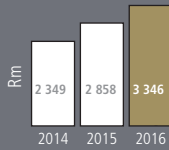




RESULTS FOR THE YEAR ENDED
29 FEBRUARY 2016

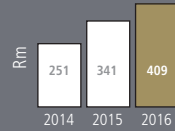
Core revenue

▲
17%



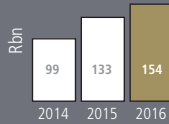
Recurring headline earnings

▲
20%



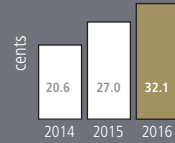
Assets under management

▲
16%



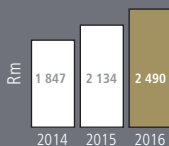
Recurring headline earnings per share

▲
19%



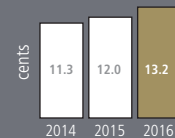
Gross written premium

▲
17%



Dividend

▲
10%



CONTENTS

- 2 Commentary
- 6 Independent auditor's review report
- 7 Condensed consolidated statement of financial position
- 8 Condensed consolidated income statement
- 9 Condensed consolidated statement of comprehensive income
- 10 Condensed consolidated statement of changes in equity
- 11 Condensed consolidated statement of cash flows
- 12 Notes to the condensed consolidated financial statements

COMMENTARY

PSG Konsult delivered a commendable 20% growth in recurring headline earnings. This is consistent with the group's long-term growth track record. This year's earnings growth was achieved despite substantially less earnings from performance fees, having done away with white labels to reduce operational risk and having increased marketing spend with the launch of a television advertising campaign, as investors were previously advised. All divisions achieved good organic topline revenue growth, with PSG Wealth remaining the strongest and most stable revenue driver for the group. This division increasingly benefits from economies of scale, as both the wealth platform business and adviser network grow. PSG Asset Management weathered a tough year in equity markets and consequently earned less in performance fees. The division nevertheless experienced encouraging net inflows and gained market share, mainly due to its competitive long-term investment track record and support from its marketing and sales team initiatives. Results from PSG Insure, which is still in an early growth phase, are also gaining strong positive momentum due to efficiencies gained from benefits of scale and improved focus on optimising and balancing profitable new business growth.

Overall, the board is pleased with this set of results, since the volatile equity market, sharp devaluation of the rand and overall challenging economic environment that the group experienced this financial year were not conducive to growth. The FTSE/JSE All Share Index recorded a negative total return of 7.4% for the period until 29 February 2016, compared to a positive return of 12.7% in the comparable period of 2015. The group's focus on client service excellence through the quality of its advice, products and platforms is proving resilient in these trying times. PSG Konsult also continued to increase its marketing and technology spend during the year under review. This included the successful launch of a new television advertisement during January 2016, which is enhancing brand recognition.

PSG Konsult retained a stable credit rating and is adequately capitalised to meet regulatory requirements. As a cash-generative business, it remains in a position to make acquisitions, such as the entry into Mauritius. This was the first international acquisition for PSG Konsult since listing on the Johannesburg Stock Exchange (JSE). On 1 November 2015, the group acquired a 70% shareholding in Mauritian-based DMH Associates (DMH) (now PSG Wealth (Mauritius)), the leading independent private wealth advisory firm in Mauritius. DMH was established in 2003 as an investment advisory firm providing independent expert advice to entrepreneurs, high-net-worth individuals and their families. DMH is licensed and regulated by the Mauritius Financial Services Commission and also offers corporate finance, wealth management and family office services. The company, as well as the individuals involved in the company, is regarded as a good fit for PSG Konsult.

The PSG Konsult adviser network, which is the bedrock of the business and one of its key strengths, continues to expand. The group takes pride in the calibre and quality of the advisers that it attracts and their profitable contribution to the business. The second phase of the adviser buyback transaction was completed in July 2015, and a further phase was concluded in March 2016. The buyback initiative supports the further entrenchment of the group's relationships with advisers and assists in streamlining and standardising the revenue-sharing model and contract terms with them.

PSG Wealth remains a key revenue driver for the group through its formidable adviser base and expanding product and platform business offering. Continued positive client inflows resulted from strengthening the division's competitive position by expanding its adviser network through both organic growth and selected adviser acquisitions. PSG Wealth attracted net managed asset inflows of R12.1 billion during the year under review.

PSG Asset Management remains a high-growth area and a key focus for the group. The division's retail sales efforts and marketing campaigns are proving effective in raising awareness of the PSG Asset Management brand, leading to strong retail client inflows. PSG Asset Management attracted net inflows of R4.1 billion during the year under review. The focus on generating recurring earnings placed less reliance on performance fees, with these fees contributing only 3.8% of group recurring headline earnings compared to 7.7% during the previous financial year.

PSG Insure continues to make inroads in the highly competitive short-term insurance market, having achieved 17% growth in gross written premium compared to the prior financial year, with a focus on the quality of new business to achieve profitable growth. No significant catastrophe or other related events occurred during the year under review. The division's insurance advisers, with an ongoing focus on growing the commercial lines side of the business, managed to gain market share without compromising their overall client-loss claim ratios. Against the backdrop of a particularly difficult industry environment, this is an achievement that the group is especially pleased with.

PSG Konsult's key financial performance indicators for the financial year ended 29 February 2016 are shown below:

	29 Feb 16 R000	Change %	28 Feb 15 R000
Earnings attributable to ordinary shareholders	292 924	(14)	340 401
Non-headline items	(622)		(1 140)
Headline earnings	292 302	(14)	339 261
Non-recurring headline earnings	116 446		1 914
Recurring headline earnings	408 748	20	341 175
Divisional recurring headline earnings			
PSG Wealth	285 505	25	228 320
PSG Asset Management	82 707	–	82 336
PSG Insure	40 536	33	30 519
	408 748	20	341 175
Weighted average number of shares in issue (net of treasury shares) (million)	1 274.2	1	1 261.4
Earnings per share (cents)			
– Recurring headline	32.1	19	27.0
– Headline	22.9	(15)	26.9
– Attributable	23.0	(15)	27.0
Dividend per share (cents)	13.2	10	12.0
Assets under management (Rbn)	154.1	16	132.5
Assets under administration (Rbn)	327.1	6	308.7
Gross written premium (Rbn)	2.5	17	2.1
Number of advisers	711	8	659

Strategy

The group continues to invest in technology to enhance the overall client experience and to improve the technical capabilities of the business to unlock greater operational scale. During the past financial year, all user interfaces were consolidated into a single integrated platform. The new myPSG platform provides clients with consolidated reporting and the ability to transact across an extensive range of products and services via a single log-in. This includes investments, trading instruments, short-term insurance, wills and more. The transactional functionality facilitates online trading in local shares, derivatives, margin-traded instruments, local unit trusts, offshore shares and will shortly also include offshore unit trust funds.

PSG Wealth's overall strategy remains to offer an innovative and holistic end-to-end client proposition. Despite an unpredictable economic outlook, the division will continue to invest in people and technology, believing these to be key factors with which to grow its share of the market. The strategy to further expand and equip its adviser network will receive ongoing attention, relying on advisers for client feedback in the development and creation of new products and services. The division also improved its offshore stockbroking offering to include additional foreign markets and is on track to further expand this offering with the inclusion of offshore unit trust funds in the next few months. Improved user functionality, coupled with the group's television marketing campaign and enhanced investor tools, should further aid the client growth strategy.

PSG Asset Management's strategy consists of three parts, namely investment excellence, operational efficiency and effective sales and marketing initiatives. Generating the best long-term, risk-adjusted returns for investors is the division's primary focus. To this end, the division will continue to prioritise the investment team's performance while managing operational risks and processes. Increasing brand awareness – particularly in the retail investor market – is a key focus area for the marketing team, allowing the division to benefit from a growing investor base.

PSG Insure provides simple and cost-effective short-term insurance solutions to clients, protecting them from unforeseen events. Vertical integration across underwriting, administration and adviser teams underpins the focus on providing value-added products which meet and exceed clients' expectations. The division continues to invest in its claims and administration departments. This is to build scale and unlock operational efficiencies while freeing up valuable time for top-calibre advisers to focus on sales.

As each division grows, careful attention is paid to the group's cost structure, in particular to the cost-to-income ratio. Building a cost-efficient and scalable business is a key priority for the board. The management team is committed to continuously investigate new ways in which to manage and reduce costs.

Recognition, awards and achievements

The group is proud of the following notable milestones, achievements and industry awards:

- PSG Wealth was a finalist for the 2015 Morningstar South Africa Fund Awards in the Best Short-term Bond Funds investment category (PSG Wealth Income Fund of Funds).
- PSG Wealth was the overall runner-up in the Private Banks and Wealth Managers Survey conducted by the research house Intellidex for 2015:
 - Top wealth manager for up-and-coming professionals (tied)
 - Top wealth manager for successful entrepreneurs (tied)
 - 'People's Choice' award as one of the top three wealth managers preferred by clients
- At the annual SA's Top Stockbrokers Awards in September 2015, PSG Wealth was placed third overall. PSG Wealth was also recognised as one of the top three online brokers and received special recognition for the availability of its instruments and trading tools, its client support (including research and tools) and the overall quality of its online and offline services.
- The PlexCrown survey results for 31 December 2015 confirmed that the PSG funds remain solid performers. The PSG Management Company maintained its Top 10 ranking.
- PSG Asset Management was placed third in the category Best Fund House: Larger Fund Range in the 2016 Morningstar South Africa Fund Awards.
- Various PSG Insure offices received Santam awards, ranging from bronze to diamond.

People

As at 29 February 2016, PSG Konsult had 206 offices and 2 169 employees, of which 711 were financial planners, portfolio managers, stockbrokers and asset managers. A further 414 were professional associates (accountants and attorneys). During the year under review, 108 new advisers were appointed through a combination of organic growth and selective adviser book acquisitions. In addition, a number of strategic hires were concluded, which have provided the group with a strong operational platform to take the business into the future.

The effectiveness of the group's succession planning strategy is demonstrated by Corrie de Bruyn, current chief executive officer of PSG Wealth, advising that he will return to his roots to take up a financial adviser position within the Pretoria East office, our largest office, from May 2016. Marilize Lansdell, who is head of PSG Wealth investment and trading platform, has proved herself as the ideal successor and has worked closely with Corrie. Marilize is supported by a strong and capable management team and has been a member of the PSG Wealth executive committee for a number of years. This will assist in ensuring a smooth leadership transition to enable PSG Wealth to continue the current strong growth trajectory of the Wealth business. The board would like to thank Corrie for the valuable contribution he has made in helping to build PSG Konsult over the years, and wishes Marilize all the best in her new role.

Changes to the board of directors

Jannie Mouton, the founder of PSG Group, has decided to step down as a non-executive director of PSG Konsult. Jannie's decision is based on his belief in the solid strategy and performance of PSG Konsult. Although the board regrets his departure, it respects his decision and wishes him well. The board is pleased to announce that Riaan Stassen, the former chief executive officer of Capitec Bank, will be joining PSG Konsult as an independent non-executive director. These two board changes take effect on 14 April 2016.

Regulatory landscape and risk management

The group seeks to manage risk exposures within acceptable levels, sustain profit margins and maintain an efficient capital structure while embedding good corporate conduct, regulatory compliance, the highest ethical behaviour and excellent client service.

PSG Konsult is geared to adapt to regulatory change on a continuous basis and has positioned itself as an early adopter. Regulation in other territories is proactively monitored. This is part of the group's risk management approach and ensures that the board and management are prepared for and informed about potential consequences and opportunities created by new legislation. The Retail Distribution Review (RDR), for example, is expected to significantly change the adviser market and the way financial products are distributed in South Africa. Elsewhere the introduction of similar legislation increased the barriers to entry, increased the potential revenue per adviser and resulted in industry consolidation. This is an opportunity for PSG Konsult as the group has the necessary platforms, systems and practices to take on advisers seamlessly and provide support that meets all regulatory requirements.

One of the significant regulatory events for the business was piloting its first Own Risk and Solvency Assessment (ORSA) report. This enabled PSG Konsult to benchmark the extent to which ORSA principles are embedded across the group and to identify areas of improvement in preparation for the full ORSA report to be submitted in 2017.

Tax dispute settled

Shareholders are referred to PSG Konsult's announcement made on 11 December 2015. The board subsequently decided to settle this legacy matter, which dates back to 2009, for an amount of R115 million. This amount and the related legal costs incurred were fully provided for in the year-end results and have been treated as non-recurring headline earnings.

Marketing

Marketing initiatives are critical to the group's goal of becoming a leader in the financial services industry. During the year under review, the specialist marketing team focused its efforts on a new advertising campaign and on enhancing the group's website, digital platforms, client communication and client and adviser events. This is with the objective of building the PSG brand within the South African market. The launch of the television advertisement was the highlight of the year and communicates PSG Konsult's unique competitive advantage as bigger-picture thinkers. It has resulted in increased web traffic and interest from the public and will hopefully take the group's marketing efforts to new heights as PSG Konsult seeks to further support its network of financial advisers and cement its product offering in the minds of target clients.

Information technology (IT)

The integral role that technology plays in the daily operations of PSG Konsult cannot be overstated. The scalability and efficiency of business functions are dependent on the state of its IT systems. It is for this reason that the group continues to invest in new and innovative technologies as it seeks to incorporate further business process automation, reduce operational risk and provide real-time reporting for enhanced management decision-making. The group is confident that the IT strategy, which also includes robust disaster recovery and business continuity plans, will create a solid foundation for future growth.

Looking forward

The group's aim remains to service existing clients well and gain new clients. Current economic circumstances are uncertain and volatility remains in investment markets. However, the group is confident that it will continue to build its client franchise despite this market outlook. A number of initiatives are in place to ensure this happens. The group's focus on products, platforms and client service excellence through the quality of its advice is proving to be a resilient strategy.

Over the past three years, PSG Konsult re-engineered and refocused its business. Unprofitable or non-core activities were closed, integrated or sold. At the same time, the group invested – and continues to invest – in streamlining and automating processes. This is all with the aim of creating scalable capacity throughout the business.

PSG Konsult will continue to focus on topline revenue while still paying due care to its operating margin. The group will also continue to prioritise organic growth in the domestic market, where it has a relatively low, but rapidly expanding market share.

Risk management systems are set to be further enhanced while the risk universe and quantification methods in the group are further standardised.

The cash flow generation by the business remains strong, and the group will use this to fund current growth initiatives and to pay dividends consistent with its dividend policy.

As always, PSG Konsult continues to focus on providing quality client advice and service to attract new business inflows. This is supported by the establishment of an outbound direct sales initiative to grow its client base. In terms of products, the group continues to expand the range of products and services on offer while embedding the principles of National Treasury's Treating Customers Fairly (TCF) framework.

Events after the reporting date

To further standardise the revenue-sharing model and provide advisers with the opportunity to invest in the future of the group, PSG Konsult is pleased to advise that the group concluded further asset-for-share transactions in March 2016 with a number of its advisers through its subsidiary, PSG Wealth Financial Planning Proprietary Limited, in terms of section 42 of the Income Tax Act, 58 of 1962. These transactions, which were settled largely through the issue of 14 298 161 PSG Konsult shares, will lead to a win-win situation for the group's financial advisers and shareholders.

Dividend

The board approved and declared a final gross dividend of 8.8 cents per share (2015: 8.0 cents per share) from income. This follows the interim dividend of 4.4 cents per share (2015: 4.0 cents per share) declared in October 2015, which brings the total gross dividend declared for the 2016 financial year to 13.2 cents per share (2015: 12.0 cents per share).

The dividend is subject to a local dividend tax rate of 15%, resulting in a net dividend of 7.48 cents per share, unless the shareholder is exempt from paying dividends tax or is entitled to a reduced rate in terms of the applicable double-tax agreement. The number of issued ordinary shares is 1 293 421 882 at the date of this declaration. PSG Konsult's income tax reference number is 9550/644/07/05.

The following are the salient dates for payment of the dividend:

Last day to trade cum dividend	Friday, 6 May 2016
Trading ex dividend commences	Monday, 9 May 2016
Record date	Friday, 13 May 2016
Date of payment	Monday, 16 May 2016

Share certificates may not be dematerialised or rematerialised between Monday, 9 May 2016 and Friday, 13 May 2016, both days included.

The board would like to extend its gratitude to all the group's stakeholders, including shareholders, clients, business partners, management and employees, for their efforts and contributions during the past year.

On behalf of the board



Willem Theron
Chairman

Tyger Valley
14 April 2016

psg.co.za



Francois Gouws
Chief Executive Officer

Independent auditor's review report on condensed consolidated financial statements

To the shareholders of PSG Konsult Limited

We have reviewed the condensed consolidated financial statements of PSG Konsult Limited, set out on pages 7 to 23 of the PSG Konsult Limited Results Booklet, which comprise the condensed consolidated statement of financial position as at 29 February 2016 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the year then ended, and selected explanatory notes.

Directors' responsibility for the condensed consolidated financial statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in note 2 to the financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of PSG Konsult Limited for the year ended 29 February 2016 is not prepared, in all material respects, in accordance with the JSE's requirements for summary financial statements, as set out in note 2 to the financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: C van den Heever
Registered Auditor

Cape Town
14 April 2016

Condensed consolidated statement of financial position
at 29 February 2016 and 28 February 2015

	Reviewed as at 29 Feb 16 R000	Audited as at 28 Feb 15 R000
ASSETS		
Intangible assets	882 615	859 536
Property and equipment	54 179	42 273
Investment property	7 349	2 245
Investment in associated companies	129	39 562
Investment in joint ventures	16 223	12 971
Deferred income tax	90 245	87 674
Equity securities (note 6.7)	1 747 701	1 025 518
Debt securities (note 6.7)	2 588 565	1 605 418
Unit-linked investments (note 6.7)	29 695 283	12 345 648
Investment in investment contracts (note 6.7)	116 477	338 208
Loans and advances	129 114	116 393
Derivative financial instruments	17 864	23 324
Reinsurance assets	76 184	77 413
Deferred acquisition costs	3 011	1 714
Receivables including insurance receivables	2 816 578	2 133 136
Current income tax assets	7 249	18 954
Cash and cash equivalents (including money market investments) (note 6.7)	1 395 952	972 243
Non-current assets held for sale	38 948	17 751
Total assets	39 683 666	19 719 981
EQUITY		
Equity attributable to owners of the parent		
Stated capital	1 446 604	1 325 111
Treasury shares	(13 462)	(546)
Other reserves	(394 755)	(404 471)
Retained earnings	650 059	573 065
	1 688 446	1 493 159
Non-controlling interest	157 212	132 491
Total equity	1 845 658	1 625 650
LIABILITIES		
Insurance contracts	607 310	574 331
Deferred income tax	44 925	53 610
Borrowings	274 114	427 843
Derivative financial instruments	17 910	30 749
Investment contracts (note 6.7)	19 836 250	14 222 603
Third-party liabilities arising on consolidation of mutual funds	14 023 726	699 202
Deferred reinsurance acquisition revenue	4 524	3 563
Trade and other payables	2 894 051	2 068 400
Current income tax liabilities	135 198	10 618
Non-current liabilities held for sale	–	3 412
Total liabilities	37 838 008	18 094 331
Total equity and liabilities	39 683 666	19 719 981
Net asset value per share (cents)	132.2	118.3

Condensed consolidated income statement
for the year ended 29 February 2016

	Reviewed Year ended 29 Feb 16 R000	Audited Year ended 28 Feb 15 R000
Gross written premium	940 903	795 237
Less: Reinsurance written premium	(242 720)	(225 293)
Net premium	698 183	569 944
Change in unearned premium		
– Gross	(20 986)	(34 905)
– Reinsurers' share	434	3 119
Net insurance premium revenue	677 631	538 158
Commission and other fee income	2 461 393	2 138 855
Investment income	612 988	499 554
Net fair value gains and losses on financial instruments	1 104 789	1 209 661
Fair value adjustment to investment contract liabilities	(1 389 130)	(1 406 791)
Other operating income	34 005	35 163
Total income	3 501 676	3 014 600
Insurance claims and loss adjustment expenses	(670 197)	(561 548)
Insurance claims and loss adjustment expenses recovered from reinsurers	151 335	137 173
Net insurance benefits and claims	(518 862)	(424 375)
Commission paid	(1 061 309)	(910 226)
Depreciation and amortisation	(57 308)	(55 422)
Employee benefit expenses	(590 976)	(511 612)
Fair value adjustment to third-party liabilities	(67 080)	(41 525)
Marketing, administration and other expenses	(485 365)	(427 457)
Total expenses	(2 780 900)	(2 370 617)
Share of profits of associated companies	1 496	40
Loss on impairment of associated companies	(1 981)	–
Share of profits of joint ventures	3 252	914
Total profit from associated companies and joint ventures	2 767	954
Profit before finance costs and taxation	723 543	644 937
Finance costs	(91 881)	(119 905)
Profit before taxation	631 662	525 032
Taxation	(309 838)	(163 234)
Profit for the year	321 824	361 798
Attributable to:		
Owners of the parent	292 924	340 401
Non-controlling interest	28 900	21 397
	321 824	361 798
Earnings per share (cents)		
Attributable (basic)	23.0	27.0
Attributable (diluted)	22.4	26.1
Headline (basic)	22.9	26.9
Headline (diluted)	22.3	26.0
Recurring headline (basic)	32.1	27.0
Recurring headline (diluted)	31.2	26.1

Condensed consolidated statement of comprehensive income
for the year ended 29 February 2016

	Reviewed Year ended 29 Feb 16 R000	Audited Year ended 28 Feb 15 R000
Profit for the year	321 824	361 798
Other comprehensive income for the year, net of taxation	9 647	224
<i>To be reclassified to profit and loss:</i>		
Currency translation adjustments	8 478	224
<i>Not to be reclassified to profit and loss:</i>		
Gain on revaluation of property and equipment	1 169	–
Total comprehensive income for the year	331 471	362 022
Attributable to:		
Owners of the parent	302 104	340 625
Non-controlling interest	29 367	21 397
	331 471	362 022

Earnings and headline earnings per share

	Reviewed Year ended 29 Feb 16 R000	Audited Year ended 28 Feb 15 R000
Profit attributable to ordinary shareholders	292 924	340 401
Non-headline items (net of non-controlling interest and related tax effect)		
Profit on disposal of intangible assets (including goodwill)	(190)	(757)
Impairment of associated companies	1 189	–
Non-headline items of associated companies and joint ventures	(2 151)	(251)
Other	530	(132)
Headline earnings	292 302	339 261
Recurring	408 748	341 175
Non-recurring	(116 446)	(1 914)
Earnings per share (cents)		
Attributable (basic)	23.0	27.0
Attributable (diluted)	22.4	26.1
Headline (basic)	22.9	26.9
Headline (diluted)	22.3	26.0
Recurring headline (basic)	32.1	27.0
Recurring headline (diluted)	31.2	26.1
Number of shares (million)		
In issue (net of treasury shares)	1 276.8	1 262.1
Weighted average	1 274.2	1 261.4

Condensed consolidated statement of changes in equity
for the year ended 29 February 2016

	Attributable to equity holders of the group				Non-controlling interest R000	Total R000
	Stated capital R000	Treasury shares R000	Other reserves R000	Retained earnings R000		
Balance at 1 March 2014 – Audited	1 134 746	(546)	(445 146)	399 487	86 222	1 174 763
Comprehensive income						
Profit for the year	–	–	–	340 401	21 397	361 798
Other comprehensive income	–	–	224	–	–	224
Currency translation adjustments	–	–	224	–	–	224
<i>Total comprehensive income</i>	–	–	224	340 401	21 397	362 022
Transactions with owners	190 365	–	40 451	(166 823)	24 872	88 865
Issue of ordinary shares	190 365	–	–	–	–	190 365
Share-based payment costs – employees	–	–	11 562	–	–	11 562
Transactions with non-controlling interest	–	–	–	(1 320)	(206)	(1 526)
Capital contribution by non-controlling interest	–	–	–	–	28 000	28 000
Current tax on equity-settled share-based payments	–	–	5 084	–	–	5 084
Deferred tax on equity-settled share-based payments	–	–	32 516	–	–	32 516
Loss on issue of shares in terms of share scheme	–	–	(31 636)	–	–	(31 636)
Release of share-based payment reserve to retained earnings on vested share options	–	–	22 925	(22 925)	–	–
Dividend paid	–	–	–	(142 578)	(2 922)	(145 500)
Balance at 28 February 2015 – Audited	1 325 111	(546)	(404 471)	573 065	132 491	1 625 650
Comprehensive income						
Profit for the year	–	–	–	292 924	28 900	321 824
Other comprehensive income	–	–	9 180	–	467	9 647
Currency translation adjustments	–	–	8 478	–	–	8 478
Gain on revaluation of property and equipment	–	–	702	–	467	1 169
<i>Total comprehensive income</i>	–	–	9 180	292 924	29 367	331 471
Transactions with owners	121 493	(12 916)	536	(215 930)	(4 646)	(111 463)
Issue of ordinary shares	121 493	–	–	–	–	121 493
Share-based payment costs – employees	–	–	16 608	–	–	16 608
Transactions with non-controlling interest	–	–	–	(3 098)	(360)	(3 458)
Acquisition of subsidiary	–	–	–	–	921	921
Net movement in treasury shares	–	(8 515)	–	–	–	(8 515)
Current tax on equity-settled share-based payments	–	–	20 153	–	–	20 153
Deferred tax on equity-settled share-based payments	–	–	(10 024)	–	–	(10 024)
Loss on issue of shares in terms of share scheme	–	–	(84 974)	–	–	(84 974)
Release of share-based payment reserve to retained earnings on vested share options	–	–	58 773	(58 773)	–	–
Release of profits from treasury shares to retained earnings	–	(4 401)	–	4 401	–	–
Dividend paid	–	–	–	(158 460)	(5 207)	(163 667)
Balance at 29 February 2016 – Reviewed	1 446 604	(13 462)	(394 755)	650 059	157 212	1 845 658

Condensed consolidated statement of cash flows
for the year ended 29 February 2016

	Reviewed Year ended 29 Feb 16 R000	Audited Year ended 28 Feb 15 R000
Cash flows from operating activities		
Cash generated by operating activities	57 599	232 202
Interest income	529 692	372 278
Dividend income	82 872	126 900
Finance costs	(41 939)	(44 118)
Taxation paid	(172 284)	(172 853)
<i>Operating cash flows before policyholder cash movement</i>	455 940	514 409
Policyholder cash movement	87 910	(24 380)
<i>Net cash flow from operating activities</i>	543 850	490 029
Cash flows from investing activities		
Acquisition of subsidiaries (including collective investment schemes)	93 516	–
Acquisition of intangible assets	(56 826)	(30 473)
Purchases of property and equipment	(35 059)	(13 241)
Proceeds from sale of assets held for sale	12 646	–
Other	1 864	4 120
<i>Net cash flow from investing activities</i>	16 141	(39 594)
Cash flows from financing activities		
Dividends paid	(163 667)	(145 500)
Capital contributions by non-controlling interest (ordinary shares)	–	28 000
Transactions with non-controlling interest	(3 458)	(1 526)
Repayment of borrowings	(3 737)	(73 344)
Shares issued	36 519	7 476
Net movement in treasury shares	(8 515)	–
Other	608	209
<i>Net cash flow from financing activities</i>	(142 250)	(184 685)
Net increase in cash and cash equivalents	417 741	265 750
Cash and cash equivalents at beginning of year	975 018	709 173
Exchange gains on cash and cash equivalents	3 193	95
Cash and cash equivalents at end of year*	1 395 952	975 018
Current, cheque and money market investment accounts	1 395 952	972 243
Cash and cash equivalents classified as assets held for sale	–	2 775
* Includes the following:		
<i>Clients' cash linked to investment contracts</i>	114 864	26 954
<i>Other client-related balances</i>	165 970	139 381
	280 834	166 335

Notes to the statement of cash flow:

The movement in cash generated by operating activities can vary significantly as a result of daily fluctuations in cash linked to investment contracts, cash held by the stockbroking business and cash utilised for the loan facility obtained by PSG Wealth on the loan facilities provided to clients on their share portfolios at PSG Securities Limited. PSG Life Limited, the group's linked insurance company, issues linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the supporting assets). When these policies mature, the company raises a debtor for the money receivable from the third-party investment provider, and raises a creditor for the amount owing to the client. Timing difference occurs at month-end where the money was received from the third-party investment provider, but only paid out by the company after month-end, resulting in significant fluctuations in the working capital of the company. Similar working capital fluctuations occur at PSG Securities Limited, the group's stockbroking business, mainly due to the timing of the close of the JSE in terms of client settlements. During the 2016 financial year, R150.1 million was repaid on the loans obtained for providing loan facilities to clients on their share portfolio compared to R89.6 million funding obtained in the 2015 financial year.

Notes to the condensed consolidated financial statements for the year ended 29 February 2016

1. Reporting entity

PSG Konsult Limited is a company domiciled in the Republic of South Africa. The condensed consolidated financial statements of the company as at and for the year ended 29 February 2016 comprise the company and its subsidiaries (together referred to as the 'group') and the group's interests in associated companies and joint ventures.

2. Basis of presentation

The condensed consolidated preliminary financial statements are prepared in accordance with the Listings Requirements of the JSE Limited (JSE) and the requirements of the Companies Act, No. 71 of 2008, as amended applicable to condensed financial statements. The JSE requires condensed financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the condensed consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

3. Preparation

The condensed consolidated preliminary financial statements is the responsibility of the board of directors of the company. These condensed consolidated preliminary financial statements were prepared by Stephan van der Merwe, CA(SA), under the supervision of the chief financial officer, Mike Smith, CA(SA). PSG Konsult's external auditor, PricewaterhouseCoopers Inc., reviewed these condensed consolidated preliminary financial statements and their unmodified review opinion is presented on page 6. Any reference to future financial performance included in this announcement has not been reviewed by or reported on by the company's auditor.

4. Accounting policies

The accounting policies applied in the preparation of these condensed consolidated financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements as at and for the year ended 28 February 2015.

The following new accounting standards and amendments to IFRSs, which were relevant to the group's operations, were effective for the first time from 1 March 2015:

- Amendment to IAS 19 – Employee benefits
- Annual Improvements 2010 – 12 cycle
- Annual Improvements 2011 – 13 cycle

These revisions have not resulted in material changes to the group's reported results and disclosures in these condensed consolidated financial statements.

The following new or revised IFRSs and interpretations that are applicable to the group have effective dates applicable to future financial years and have not been early adopted:

- IFRS 9 – Financial Instruments (effective 1 January 2018)
- IFRS 15 – Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 16 – Leases (effective 1 January 2019)

The impact of the application of these revised standards and interpretations in future financial reporting periods on the group's reported results, financial position and cash flows is still being assessed.

5. Use of estimates and judgements

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the year ended 28 February 2015.

6. Segment information

The composition of the reportable segments represents the internal reporting structure and the monthly reporting to the chief operating decision-maker (CODM). The CODM was identified as the chief executive officer for the purpose of IFRS 8 – Operating Segments, 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

Corporate support costs refer to a variety of services and functions that are performed centrally for the individual business units within each business segment and also include the group's executive office. Besides the traditional accounting and secretarial services provided to group divisions and subsidiaries, the corporate office also provides legal, risk, information technology (IT), marketing, human resources (HR), payroll, internal audit and corporate finance services. The strategic elements of IT, in terms of both services and infrastructure, are also centralised in the corporate office. The corporate costs are allocated to the three reportable segments.

6.1. Description of business segments

PSG Wealth, which consists of five business units – Distribution, PSG Securities, LISP and Life Platform, Multi Management and Employee Benefits – is designed to meet the needs 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 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, 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 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 Short-Term Administration supports clients through the claim process, administrative issues and general policy maintenance, including an annual reappraisal of their portfolio.

The CODM 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 the CODM for the reportable segments for the year ended 29 February 2016 is set out below:

6.2. Headline earnings per reportable segments

Headline earnings	Asset			Total R000
	Wealth R000	Management R000	Insure R000	
For the year ended 29 February 2016 (Reviewed)				
Headline earnings	169 059	82 707	40 536	292 302
– recurring	285 505	82 707	40 536	408 748
– non-recurring	(116 446)	–	–	(116 446)
For the year ended 28 February 2015 (Audited)				
Headline earnings	227 478	81 915	29 868	339 261
– recurring	228 320	82 336	30 519	341 175
– non-recurring	(842)	(421)	(651)	(1 914)

6.3. Income per reportable segment

Total income	Asset			Total R000
	Wealth R000	Management R000	Insure R000	
For the year ended 29 February 2016 (Reviewed)				
Total segment income	2 595 694	635 148	1 195 809	4 426 651
Intersegment income	(622 393)	(265 799)	(36 783)	(924 975)
Income from external customers	1 973 301	369 349	1 159 026	3 501 676
For the year ended 28 February 2015 (Audited)				
Total segment income	2 146 463	587 111	979 622	3 713 196
Intersegment income	(461 848)	(219 347)	(17 401)	(698 596)
Income from external customers	1 684 615	367 764	962 221	3 014 600

Other information provided to the CODM is measured in a manner consistent with that of the financial statements.

6.4 Divisional income statements

The profit or loss information follows a similar format to the consolidated income statement.

For the year ended 29 February 2016 (Reviewed)	Asset			Total R000
	Wealth R000	Management R000	Insure R000	
Total income	1 973 301	369 349	1 159 026	3 501 676
Total expenses	(1 450 023)	(257 299)	(1 073 578)	(2 780 900)
	523 278	112 050	85 448	720 776
Total profit from associated companies and joint ventures	–	–	2 767	2 767
Profit before finance cost and taxation	523 278	112 050	88 215	723 543
Finance costs*	(88 278)	(359)	(3 244)	(91 881)
Profit before taxation	435 000	111 691	84 971	631 662
Taxation	(258 611)	(29 131)	(22 096)	(309 838)
Profit for the year	176 389	82 560	62 875	321 824
Attributable to:				
Owners of the parent	169 488	82 560	40 876	292 924
Non-controlling interest	6 901	–	21 999	28 900
	176 389	82 560	62 875	321 824
Headline earnings	169 059	82 707	40 536	292 302
Recurring headline earnings	285 505	82 707	40 536	408 748

For the year ended 28 February 2015 (Audited)

Total income	1 684 614	367 764	962 222	3 014 600
Total expenses	(1 219 987)	(257 541)	(893 089)	(2 370 617)
	464 627	110 223	69 133	643 983
Total profit from associated companies and joint ventures	–	–	954	954
Profit before finance cost and taxation	464 627	110 223	70 087	644 937
Finance costs*	(115 606)	(396)	(3 903)	(119 905)
Profit before taxation	349 021	109 827	66 184	525 032
Taxation	(115 019)	(27 905)	(20 310)	(163 234)
Profit for the year	234 002	81 922	45 874	361 798
Attributable to:				
Owners of the parent	228 177	81 922	30 302	340 401
Non-controlling interest	5 825	–	15 572	21 397
	234 002	81 922	45 874	361 798
Headline earnings	227 478	81 915	29 868	339 261
Recurring headline earnings	228 320	82 336	30 519	341 175

* Finance cost in the PSG Wealth division consists mainly of the finance charge on the held-to-maturity policyholder financial assets (linked investment business). The finance cost of R88.3 million (2015: R115.6 million) consists of R49.9 million (2015: R75.8 million) on the client-related linked investment business, R29.2 million (2015: R25.8 million) on the loan facilities provided to clients on their share portfolios at PSG Securities (secured by the underlying JSE Top 100 equity securities held in excess of four times the value of the loan facilities) on which PSG Wealth receives a margin, with the remaining portion of the finance charge on the CFD margin and the bank overdrafts.

6.5 Statement of financial position (client vs own)

In order to evaluate the consolidated financial position of the group, the CODM 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, the broker and clearing accounts, and the settlement control accounts of the stockbroking business, the collective investment schemes consolidated under IFRS 10 – Consolidated Financial Statements 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.

	Reviewed – as at 29 February 2016		
	Total R000	Own balances R000	Client- related balances R000
ASSETS			
Equity securities	1 747 701	6 023	1 741 678
Debt securities	2 588 565	100 789	2 487 776
Unit-linked investments	29 695 283	443 737	29 251 546
Investment in investment contracts	116 477	–	116 477
Receivables including insurance receivables	2 812 759	225 780	2 586 979
Derivative financial instruments	17 864	–	17 864
Cash and cash equivalents (including money market investments)	1 395 952	1 115 118	280 834
Other assets*	1 309 065	1 309 065	–
Total assets	39 683 666	3 200 512	36 483 154
EQUITY			
Equity attributable to owners of the parent	1 688 446	1 688 446	–
Non-controlling interest	157 212	157 212	–
Total equity	1 845 658	1 845 658	–
LIABILITIES			
Borrowings	274 114	10 674	263 440
Investment contracts	19 836 250	–	19 836 250
Third-party liabilities arising on consolidation of mutual funds	14 023 726	–	14 023 726
Derivative financial instruments	17 910	–	17 910
Trade and other payables	2 894 051	552 223	2 341 828
Other liabilities**	791 957	791 957	–
Total liabilities	37 838 008	1 354 854	36 483 154
Total equity and liabilities	39 683 666	3 200 512	36 483 154

	Total R000	Own balances R000	Client- related balances R000
ASSETS			
Equity securities	1 025 518	2 259	1 023 259
Debt securities	1 605 418	99 614	1 505 804
Unit-linked investments	12 345 648	378 015	11 967 633
Investment in investment contracts	338 208	–	338 208
Receivables including insurance receivables	2 133 136	228 588	1 904 548
Derivative financial instruments	23 324	–	23 324
Cash and cash equivalents (including money market investments)	972 243	805 908	166 335
Other assets*	1 276 486	1 276 486	–
Total assets	19 719 981	2 790 870	16 929 111
EQUITY			
Equity attributable to owners of the parent	1 493 159	1 493 159	–
Non-controlling interest	132 491	132 491	–
Total equity	1 625 650	1 625 650	–
LIABILITIES			
Borrowings	427 843	14 273	413 570
Investment contracts	14 222 603	–	14 222 603
Third-party liabilities arising on consolidation of mutual funds	699 202	–	699 202
Derivative financial instruments	30 749	–	30 749
Trade and other payables	2 068 400	505 413	1 562 987
Other liabilities**	645 534	645 534	–
Total liabilities	18 094 331	1 165 220	16 929 111
Total equity and liabilities	19 719 981	2 790 870	16 929 111

* Other assets consist of property and equipment, investment property, intangible assets, investment in associated companies, investment in joint ventures, current and deferred income tax assets, loans and advances, reinsurance assets, deferred acquisition costs and non-current assets held for sale.

** Other liabilities consist of deferred reinsurance acquisition revenue, current and deferred income tax liabilities, insurance contracts and non-current liabilities held for sale.

6.6 Income statement (client vs own)

In order to evaluate the consolidated income statement of the group, the CODM segregates the income statement by eliminating the impact of the linked investment policies issued and the consolidation of the collective investment schemes from the core operations in the group.

A subsidiary of the group, PSG 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 group to the market risk of fair value adjustments on the financial asset as this risk is assumed by the policyholder.

The group consolidates collective investment schemes in terms of IFRS 10 – Consolidated Financial Statements over which the group has control. The consolidation of these funds do not impact total earnings, comprehensive income, shareholders' funds or the net asset value of the group; however, it requires the group to recognise the income statement impact as part of that of the group.

	Reviewed – Year ended 29 February 2016		
	Total R000	Core business R000	Linked investment business and other R000
Commission and other fee income	2 461 393	2 438 177	23 216
Investment income	612 988	190 893	422 095
Net fair value gains and losses on financial instruments	1 104 789	12 848	1 091 941
Fair value adjustment to investment contract liabilities	(1 389 130)	–	(1 389 130)
Other*	711 636	704 396	7 240
Total income	3 501 676	3 346 314	155 362
Insurance claims and loss adjustment expenses	(670 197)	(668 808)	(1 389)
Fair value adjustment to third-party liabilities	(67 080)	–	(67 080)
Other**	(2 043 623)	(2 028 274)	(15 349)
Total expenses	(2 780 900)	(2 697 082)	(83 818)
Total profit from associated companies and joint ventures	2 767	2 767	–
Profit before finance cost and taxation	723 543	651 999	71 544
Finance costs	(91 881)	(41 939)	(49 942)
Profit before taxation	631 662	610 060	21 602
Taxation	(309 838)	(288 236)	(21 602)
Profit for the year	321 824	321 824	–
Attributable to:			
Owners of the parent	292 924	292 924	–
Non-controlling interest	28 900	28 900	–
	321 824	321 824	–

	Total R000	Core business R000	Linked investment business and other R000
Commission and other fee income	2 138 855	2 114 106	24 749
Investment income	499 554	158 201	341 353
Net fair value gains and losses on financial instruments	1 209 661	12 817	1 196 844
Fair value adjustment to investment contract liabilities	(1 406 791)	–	(1 406 791)
Other*	573 321	572 946	375
Total income	3 014 600	2 858 070	156 530
Insurance claims and loss adjustment expenses	(561 548)	(561 293)	(255)
Fair value adjustment to third-party liabilities	(41 525)	–	(41 525)
Other**	(1 767 544)	(1 755 855)	(11 689)
Total expenses	(2 370 617)	(2 317 148)	(53 469)
Total profit from associated companies and joint ventures	954	954	–
Profit before finance cost and taxation	644 937	541 876	103 061
Finance costs***	(119 905)	(44 118)	(75 787)
Profit before taxation	525 032	497 758	27 274
Taxation	(163 234)	(135 960)	(27 274)
Profit for the year	361 798	361 798	–
Attributable to:			
Owners of the parent	340 401	340 401	–
Non-controlling interest	21 397	21 397	–
	361 798	361 798	–

* Other consists of net insurance premium revenue and other operating income.

** Other consists of insurance claims and loss adjustment expenses recovered from reinsurers, commission paid, depreciation and amortisation, employee benefit expenses, marketing, administration and other expenses.

*** Finance cost on core business decreased from 2015 largely due to the increase in the loan facilities provided to clients in their share portfolios at PSG Securities (secured by the underlying JSE Top 100 equity securities held in excess of four times the value of the loan facilities) which was countered by the decrease in finance cost paid to external debt (excluding the finance lease) as these were repaid in full during the 2015 financial year.

6.7 Investment contracts are represented by the following financial assets:

	Reviewed as at 29 Feb 16 R000	Audited as at 28 Feb 15 R000
Equity securities	1 661 713	955 147
Debt securities	783 225	800 198
Unit-linked investments	17 159 971	12 102 096
Investments in investment contracts	116 477	338 208
Cash and cash equivalents	114 864	26 954
	19 836 250	14 222 603

7. Receivables including insurance receivables and trade and other payables

Included under receivables are broker and clearing accounts at our stockbroking business of which R2 513.5 million (2015: R1 871.9 million) represents amounts owing by the JSE for trades conducted during the last few days before the end of the period. These balances fluctuate on a daily basis depending on the activity in the market.

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

8. Transactions with non-controlling interest

For the years ended 29 February 2016 and 28 February 2015

Acquisition of a further interest in PSG Namibia Proprietary Limited

With effect from 1 March 2015, PSG Konsult Limited (through its subsidiary PSG Distribution Holdings Proprietary Limited) acquired an additional 4% stake from a minority shareholder. The group now holds 58% of the issued share capital of PSG Namibia Proprietary Limited. This transaction follows the acquisition of an additional 3% interest on 1 March 2014.

9. Non-current assets (or disposal groups) held for sale

For the year ended 29 February 2016 and 28 February 2015

PSG Konsult Limited (through its subsidiary Western Group Holdings Limited) sold its 23% interest held in Xinergistix Limited on 1 November 2015 for R38.9 million. The transaction is subject to suspensive conditions and was treated as a non-current asset held for sale on 29 February 2016.

PSG Konsult Limited sold 100% of its shareholding in PSG Academy Proprietary Limited, the group's private higher education institute, to Moonstone Information Refinery Proprietary Limited and its health insurance administration business (through its subsidiary Nhluvuko Risk Administration Proprietary Limited) to African Unity Health Proprietary Limited.

The effective date for both of these transactions was 1 March 2015, subject to suspensive conditions, and was treated as non-current assets and liabilities held for sale on 28 February 2015.

10. Acquisition of subsidiaries

For the year ended 29 February 2016

i) PSG Wealth Limited (Mauritius) (previously DMH Associates Limited (Mauritius))

PSG Konsult Limited, through its wholly-owned subsidiary PSG Konsult (Mauritius) Limited, acquired a 70% interest in DMH Holding Limited, a holding company incorporated in Mauritius. DMH Holding Limited has a wholly-owned subsidiary, PSG Wealth Limited (Mauritius) (previously DMH Associates Limited (Mauritius)), a financial services provider in Mauritius. The effective date of the transaction was 1 November 2015 following the fulfilment of suspensive conditions.

ii) Acquisition of collective investment schemes

The group obtained control of the following collective investment schemes during the second half of the 2016 financial year: PSG Wealth Enhanced Interest Fund, PSG Wealth Creator Fund of Funds and the PSG Wealth Moderate Fund of Funds. These funds were consolidated in accordance with IFRS 10 – Consolidated Financial Statements and are collective investment schemes managed by PSG Asset Management.

Fund consolidated	PSG Wealth Enhanced Interest Fund	PSG Wealth Creator Fund of Funds	PSG Wealth Moderate Fund of Funds
% Interest in fund on effective date	31%	31%	30%
Date of acquisition	1 September 2015	29 February 2016	29 February 2016
<i>Details of the net assets acquired are as follows:</i>	Group R000	Group R000	Group R000
Debt securities	610 369	–	–
Unit-linked investments	419 456	3 361 218	14 168 287
Receivables including insurance receivables	13 181	715	–
Cash and cash equivalents (including money market funds)	43 345	20 529	32 415
Third-party liabilities arising on consolidation of mutual funds	(748 930)	(2 344 629)	(9 947 685)
Trade and other payables	(544)	–	–
Net asset value	336 877	1 037 833	4 253 017
Fair value of interest held before the business combination	(336 877)	(1 037 833)	(4 253 017)
Total consideration paid	–	–	–

11. Other acquisitions

For the year ended 28 February 2015

Standardising of revenue-sharing model

Effective 1 March 2014, the group (through its subsidiary PSG Wealth Financial Planning Proprietary Limited) concluded an asset-for-share transaction (utilising section 42 of the Income Tax Act) with a large number of its advisers. The purpose of this transaction was to standardise the revenue-sharing arrangements between the advisers and PSG Konsult. This provided the opportunity for the advisers to become shareholders in the business and be part of our loyal shareholder base of individuals.

The consideration was paid with the issue of PSG Konsult shares (35.8 million shares at R4.50 per share) and the remaining R12.5 million paid in cash on the effective date. The transaction did not qualify for accounting in terms of IFRS 3R – Business Combinations as the assets acquired (the right to an increased share in the income stream of the adviser) did not constitute a business acquired.

This transaction contributed R10.1 million to our headline earnings during the 2015 financial year.

For the year ended 29 February 2016

Standardising of revenue-sharing model

During the year under review, the group, through its subsidiaries PSG Wealth Financial Planning Proprietary Limited and PSG Corporate Financial Planning Proprietary Limited, concluded further revenue-sharing arrangements (on the same basis as in the 2015 financial year) with a number of its advisers for a cash consideration of R17.6 million.

These transactions contributed R1.5 million to our headline earnings during the 2016 financial year.

12. Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including price risk, foreign currency risk, cash flow risk and fair value interest rate risks), credit risk and liquidity risk. Insurance activities expose the group to insurance risk (including pricing risk, reserving risk, underwriting risk and reinsurance risk). The group is also exposed to operational risk and legal risk.

The capital risk management philosophy is to maximise the return on shareholders' capital within an appropriate risk framework.

The condensed consolidated financial statements do not include all risk management information and disclosure required in the annual financial statements and should be read in conjunction with the group's annual financial statements as at 29 February 2016.

There have been no changes in the group's financial risk management objectives and policies since the previous financial year-end.

Market risk (price risk, foreign currency risk and interest rate risks)

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 interest rates, equity prices and foreign currency exchange 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, 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 asset 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.

Included in the equity securities of R1 747.7 million (2015: R1 025.5 million) are quoted equity securities of R1 747.5 million (2015: R1 024.7 million), of which R1 661.7 million (2015: R955.1 million) relates to investments in linked investment contracts. The price risk of these instruments is carried by the policyholders of the linked investment contracts.

Debt securities linked to policyholder investments amounted to R783.2 million (2015: R800.2 million) and do not expose the group to interest rate risk; cash and cash equivalents linked to policyholder investments amounted to R114.9 million (2015: R27.0 million) and do not expose the group to interest rate risk.

Fair value estimation

The information below analyses financial instruments, carried at fair value, by level of hierarchy as required by IFRS 13. The different levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- input other than quoted prices included within level 1 that is observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- input for the asset or liability that is not based on observable market data (that is, unobservable input) (level 3)

There have been no significant transfers between level 1, 2 or 3 during the financial year under review.

The table below analyses financial assets and liabilities which are carried at fair value by valuation method. There were no significant changes in the valuation techniques and assumptions applied since 28 February 2015.

Valuation techniques and main assumptions used in determining the fair value of financial assets and liabilities classified within level 2 can be summarised as follows:

Instrument	Valuation 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 input (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 contract liabilities – unit linked	Current unit price of underlying unithised 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

The fair value of financial assets and liabilities measured at fair value in the statement of financial position can be summarised as follows:

Reviewed	Level 1	Level 2	Level 3	Total
Financial assets	R000	R000	R000	R000
At 29 February 2016				
<i>Financial assets at fair value through profit or loss</i>				
Derivative financial assets	–	17 864	–	17 864
Equity securities	1 747 453	8	–	1 747 461
Debt securities	846 266	1 420 858	–	2 267 124
Unit-linked investments	–	28 386 299	1 308 984	29 695 283
Investment in investment contracts	–	73 815	–	73 815
<i>Available-for-sale</i>				
Equity securities	–	–	240	240
	2 593 719	29 898 844	1 309 224	33 801 787
Financial liabilities				
At 29 February 2016				
<i>Financial liabilities at fair value through profit or loss</i>				
Derivative financial liabilities	–	17 910	–	17 910
Investment contracts	–	18 173 163	1 298 984	19 472 147
Trade and other payables	–	–	5 297	5 297
Third-party liabilities arising on consolidation of mutual funds	–	14 023 726	–	14 023 726
	–	32 214 799	1 304 281	33 519 080

Audited	Level 1	Level 2	Level 3	Total
Financial assets	R000	R000	R000	R000
At 28 February 2015				
<i>Financial assets at fair value through profit or loss</i>				
Derivative financial assets	–	23 324	–	23 324
Equity securities	1 024 673	–	–	1 024 673
Debt securities	476 539	373 071	–	849 610
Unit-linked investments	–	11 228 992	1 116 656	12 345 648
Investment in investment contracts	–	226 305	–	226 305
<i>Available-for-sale</i>				
Equity securities	–	–	845	845
	1 501 212	11 851 692	1 117 501	14 470 405

Financial liabilities

At 28 February 2015

Financial liabilities at fair value through profit or loss

Derivative financial liabilities	–	30 749	–	30 749
Investment contracts	–	12 282 705	1 106 656	13 389 361
Trade and other payables	–	–	13 453	13 453
Third-party liabilities arising on consolidation of mutual funds	–	699 202	–	699 202
	–	13 012 656	1 120 109	14 132 765

The following tables presents the changes in level 3 financial instruments during the reporting periods under review:

	Reviewed 29 Feb 16 R000	Audited 28 Feb 15 R000
Assets		
Carrying value at 1 March	1 117 501	2 488 657
Additions	392 791	3 294 440
Disposals	(761 413)	(4 762 552)
Gains recognised in profit and loss	560 345	96 956
Carrying value at 29/28 February	1 309 224	1 117 501
Liabilities		
Carrying value at 1 March	1 120 109	2 498 451
Additions	406 434	3 293 979
Disposals	(784 529)	(4 769 442)
Losses recognised in profit and loss	562 267	97 121
Carrying value at 29/28 February	1 304 281	1 120 109

Level 3 – significant fair value model assumptions and sensitivities

Financial assets and liabilities

Unit-linked investments and debt securities represent the largest portion of the level 3 financial assets and relate to units and debentures held in hedge funds and are priced monthly. The prices are obtained from the asset managers of the particular hedge funds. These are held to match investment contract liabilities, and as such any change in measurement would result in a similar adjustment to investment contract liabilities. Therefore, the group's overall profit or loss is not materially sensitive to the input of the models applied to derive fair value.

Trade and other payables classified within level 3 have significant unobservable input, as the valuation technique used to determine the fair values takes into account the probability (at each reporting period) that the contracted party will achieve the profit guarantee as stipulated in the business agreement.

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 values do not approximate their fair values:

	Reviewed 29 Feb 16 R000	Audited 28 Feb 15 R000
Debt securities – held-to-maturity		
– Carrying value	321 441	721 341
– Fair value	333 175	736 883
Investment in investment contracts		
– Carrying value	42 662	111 904
– Fair value	42 707	112 736
Total		
– Carrying value	364 103	833 245
– Fair value	375 882	849 619

The fair value of the financial assets in the table above is categorised in terms of level 2 (2016: R265.3 million; 2015: R815.1 million) and level 3 (2016: R110.6 million; 2015: R34.5 million) respectively.

13. Related-party transactions

Related-party transactions similar to those disclosed in the group's annual financial statements for the year ended 28 February 2015 took place during the financial year.

14. Capital commitments and contingencies

	Reviewed as at 29 Feb 16 R000	Audited as at 28 Feb 15 R000
Operating lease commitments	149 620	82 843
Capital commitments	1 200	16 971

15. 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 condensed consolidated financial statements other than the following:

- Shareholders are referred to PSG Konsult's announcement made on 11 December 2015 regarding a potential tax matter at PSG Life Limited. The board subsequently decided to settle this legacy matter, which dates back to 2009, for an amount of R115 million. This amount and the related legal costs incurred were fully provided for in the year-end results and have been treated as non-recurring headline earnings.
- The group concluded further revenue-sharing arrangements (on the same basis as in the 2015 and 2016 financial year) with a number of its advisers during March 2016 (refer to the commentary for the details of these transactions).

DIRECTORATE

Non-executive directors

W Theron (Chairman), JF Mouton, PJ Mouton, J de V du Toit*, PE Burton*, ZL Combi*
(^ Lead independent; * Independent)

Executive directors

FJ Gouws (Chief Executive Officer), MIF Smith (Chief Financial Officer)

COMPANY INFORMATION

Company secretary

PSG Management Services Proprietary Limited

PSG Konsult head office and registered office

4th Floor, The Edge, 3 Howick Close, Tyger Waterfront, Tyger Valley, Bellville, 7530
PO Box 3335, Tyger Valley, Bellville, 7536

Listing

Johannesburg Stock Exchange (JSE)
Namibian Stock Exchange (NSX)

Transfer secretary

Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Sponsors

JSE sponsor: PSG Capital Proprietary Limited
NSX sponsor: PSG Wealth Management (Namibia) Proprietary Limited

Auditor

PricewaterhouseCoopers Inc.
Cape Town

ADMINISTRATIVE INFORMATION

PSG Konsult Limited (Incorporated in the Republic of South Africa)
(‘PSG Konsult’ or ‘the company’ or ‘the group’)
Registration number: 1993/003941/06
JSE share code: KST
NSX share code: KFS
ISIN code: ZAE000191417

