	Equinox Preservation Provident Fund	Trustee
	Equinox Preservation Pension Fund	Trustee
	Equinox Retirement Annuity Fund	Trustee
	Ovation Preservation Pension Fund	Trustee
	Ovation Preservation Provident Fund	Trustee
	Ovation Retirement Annuity Fund	Trustee

Director	Name of Company or Entity	Capacity
D Hugo	PSG WealthWealth Financial Planning Proprietary Limited	Director
	Nhluvuko Risk Administration Proprietary Limited	Director
	PSG Asset Management Holdings Proprietary Limited	Director
	PSG Corporate Financial Planning Proprietary Limited	Director
	PSG Distribution Holdings Proprietary Limited	Director
	PSG Insure Holdings Proprietary Limited	Director
	PSG Wealth Holdings Proprietary Limited	Director
	Woodwind Trading Proprietary Limited	Director
	PSG Employee Benefits Limited	Director
	PSG Trust Proprietary Limited	Director
	Allfinanz Board of Executors and Trust Company Proprietary Limited	Director
	PSG Konsult Securities Proprietary Limited	Director
	PSG Konsult Short-term Insurance Brokers Proprietary Limited	Director
	PSG Konsult Verre-Noord Proprietary Limited	Director
	PSG Konsult Commercial Division Proprietary Limited	Director
	PSG Konsult Nucleus Proprietary Limited	Director
	PSG Optimum Proprietary Limited	Director
	PSG Potgietersrus Proprietary Limited	Director
	PSG Ellisras Proprietary Limited	Director
	PSG Warmbad Proprietary Limited	Director
	PSG Nylstroom Proprietary Limited	Director
	NFA Proprietary Limited	Director
	Investment House Namibia Proprietary Limited	Director
	PSG Namibia Proprietary Limited	Director
	PSG Financial Planning (Namibia) Proprietary Limited	Director
	PSG Konsult Vereeniging Proprietary Limited	Director
K Rimmer	PSG Wealth Financial Planning Proprietary Limited	Director
W Fourie	PSG Trust Proprietary Limited	Director
	Allfinanz Board of Executors and Trust Company Proprietary Limited	Director
	PSG Wealth Financial Planning Proprietary Limited	Director
EJ Rood	Fairburn Capital Preservation Funds	Trustee
	Nedgroup Investments Preservation Funds	Trustee
	Citadel Preferred Preservation Funds	Trustee
	Woolworths Group Retirement Fund – Death Benefits Sub Committee	Chairman
	Anglo Medical Aid Fund Audit Committee	Trustee
	Wooltru Healthcare Fund Audit Committee	Chairman & Trustee
	BP Medical Aid Society	(resigned)
	Alacrity Technologies	(resigned)
	PSG Life Limited	Director
	PSG Invest Proprietary Limited	Director
	PSG Collective Investments Limited	Director
	PSG Wealth Nominees Proprietary Limited	Director
	PSG Invest Nominees Proprietary Limited	Director
DJ Klopper	PSG Wealth Financial Planning Proprietary Limited	Director
	Anam Cara Holdings Proprietary Limited	Director
	Karana Property Investments Proprietary Limited	Director
	Outcome Property Investments 64 CC	Director
	Stanford Asset Management Proprietary Limited	Director
	Hermanus Batebestuurders CC	Member
M Lansdell	PSG Wealth Holdings Proprietary Limited	Director
R King	PSG Wealth Financial Planning Proprietary Limited	Director
	PSG Trust Proprietary Limited	Director
	PSG Academy Proprietary Limited	Director
	PSG Wealth Holdings Proprietary Limited	Director
	The Financial Planning Institute of Southern Africa NPC	Director
	Kings' Consultancy Trust	Director
	King & King Family Trust	Director
	K4 Fuel Proprietary Limited	Director
	PSG Konsult Nhluvuko Employee Trust	Director
	PSG Konsult Limited	(resigned)

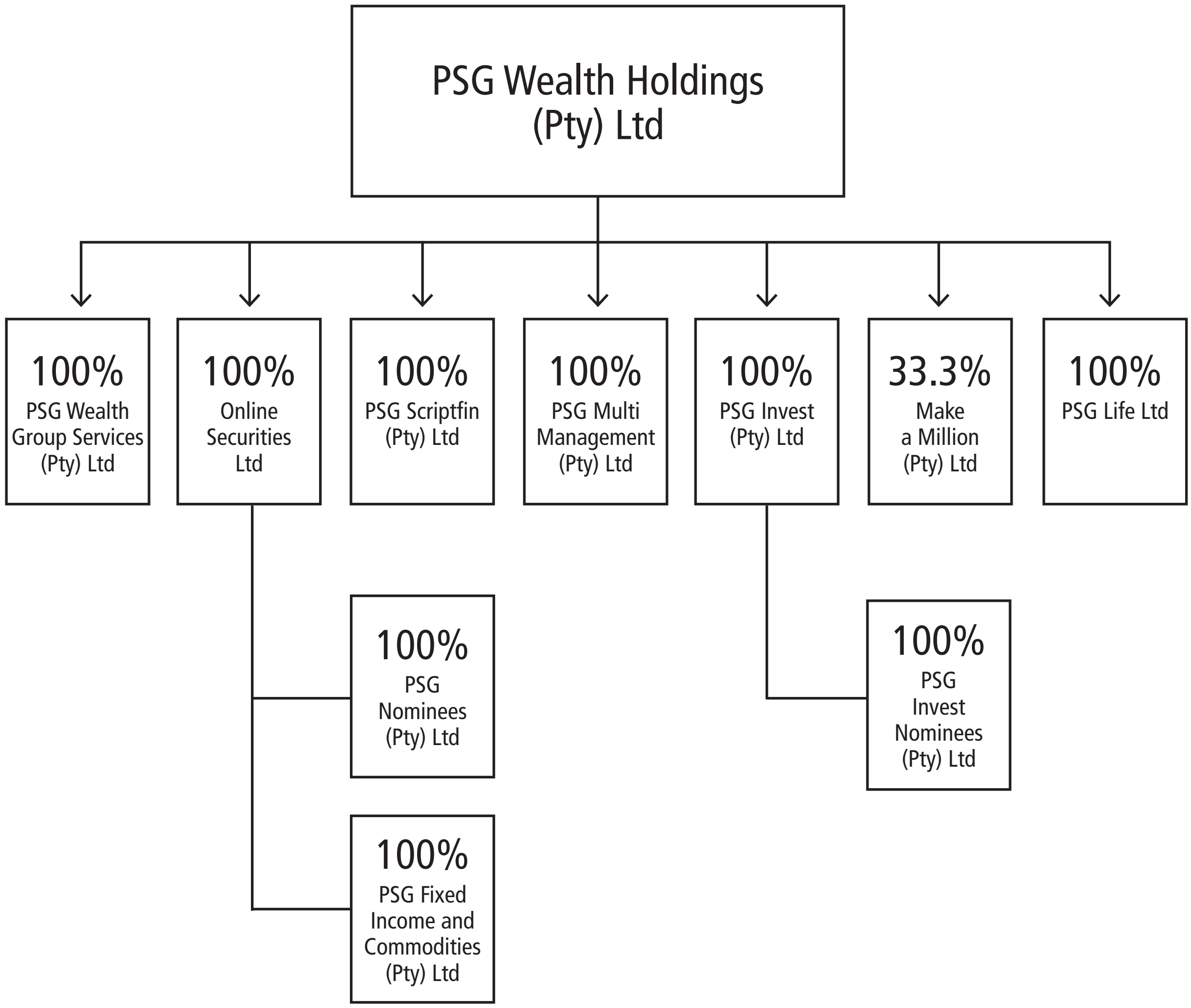
Director	Name of Company or Entity	Capacity
J Fourie	Western Group Holdings Limited	Director
	Western National Insurance Company Limited (Namibia)	Director
	Western National Insurance Company Limited (South Africa)	Director
	Charter Asset Management Proprietary Limited	Director
	Skopos Trust Administration Co. Proprietary Limited	Director
	Hi-Five Corporate Finance Proprietary Limited	Director
	Cecil Kilpin & Co	Owner
	Cim Global Reinsurance Company Limited	Director
	Fairwinds Limited	Director
	Cim Captive Reinsurance Company PCC	Director
	Cornerstone Capital Proprietary Limited	Director
	Select Risk Technology Limited	Director
	Windward Property Holdings Proprietary Limited.	Director
J Hellweg	Western Group Holdings Limited	Director
	Western National Insurance Company Limited (Namibia)	Director
	Western National Insurance Company Limited (South Africa)	Director
	PSG Insure Holdings Proprietary Limited	Director
R Visser	Rehab 2000 CC	Member
	CHS Claims Handling Service Proprietary Limited	Director
	Javis Beleggings Proprietary Limited	Member
	New Heights 1420 Proprietary Limited	Member
	Born Free Investments 487 Proprietary Limited	Director
	Hindle Road Service Station Proprietary Limited	Member
	JWR Holdings Proprietary Limited	(resigned)
	JWR Finansiële Dienste Proprietary Limited	(resigned)
	Sovereign Seeker Investments Proprietary Limited	(resigned)
	Prexision Asset Finance Proprietary Limited	(resigned)
	Western National Insurance Company Limited (South Africa)	Director
	Xwena Risk Proprietary Limited	(resigned)
	Purple Line Plastics Proprietary Limited	(resigned)
	Green Willows Properties 20 Proprietary Limited	Director
	Xinergistix Limited	(resigned)
T Mberirua	Bidvest Namibia Commercial Holdings Proprietary Limited	Director
	Bidvest Namibia Management Services Proprietary Limited	Director
	Bidvest Namibia Property Holdings Proprietary Limited	Director
	Caterplus Namibia Proprietary Limited	Director
	Cecil Nurse Namibia Proprietary Limited	Director
	Elzet Development Proprietary Limited	Director
	Kolok Namibia Proprietary Limited	Director
	Manica Group Namibia Proprietary Limited	Director
	Budget Rent A Car Proprietary Limited	Director
	Minolco Namibia Proprietary Limited	Director
	Voltex (Namibia) Proprietary Limited	Director
	Waltons (Namibia) Proprietary Limited	Director
	Taeuber & Corssen SWA Proprietary Limited	Director
	SME Bank Limited	Director
	Namibia Institute of Pathology	Director
	Nampro Fund	Director
M Spies	Jackit Investment Holdings Proprietary Limited	(resigned)
	PSG Insure Holdings Proprietary Limited	(resigned)
	Western Administration Services Proprietary Limited	Director
	Western Group Holdings Limited	Director
	Western National Insurance Company Limited (Namibia)	Director
	Western National Insurance Company Limited (South Africa)	Director
	Born Free Investments 487 Proprietary Limited	Director
	Hi-Five Corporate Finance Proprietary Limited	Director
C Bekker	PSG Invest Proprietary Limited	Director
	PSG Multi Management Proprietary Limited	Director
	PSG Wealth Group Services Proprietary Limited	Director
	PSG Wealth Holdings Proprietary Limited	Director

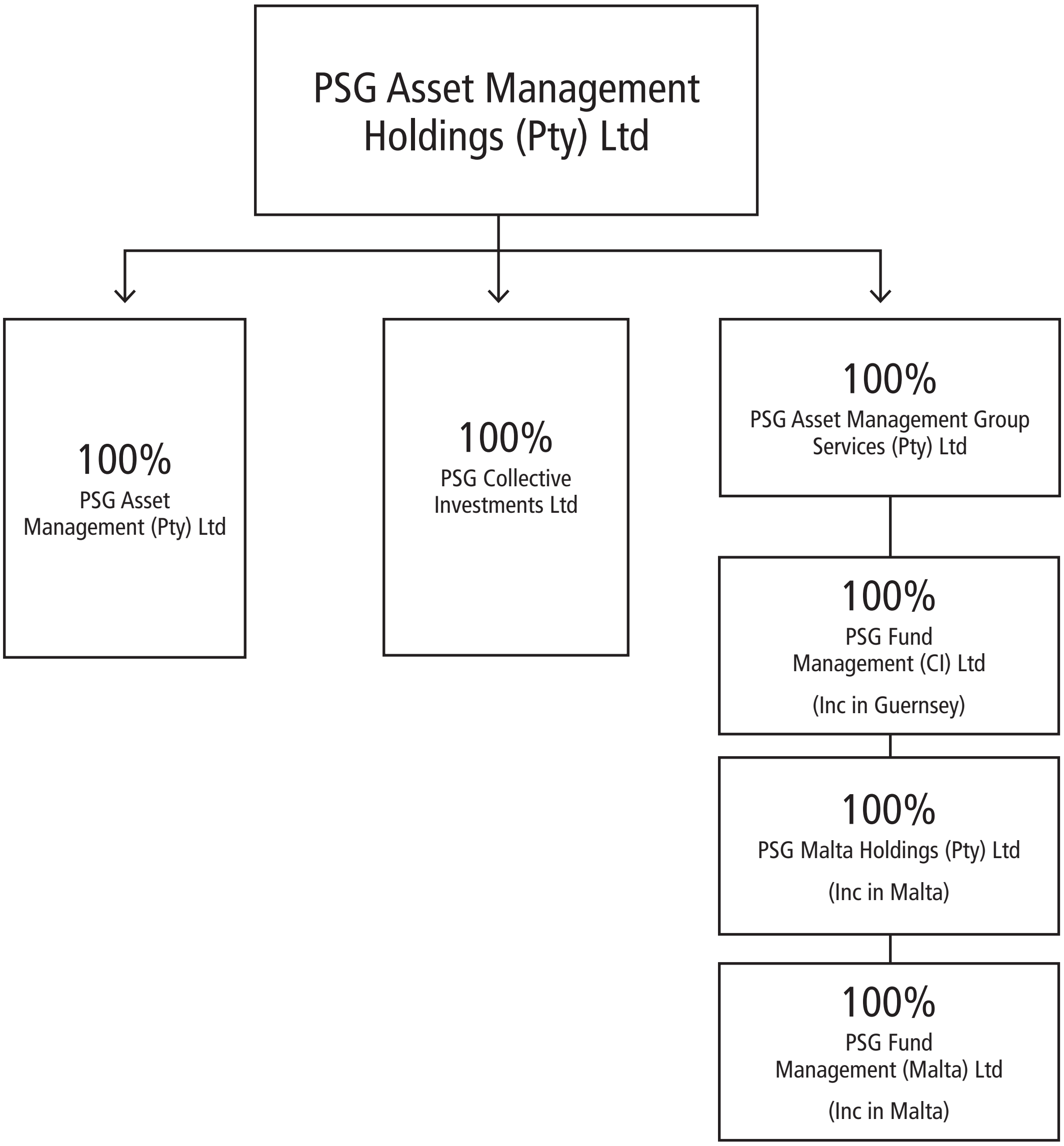
Director	Name of Company or Entity	Capacity
L Visser	Plexus Management Board Proprietary Limited	Director (deregistered)
	PSG Wealth Holdings Proprietary Limited	Director
I Boreham	Alexander Forbes Management Services Proprietary Limited	(resigned)
	Chring Investments CC	Member
	Guardrisk Allied Products and Services Proprietary Limited	(resigned)
	Independent Premium Finance Company Proprietary Limited	(resigned)
	PSG Insure Holdings Proprietary Limited	Director
N Gudka	PSG Asset Management Holdings Proprietary Limited	Director
	PSG Wealth Financial Planning Proprietary Limited	Director
	PSG Wealth Holdings Proprietary Limited	Director
	PSG Insure Holdings Proprietary Limited	Director
	PSG Management Services Proprietary Limited	Director
	Delerus Proprietary Limited	Director
	Abrafield Proprietary Limited	Director
A Ahern	PSG Asset Management Proprietary Limited	Director
	PSG Asset Management Group Services Proprietary Limited	Director
	PSG Collective Investments Limited	Director
	Amadah Trading CC	Member
G Hopkins	Hopberg Property Enterprises and Investments CC	Member
	PSG Asset Management Proprietary Limited	Director
	PSG Asset Management Holdings Proprietary Limited	Director
F Kapofi	SME Bank Limited (Namibia)	Director
	Namibia Institute of Public Administration and Management	Director
	Western National Insurance Company Limited (Namibia)	Director
	Bidvest Namibia Limited	Director
	August 26 Holdings Proprietary Limited (Namibia)	Director
	One Namibia Investment Holding Proprietary Limited (Namibia)	Director
G Whitcher	CH Whitcher Family Holdings Proprietary Limited	Director
	AC Whitcher Proprietary Limited	Director
	Watersmoot Estates Proprietary Limited	Director
	Orsmond Investments Proprietary Limited	Director
	Komatibord Proprietary Limited	Director
	PSG Insure Holdings Proprietary Limited	Director
	Glenrand MIB Limited (and subsidiaries)	(resigned)

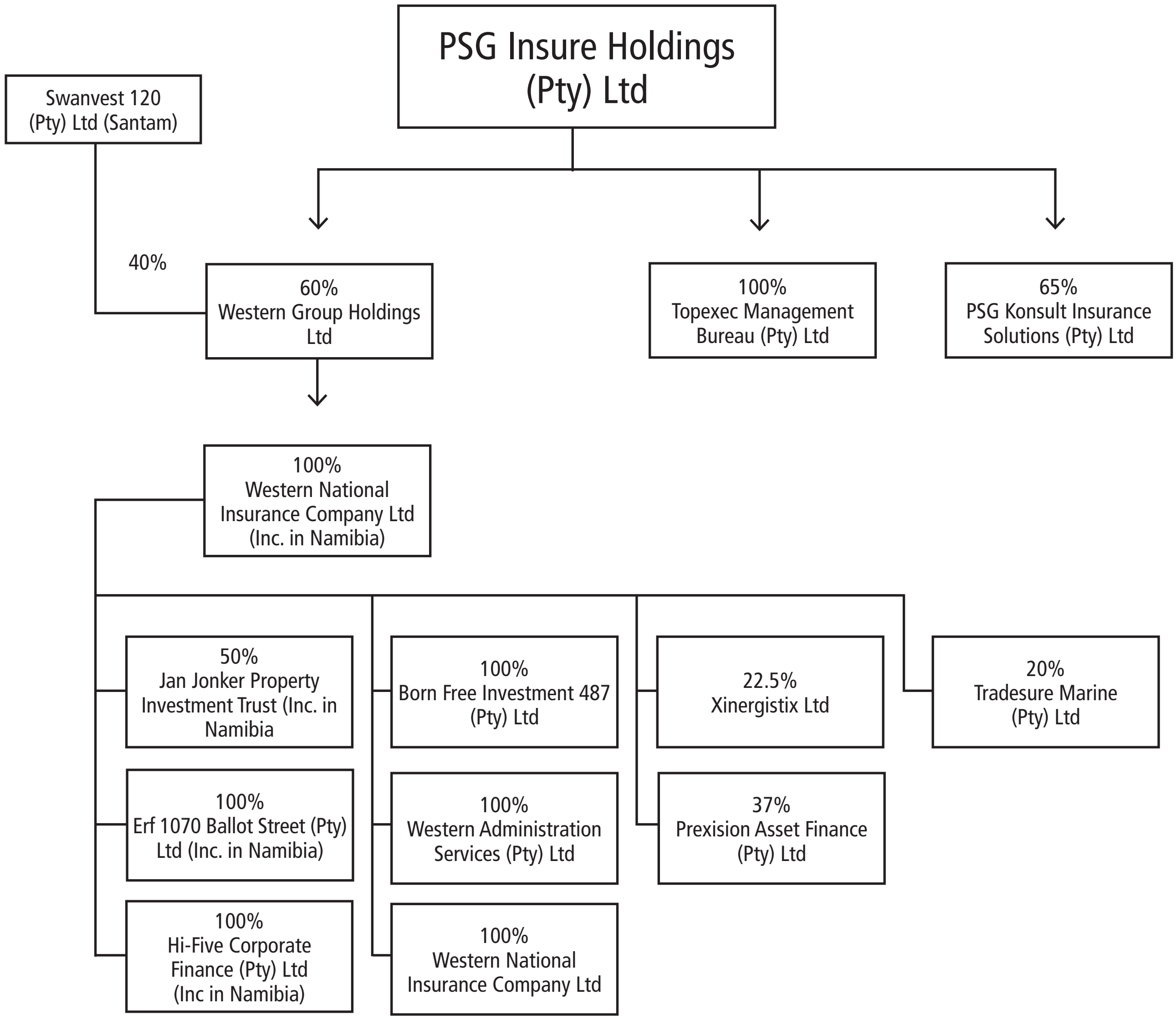
STRUCTURE OF THE PSG KONSULT GROUP

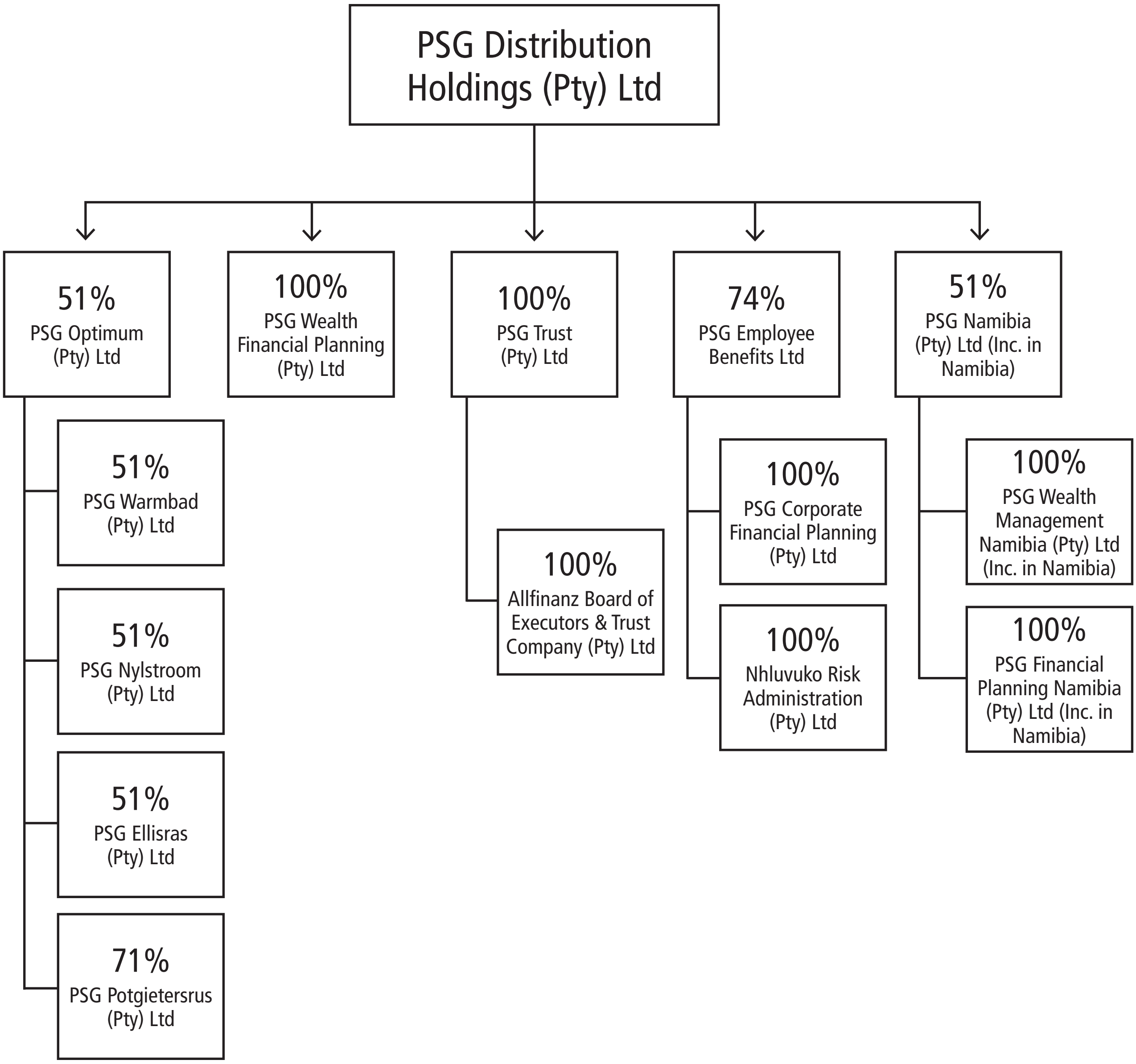


* Includes PSG Employee Benefits


PSG Wealth Holdings (Pty) Ltd
100% PSG Wealth Group Services (Pty) Ltd
100% Online Securities Ltd
100% PSG Scriptfin (Pty) Ltd
100% PSG Multi Management (Pty) Ltd
100% PSG Invest (Pty) Ltd
33.3% Make a Million (Pty) Ltd
100% PSG Life Ltd
100% PSG Nominees (Pty) Ltd
100% PSG Fixed Income and Commodities (Pty) Ltd
100% PSG Invest Nominees (Pty) Ltd


PSG Asset Management Holdings (Pty) Ltd
100%
PSG Asset Management (Pty) Ltd
100%
PSG Collective Investments Ltd
100%
PSG Asset Management Group Services (Pty) Ltd
100%
PSG Fund Management (CI) Ltd
(Inc in Guernsey)
100%
PSG Malta Holdings (Pty) Ltd
(Inc in Malta)
100%
PSG Fund Management (Malta) Ltd
(Inc in Malta)


PSG Insure Holdings (Pty) Ltd
Swanvest 120 (Pty) Ltd (Santam)
40%
60% Western Group Holdings Ltd
100% Topexec Management Bureau (Pty) Ltd
65% PSG Konsult Insurance Solutions (Pty) Ltd
100% Western National Insurance Company Ltd (Inc. in Namibia)
50% Jan Jonker Property Investment Trust (Inc. in Namibia
100% Erf 1070 Ballot Street (Pty) Ltd (Inc. in Namibia)
100% Hi-Five Corporate Finance (Pty) Ltd (Inc in Namibia)
100% Born Free Investment 487 (Pty) Ltd
100% Western Administration Services (Pty) Ltd
100% Western National Insurance Company Ltd
22.5% Xinergistix Ltd
37% Prexision Asset Finance (Pty) Ltd
20% Tradesure Marine (Pty) Ltd


PSG Distribution Holdings (Pty) Ltd
51% PSG Optimum (Pty) Ltd
100% PSG Wealth Financial Planning (Pty) Ltd
100% PSG Trust (Pty) Ltd
74% PSG Employee Benefits Ltd
51% PSG Namibia (Pty) Ltd (Inc. in Namibia)
51% PSG Warmbad (Pty) Ltd
51% PSG Nylstroom (Pty) Ltd
51% PSG Ellisras (Pty) Ltd
71% PSG Potgietersrus (Pty) Ltd
100% Allfinanz Board of Executors & Trust Company (Pty) Ltd
100% PSG Corporate Financial Planning (Pty) Ltd
100% Nhluvuko Risk Administration (Pty) Ltd
100% PSG Wealth Management Namibia (Pty) Ltd (Inc. in Namibia)
100% PSG Financial Planning Namibia (Pty) Ltd (Inc. in Namibia)

DETAILS OF SUBSIDIARIES OF PSG KONSULT

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Subsidiary	Reg No	FSP No	Place of Incorp.	Incorp. Date	Issued share capital	Nature of Business	Date of becoming a subsidiary	Directors
PSG WEALTH HOLDINGS (PTY) LTD	2012/194963/07		RSA	30/10/2012	127 Ord NPV	Investment Holdings No main business in MOI	01/03/2013	Biesenbach, Theo De Bruyn, Corrie Hugo, Dan King, Ronald Pask, Adriaan Visser, Lize Waldeck, Wayne Bekker, Candice Gudka, Niraj Lansdell, Marilize
ONLINE SECURITIES LTD	1996/000509/06	42996	RSA	18/01/1996	473 830 Ord R0.01	Broking member of the JSE and the provision of corporate finance services and portfolio management	25/03/2008	De Bruyn, Corrie Waldeck, Wayne McCann, Janine
PSG NOMINEES (PTY) LTD	1996/001331/07		RSA	07/02/1996	100 Ord R1.00	Nominee or agent for any person or entity to keep and register shares or any other security in the name of the nominee or on behalf of clients.	29/02/1996	De Bruyn, Corrie McCann, Janine
PSG FIXED INCOME AND COMMODITIES (PTY) LTD	2002/014343/07	5903	RSA	19/06/2002	9 582 667 Ord R1.00	Conducting investments and training in shares and related instruments	01/03/2010	De Bruyn, Corrie, Waldeck, Wayne
PSG SCRIPTFIN (PTY) LTD	2000/014937/07		RSA	07/07/2000	200 Ord R1.00	Rendering of management services	01/02/2007	De Bruyn, Corrie, Waldeck, Wayne
MAKE A MILLION ONLINE (PTY) LTD	2005/033040/07		RSA	16/09/2005	120 Ord R1.00	Facilitation of a share based incentive game.	14/10/2005	De Bruyn, Corrie, Vorster, Theo Donnelly, JM
PSG WEALTH GROUP SERVICES (PTY) LTD	1999/014667/07	42524	RSA	07/08/1999	100 Ord R1.00	Supply of investor related products and services	01/11/2006	De Bruyn, Corrie, Waldeck, Wayne Bekker, Candice

Subsidiary	Reg No	FSP No	Place of Incorp.	Incorp. Date	Issued share capital	Nature of Business	Date of becoming a subsidiary	Directors
PSG INVEST (PTY) LTD	1999/014522/07	563	RSA	07/07/1999	100 Ord R1.00	To acquire and hold assets for investment purposes	01/05/2011	Biesenbach, Theo De Bruyn, Corrie Johnson, David Rood, Evert Waldeck, Wayne Bekker, Candice Theron, Willem
PSG INVEST NOMINEES (PTY) LTD	2000/001274/07		RSA	28/01/2013	100 Ord R1.00	Nominee or agent for any person or entity to keep and register shares or any other security in the name of the nominee or on behalf of clients.	01/09/2001	Johnson, David Rood, Evert De Bruyn, Corrie
PSG LIFE LTD	1999/010087/06	22557	RSA	17/05/1999	30 000 000 Ord of R0.01	Financial services	01/03/2011	Biesenbach, Theo Theron, Willem Johnson, David Rood, Evert Waldeck, Wayne Bekker, Candice De Bruyn, Corrie
PSG MULTI MANAGEMENT (PTY) LTD	2012/000352/07	44306	RSA	03/01/2012	120 Ord NPV	Asset management and all related activities	01/03/2012	Waldeck, Wayne Pask, Adriaan Bekker, Candice De Bruyn, Corrie
PSG WEALTH NOMINEES (PTY) LTD	2010/004627/07		RSA	05/03/2010	100 Ord R1.00	Nominee or agent for any person or entity to keep and register shares or any other security in the name of the nominee or on behalf of clients.	08/03/2010	Johnson, Dave de Bruyn, Corrie Rood, Evert
PSG INSURE HOLDINGS (PTY) LTD	2008/018534/07		RSA	01/08/2008	102 Ord R1.00	Investment holding company	01/08/2008	Biesenbach, Theo Hellweg, Jurgen Hugo, Dan Whitcher, Gordon Visser, Rikus Boreham, Ingrid Hugo, Johann Gudka, Niraj Fox, Gareth

Subsidiary	Reg No	FSP No	Place of Incorp.	Incorp. Date	Issued share capital	Nature of Business	Date of becoming a subsidiary	Directors
WESTERN GROUP HOLDINGS LTD	2004/499	9465	Namibia	20/04/2004	1 000 000 Ord NPV	Investment holding company	01/03/2012	Kapofi, Frans Visser, Rikus Hellweg, Jurgen Fourie, Joe Mberirua, Theo Biesenbach, Theo Theron, Willem Ngrini, Hendri Spies, Maretha
WESTERN NATIONAL INSURANCE COMPANY (PTY) LTD (NAMIBIA)	2004/0069		Namibia	17/04/2004	1 000 000 Ord R0.01	(i) To carry on all classes of short-term insurance business as contained in Schedule 1 of the Short- term Insurance Act No. 4 of 1998; (ii) To carry on short-term insurance business and conduct all affairs relating thereto in accordance with sound insurance practices and methods and the provisions of the Short-term Insurance Act No. 4 of 1998; (iii) To in so far as practicable protect the interests of policyholders; and (iv) To at all times maintain a margin of solvency sufficient for the purposes of meeting all obligations to policyholders.	31/10/2011	Fourie, Joe Hellweg, Jurgen Visser, Rikus Theron, Willem Mberirua, Theo Kapofi, Frans
WESTERN NATIONAL INSURANCE COMPANY (PTY) LTD (RSA)	2005/017349/06		RSA	26/05/2005	10 000 000 Ord R1.00	General trading in all respects	02/09/2006	Fourie, Joe Hellweg, Jurgen Visser, Rikus Fry, David Spies, Maretha Wessels, Emile Prest, Colin Hanekom, Pieter
WESTERN ADMINISTRATION SERVICES (PTY) LTD	2002/026492/07	9465	RSA	22/10/2002	100 Ord R1.00	Underwriting management of insurance contracts	27/08/2004	Spies, Maretha de Jager, Jaco

Subsidiary	Reg No	FSP No	Place of Incorp.	Incorp. Date	Issued share capital	Nature of Business	Date of becoming a subsidiary	Directors
BORN FREE INVESTMENTS 487 (PTY) LTD	2006/001270/07		RSA	18/01/2006	100 Ord R1.00	Investment in movable and immovable property	07/03/2006	Spies, Maretha de Jager, Jaco
TOPEXEC MANAGEMENT BUREAU (PTY) LTD	2000/003839/07	4520	RSA	25/02/2000	200 Ord R1.00	Supply of bureau services	01/03/2006	Visser, Rikus
PSG KONSULT INSURANCE SOLUTIONS (PTY) LTD	2008/001601/07		RSA	24/01/2008	300 Ord R1.00	Investment company and all related activities	28/02/2008	Visser, Rikus Geyer, Pierre Potgieter, Francois
HI-FIVE CORPORATION FINANCE (PTY) LTD (NAMIBIA)	2004/0117		Namibia	24/03/2004	100 Ord	Corporate financing	01/03/2011	Spies, Maretha Hellweg, Jurgen Dentry, Mike
PSG DISTRIBUTION HOLDINGS (PTY) LTD	2012/164483/07		RSA	10/09/2012	125 Ord NPV	Investment holding company	01/03/2013	Biesenbach, Theo Hugo, Dan Theron, Johannes
PSG WEALTH FINANCIAL PLANNING (PTY) LTD	1999/006725/07	728	RSA	31/03/1999	105 Ord R1.00	Wealth management	31/10/2003	Theron, Willem Biesenbach, Theo Hugo, Dan Theron, Johannes Fourie, Willie King, Ronald Klopper, Dawie Rimmer, Karen Gudka, Niraj
PSG EMPLOYEE BENEFITS LTD	2005/002174/06	33657	RSA	24/01/2005	1962 Ord R1.00	Stock broking, short term insurance brokers, financial planning and all related activities	01/11/2006	Theron, Willem Johannes, Janine Cloete, Shirley Biesenbach, Theo Hugo, Dan Appasamy, Sylvester
PSG CORPORATE FINANCIAL PLANNING (PTY) LTD	2009/002391/07		RSA	09/02/2009	100 Ord R1.00	Financial investment planning, advice, stock broking and all related activities	06/02/2009	Cloete, Shirley Johannes, Janine Hugo, Dan
NHLUVUKO RISK ADMINISTRATION (PTY) LTD	2009/001913/07		RSA	03/02/2009	100 Ord R1.00	Administration services	09/02/2009	Johannes, Janine Cloete, Shirley Hugo, Dan
PSG TRUST (PTY) LTD	1993/005950/07		RSA	08/10/1993	111 Ord R1.00	Provision of fiduciary services	30/11/2003	Fourie, Willie Hugo, Dan King, Ronald
ALLFINANZ BOARD OF EXECUTORS AND TRUST COMPANY (PTY) LTD	1982/000416/07		RSA	30/06/1982	10 000 Ord R2.00	Administer and manage estates and property as executors and trustees.	03/07/2010	Fourie, Willie Hugo, Dan

Subsidiary	Reg No	FSP No	Place of Incorp.	Incorp. Date	Issued share capital	Nature of Business	Date of becoming a subsidiary	Directors
PSG OPTIMUM (PTY) LTD	1996/004729/07		RSA	22/04/1996	200 Ord R1.00	Insurance brokers	01/03/2007	Hermann, Matthys Boshoff, Kobus Human, Danie Hugo, Dan Theron, Johannes
PSG POTGIETERSRUS (PTY) LTD	1954/002582/07		RSA	04/10/1954	58 250 Ord R2.00	Insurance brokers	09/03/2005	Hugo, Dan Theron, Johannes Boonsaaier, Carl Human, Danie
PSG ELLISRAS (PTY) LTD	1997/020509/07		RSA	27/11/1997	500 Ord R1.00	Insurance brokers	14/04/2000	Hugo, Dan Theron, Johannes Malan, Frik Human, Danie
PSG WARMBAD (PTY) LTD	2004/002808/07		RSA	09/02/2004	200 Ord R1.00	Insurance brokers	15/09/2004	Hugo, Dan Theron, Johannes Ras, Marthinus Daubern, Graham Human, Danie
PSG NYLSTROOM (PTY) LTD	1997/020508/07		RSA	27/11/1997	200 Ord R1.00	Insurance brokers	30/11/2001	Hugo, Dan Theron, Johannes Human, Danie
PSG NAMIBIA (PTY) LTD (NAMIBIA)	2000/588		Namibia	29/11/2000	300 000 Ord N$1.00	Investment consultants, financial advisors, insurance brokers and all related activities	23/06/2004	van Rensburg, Brian Theron, Willem Davin, Jean Kaulinge, Isaac Mungunda, Milka Hugo, Dan
PSG WEALTH MANAGEMENT (NAMIBIA) (PTY) LTD (NAMIBIA)	98/528	05/SB/125	Namibia	02/12/1996	300 000 Ord N$1.00	Broking member of the Namibia stock exchange, stockbroker and all related activities.		van Rensburg, Brian Theron, Willem Davin, Jean Kaulinge, Isaac Mungunda, Milka Hugo, Dan
PSG FINANCIAL PLANNING (NAMIBIA) (PTY) LTD (NAMIBIA)	2004/0187	LB/43	Namibia	21/04/2004	101 Ord N$1.00	Investment consultants, financial advisors, insurance brokers and all related activities	28/06/2004	van Rensburg, Brian Theron, Willem Davin, Jean Kaulinge, Isaac Mungunda, Milka Hugo, Dan
PSG ASSET MANAGEMENT HOLDINGS (PTY) LTD	2011/001041/07		RSA	07/01/2011	121 Ord R1.00	Investment holding company	01/03/2011	Biesenbach, Theo Collopy, Terence Henderson, Chris Hopkins, Greg Ahern, Anet Hugo, Dan Gudka, Niraj

Subsidiary	Reg No	FSP No	Place of Incorp.	Incorp. Date	Issued share capital	Nature of Business	Date of becoming a subsidiary	Directors
PSG ASSET MANAGEMENT (PTY) LTD	1999/004031/07	29524	RSA	25/02/1999	R2 797 121	Asset Management	01/03/2011	Collopy Terence Henderson Chris Hopkins Greg Ahern, Anet
PSG COLLECTIVE INVESTMENTS LTD	1997/016475/06		RSA	01/10/1997	R5 000	Management of Collective Investment Schemes	01/03/2011	Johnson, Dave Ahern, Anet Collopy, Terence Biesenbach, Theo Rood, Evert Henderson, Chris
PSG ASSET MANAGEMENT GROUP SERVICES (PTY) LTD	1998/024316/07		RSA	04/12/1998	R1 351	Group services management company.	01/03/2011	Collopy, Terence Ahern, Anet Henderson Chris
PSG FUND MANAGEMENT (CI) Guernsey LTD	31504		Guern-sey	01/10/1996	GBP10 000	Fund management	01/03/2011	Burger, Henry Platt-Ransom, Stuart Ahern, Anet
PSG FUND MANAGEMENT (MALTA) LTD	C 62365		Malta	25/10/2013	US$195 000	Fund management	25/10/2013	Burger, Henry Soler, Jacques Ellul Anet Ahern
PSG MALTA HOLDINGS LTD (MALTA)	C 58898		Malta	08/01/2013	US$195 000	Holding company	08/01/2013	Burger, Henry Anet Ahern
PSG MANAGEMENT SERVICES (PTY) LTD	2000/009351/07		RSA	19/05/2000	100 Ord R1.00	Administrative, management and treasury services	25/06/2002	Smith, Mike van der Merwe, Stephan Gudka, Niraj
PSG ACADEMY (PTY) LTD	2005/020855/07		RSA	10/06/2005	120 Ord R1.00	Learning academy and related services	10/06/2005	Serfontein, Kobus King, Ronald
DELERUS (PTY) LTD	2008/018510/07		RSA	01/08/2008	100 Ord R1.00	General trading in all respects	01/08/2008	Smith, Mike Theron, Johannes Gudka, Niraj
ABRAFIELD (PTY) LTD	2008/018523/07		RSA	01/08/2008	100 Ord R1.00	General trading in all respects	01/08/2008	Smith, Mike Theron, Johannes Gudka, Niraj
CINETAUR (PTY) LTD	2008/018571/07		RSA	01/08/2008	1000 Ord R1.00	General trading in all respects	01/08/2008	Brewer, Ian M Smith, Mike Landman, Koeloe Winterburn, David
WOODWIND TRADING (PTY) LTD	2008/014573/07		RSA	17/06/2008	100 Ord R1.00	General trading in all respects	14/03/2012	Fourie, Loftie Strydom, Riaan Nel, Eben Ferry, Matthew Landman, Koeloe Hugo, Dan

Subsidiary	Reg No	FSP No	Place of Incorp.	Incorp. Date	Issued share capital	Nature of Business	Date of becoming a subsidiary	Directors
DORMANT								
PSG KONSULT SECURITIES (PTY) LTD	1998/021849/07		RSA	11/04/1998	200 001 000 Ord R0.001	Stockbroking and all related activities	30/06/2000	Hugo, Dan Theron, Johannes
PSG KONSULT SHORT-TERM INSURANCE BROKERS (PTY) LTD	2000/028281/07		RSA	09/11/2000	201 Ord R1.00	Insurance broking and related investments	2/04/2006	Hugo, Dan Theron, Johannes
PSG KONSULT COMMERCIAL DIVISION (PTY) LTD	1985/001045/07		RSA	01/03/1985	100 Ord R1.00	Risk managers and administrators for insurance businesses	01/06/2005	Hugo, Dan Theron, Johannes
PSG KONSULT NUCLEUS (PTY) LTD	1957/002178/07		RSA	22/07/1957	27 000 Ord R2.00	Insurance brokers	01/03/2007	van der Linde, Dawie Hugo, Dan Theron, Johannes
PSG KONSULT VERRE-NOORD (PTY) LTD	1997/015597/07		RSA	12/09/1997	300 Ord R1.00	Insurance brokers	01/03/2007	Cronje, Daniel Muller, Cornelius Hugo, Dan Theron, Johannes
NFA (PTY) LTD	1965/003391/07		RSA	21/04/1965	2 Ord R1.00	General trading in all respects	01/03/2007	Hugo, Dan Theron, Johannes
MARLED NOMINEES (PTY) LTD	1987/006334/07		RSA	09/12/1987	2 Ord R1.00	Nominee company	16/10/2001	Lindes, Helgardt de Bruyn, Corrie
UTRADE NOMINEES (PTY) LTD	1998//023922/07		RSA	01/12/1998	1 Ord R1.00	Nominee company	01/12/2000	Lindes, Helgardt Biesenbach, Theo

MATERIAL INTERGROUP LOANS

	Reg No	FSP No	Place of Incorp.	Incorp. Date	Material Intergroup loan balance R000 dt/(ct)	Counterparty Name of subsidiary	Terms of Loan agreement
PSG WEALTH HOLDINGS (PTY) LTD	2012/194963/07		RSA	30/10/2012	(14 378)	PSG Konsult Ltd	Interest free and repayable on demand
					(11 000)	Online Securities Ltd	Interest free and repayable on demand
					(21 195)	PSG Life Ltd	Interest free and repayable on demand
					20 500	PSG Invest (Pty) Ltd	Interest free and repayable on demand
ONLINE SECURITIES LTD	1996/000509/06	42996	RSA	18/01/1996	11 000	PSG Wealth Holdings (Pty) Ltd	Interest free and repayable on demand
					(28 218)	PSG Wealth Financial Planning (Pty) Ltd	Interest free and repayable on demand
PSG INVEST (PTY) LTD	1999/014522/07	563	RSA	07/07/1999	(20 500)	PSG Wealth Holdings (Pty) Ltd	Interest free and repayable on demand
					(11 973)	PSG Life Ltd	Interest free and repayable on demand
PSG LIFE LTD	1999/010087/06	22557	RSA	17/05/1999	21 195	PSG Wealth Holdings (Pty) Ltd	Interest free and repayable on demand
					11 973	PSG Invest (Pty) Ltd	Interest free and repayable on demand

	Reg No	FSP No	Place of Incorp.	Incorp. Date	Material Intergroup loan balance R000 dt/(ct)	Counterparty Name of subsidiary	Terms of Loan agreement
PSG INSURE HOLDINGS (PTY) LTD	2008/018534/07		RSA	01/08/2008	39 750	PSG Konsult Ltd	Interest free and repayable on demand
PSG WEALTH FINANCIAL PLANNING (PTY) LTD	1999/006725/07	728	RSA	31/03/1999	(167 088)	PSG Konsult Ltd	Interest free and repayable on demand
					24 236	PSG Management Services (Pty) Ltd	Interest free and repayable on demand
					28 217	Online Securities Ltd	Interest free and repayable on demand
					10 771	PSG Multi Management (Pty) Ltd	Interest free and repayable on demand
PSG CORPORATE FINANCIAL PLANNING (PTY) LTD	2009/002391/07		RSA	09/02/2009	(10 780)	PSG Konsult Ltd	Interest at prime plus 0.5%, payable on demand
PSG ASSET MANAGEMENT (PTY) LTD	1999/004031/07	29524	RSA	25/02/1999	(14 854)	PSG Multi Management (Pty) Ltd	Interest free and repayable on demand
PSG MANAGEMENT SERVICES (PTY) LTD	2000/009351/07		RSA	19/05/2000	52 050	PSG Konsult Ltd	Interest free and repayable on demand
					(29 269)	PSG Konsult MS UK Ltd	Interest free and repayable on demand
					(24 236)	PSG Wealth Financial Planning (Pty) Ltd	Interest free and repayable on demand

Note: The shareholding of PSG Konsult in each of its subsidiaries is indicated in **Annexure 8** above.

REMUNERATION OF DIRECTORS

Mr JF Mouton is the non-executive chairman and Mr PJ Mouton the chief executive officer of PSG Group, the ultimate holding company of PSG Konsult. The JSE Listings Requirements require that PSG Konsult also discloses remuneration and benefits received or receivable by Directors of PSG Konsult from, *inter alia*, PSG Konsult's holding companies. PSG Konsult paid an amount of R350 000 to PSG Group, in respect of the financial year ended 28 February 2014, in consideration for Messrs JF Mouton and PJ Mouton acting as Directors of PSG Konsult. Messrs JF Mouton and PJ Mouton are remunerated by a subsidiary of PSG Group for their services to PSG Group, which services include acting as Directors on the Board of PSG Konsult. Such remuneration is accordingly not payable to them by PSG Konsult.

In this regard:

- JF Mouton was remunerated by a subsidiary of the PSG Group, in the form of a basic salary of R2 606 376, fees of R231,120, allowances of Rnil, company contributions of R51 504 and performance related fees of R2,389,000, for his services to PSG Group for the year ended 28 February 2014, which services included acting as Director on the Board of PSG Konsult; and
- PJ Mouton was remunerated by a subsidiary of the PSG Group, in the form of a basic salary of R2 586 812, fees of Rnil, allowances of Rnil, company contributions of R13 188 and performance related fees of R2,600,000, for his services to PSG Group for the year ended 28 February 2014, which services included acting as Director on the Board of PSG Konsult.

Company contributions referred to above, relate to contributions to medical aid and similar insurances. No pension contributions are made.

Details regarding the equity-based remuneration by PSG Group of Mr JF Mouton and Mr PJ Mouton, appear below

Share options awarded in terms of the PSG Group Limited Supplementary Share Incentive Trust

Director	Opening balance of options awarded at 1 March 2013	Strike price per option awarded	Number of options awarded during the year (i.e. from 1 March 2013 to 28 February 2014)	Number of options exercised in the financial year ending 28 February 2014	Market price per option at exercise (cent)	Date options granted	Closing balance of options as at 28 February 2014
JF Mouton	383 641	26.16	–	127 880	65.88	22/04/2010	255 761
	151 464	39.61	–	–	–	28/02/2011	151 464
	204 056	47.39	–	–	–	28/02/2012	204 056
	171 164	61.50	–	–	–	28/02/2013	171 164
	–	83.23	643 824	–	–	28/02/2014	643 824
PJ Mouton	70 467	15.52	–	35 234	65.85	20/04/2009	35 233
	81 655	18.77	–	40 827	70.51	28/08/2009	40 828
	75 542	22.09	–	–	–	28/02/2010	75 542
	226 394	39.61	–	–	–	28/02/2011	226 394
	112 842	47.39	–	–	–	28/02/2012	112 842
	129 052	61.50	–	–	–	28/02/2013	129 052
	–	83.23	661 884	–	–	28/02/2014	661 884

Shares awarded in terms of the PSG Group Limited Share Incentive Trust

Director	Opening balance of options awarded at 1 March 2013	Strike price per option awarded	Number of options awarded during the year (i.e. from 1 March 2013 to 28 February 2014)	Number of shares vested in the financial year ending 28 February 2014	Market price per share at exercise (cent)	Date options granted	Closing balance of shares as at 28 February 2014
JF Mouton	250 000	17.81	–	150 000	65.85	21/04/2008	100 000

DETAILS REGARDING PRINCIPAL PROPERTIES OCCUPIED

No	Location	Area (m^2)	Tenure	Lease expiration [1]	Monthly rental [1] [2] (R)
1.	Building A; Pro Sano Park South Gate Carl Cronje Drive Tyger Waterfront Tyger Valley Bellville 7530	1 534	Leasehold	30 June 2016	171 415
2.	PSG House Constantia Road Alphen Park Constantia Cape Town 7806	1 375	Leasehold	30 June 2018	189 382
3.	Suite 2/1 Hemel & Aarde Craft Village C/o Hemel & Aarde and Main Roads Hermanus 7200	391	Leasehold	31 October 2014	28 781
4.	Block B; Corporate 66 Office Park 269 Von Willich Avenue Die Hoewes; Extention 233 Centurion 0157	3 161	Leasehold	31 October 2014	460 510
5.	1st Floor Wrigley Field 57 Cnr Sloane Street and Main Road The Campus Bryanston Johannesburg 2191	2 059	Leasehold	31 July 2016	323 761
6.	2nd Floor, the Cliffs 3 Niagara Road Tygerfalls Office and Residential Park Carl Cronje Drive Bellville 7530	478	Freehold	N/A	N/A
7.	42 Brook Street London W1H 7TB United Kingdom	24	Leasehold	5 October 2014	79 182

Notes:

(1) Particulars provided for external leases.

(2) Monthly rental (including parking) shown, as at May 2014.

DIRECTORS OF MAJOR SUBSIDIARIES

The table below contains particulars of the directors of PSG Konsult's major subsidiaries.

Key to major subsidiaries listed in the table below:

PSG Wealth Holdings (Pty) Ltd	*A*
PSG Asset Management Holdings (Pty) Ltd	*B*
PSG Insure Holdings (Pty) Ltd	*C*
PSG Distribution Holdings (Pty) Ltd	*D*
PSG Wealth Financial Planning (Pty) Ltd	*E*
PSG Life Ltd	*F*
Western National Group	*G*

Full Name	Age	Capacity	Business Address	Major subsidiary of which a director
Ahern, Anet Mariana	51	CEO: PSG Asset Management	PSG House, Alphen Park, Constantia Main Road, Constantia, Cape Town	B
Bekker, Candice	32	CFO: PSG Wealth	1st Floor, Roland Garros, The Campus, 57 Sloane Street, Bryanston, Johannesburg	A , F
Biesenbach, Theo Werner	50	Non-executive director	Building A, Pro Sano Park South Gate, Carl Cronje Drive, Tyger Waterfront, Tyger Valley, Cape Town	A, B, C , D, E ,F
Boreham, Ingrid	54	Head of Distribution: Western National Insurance	Block A Office 001, 335 Calliandra Street, Montana Office Park, Pretoria	C
Collopy, Terence Paul Patrick	43	CFO: PSG Asset Management	PSG House, Alphen Park, Constantia Main Road, Constantia, Cape Town	B
De Bruyn, Cornelius Alwyn	47	CEO: PSG Online	1st Floor, Roland Garros, The Campus, 57 Sloane Street, Bryanston, Johannesburg	A , F
Fourie, Joseph Johannes	68	Independent non-executive director	Alexander Forbes House, Dr W Kulz Street, Windhoek	G
Fourie, Willie George	52	CEO: PSG Trust	Building A, Pro Sano Park South Gate, Carl Cronje Drive, Tyger Waterfront, Tyger Valley, Cape Town	E
Fox, Gareth Bindley Henry	34	CFO: PSG Insure	Building A, Pro Sano Park South Gate, Carl Cronje Drive, Tyger Waterfront, Tyger Valley, Cape Town	C
Gudka, Niraj Mohan	41	COO: PSG Konsult	42 Brooke Street, London, United Kingdom	A, B, C, E
Hellweg, Jurgen	43	CEO: Western Insure	Western Square, Ballot Street, Windhoek, Namibia	C
Henderson, Christopher	41	COO: PSG Asset Management	PSG House, Alphen Park, Constantia Main Road, Constantia, Cape Town	B
Hopkins, Gregory Rhys	43	CIO: PSG Asset Management	PSG House, Alphen Park, Constantia Main Road, Constantia, Cape Town	B
Hugo, Daniel Pieter Buss	52	CEO: PSG Distribution	Building A, Pro Sano Park South Gate, Carl Cronje Drive, Tyger Waterfront, Tyger Valley, Cape Town	A, C, D, E
Hugo, Johannes Petrus	43	COO: PSG Insure	Building A, Pro Sano Park South Gate, Carl Cronje Drive, Tyger Waterfront, Tyger Valley, Cape Town	C
Johnson, David Ian	53	Independent non-executive director	19 Burgundy Road, Constantia, Cape Town	F
Kapofi, Frans	61	Independent non-executive director	Office of the Prime Minister, State House, Windhoek, Namibia	G
King, Ronald Norman	45	Head of Technical Support	1st Floor, Roland Garros, The Campus, 57 Sloane Street, Bryanston, Johannesburg	A, E
Klopper, David Johannes	56	Financial Planner/ Director	Crestway Office Block E, 20 Hotel Street, Persequor Park, Pretoria	E
Lansdell, Marilize	40	COO: PSG Wealth	1st Floor, Roland Garros, The Campus, 57 Sloane Street, Bryanston, Johannesburg	A
Mberirua, Theofelus	52	Independent non-executive director	24 Golf Estate, Windhoek, Namibia	G
Nigrini, Hendri Martin	63	Non-executive director	Sanlam Building, 2 Strand Street, Bellville, Cape Town	G

Full Name	Age	Capacity	Business Address	Major subsidiary of which a director
Pask, Adriaan Eckhard	31	CIO: PSG Wealth	1st Floor, Roland Garros, The Campus, 57 Sloane Street, Bryanston, Johannesburg	A
Rimmer, Karen	48	COO: PSG Distribution	Building A, Pro Sano Park South Gate, Carl Cronje Drive, Tyger Waterfront, Tyger Valley, Cape Town	E
Rood, Evert Julius	67	Independent non-executive director	17 St Davids Road, Newlands, Cape Town	F
Spies, Carolina Margeretha	41	CFO: Western National	2nd Floor, The Cliffs, Niagara Road, Tygerfalls Office and Residential Park, Carl Cronje Drive, Bellville, Cape Town	G
Theron, Johannes	31	CFO: PSG Distribution	Building A, Pro Sano Park South Gate, Carl Cronje Drive, Tyger Waterfront, Tyger Valley, Cape Town	D, E
Theron, Willem	61	Chairman: PSG Konsult	Building A, Pro Sano Park South Gate, Carl Cronje Drive, Tyger Waterfront, Tyger Valley, Cape Town	F
Visser, Lize	43	Head Wealth Management: Distribution	1st Floor, Roland Garros, The Campus, 57 Sloane Street, Bryanston, Johannesburg	A
Visser, Hendrik Petrus	41	CEO: PSG Insure	Building A, Pro Sano Park South Gate, Carl Cronje Drive, Tyger Waterfront, Tyger Valley, Cape Town	C, G
Waldeck, Wayne Vincent	49	CEO: PSG Wealth	1st Floor, Roland Garros, The Campus, 57 Sloane Street, Bryanston, Johannesburg	A, F
Whitcher, Gordon	47	CEO: Short-Term Administration	Block B, Corporate 66 Office Park, 269 Von Willich Avenue, Die Hoewes, Extension 233, Centurion, Pretoria	C