



INTERIM REPORT

Unaudited results
for the six months ended 31 August 2012

ADMINISTRATIVE INFORMATION

Registration number: 1993/003941/06

Directors: J de V du Toit (Voorsitter/Chairman), W Theron (HUB/CEO)*, TW Biesenbach (HOB/COO)*, HB Lindes* (FD/CFO), JF Mouton, L de Wit
** Executive directors*

Secretary: PSG Konsult Bestuursdienste (Edms) Bpk / PSG Konsult Management Services (Pty) Ltd

Registered office: Suite 2/1, Hemel and Aarde Village,
Corner of Hemel and Aarde and Main Road, Hermanus, 7200
PO Box 1743, Hermanus, 7200

Auditor: PricewaterhouseCoopers Inc.

PREPARATION AND PRESENTATION OF THE INTERIM REPORT :
The unaudited results have been prepared by JSE van der Merwe, CA (SA)
and supervised by the Chief Financial Officer, HB Lindes, CA (SA)



FINANCIAL HIGHLIGHTS

Salient features:

- Headline earnings per share up 22.0%
- Recurring headline earnings per share up 21.4%
- Dividend per share of 3.5 cents
- Funds under administration of Rbn 144.2



PSG KONSULT LIMITED

COMMENTARY ON RESULTS FOR THE INTERIM REPORTING PERIOD ENDED 31 AUGUST 2012

The PSG Konsult Group continued its growth momentum from the previous financial year. The positive results were primarily driven by strong earnings from PSG Asset Management and steady contributions from the Group's other major business segments.

The Group's financial indicators listed below, clearly proves the value of the Group's diversified income streams and its focus on creating sustainable annuity income:

- Revenue, consisting of commission and other operating income, increased by 8.6% to R733.3 million (2011: R675.3 million).
- Recurring headline earnings increased by 20% to R72.6 million (2011: R60.5 million).
- Headline earnings increased by 21.9% to R77.0 million (2011 : R63.2 million).
- Headline earnings per share increased by 22.0% to 7.2 cents per share.
- Adjusted headline earnings per share increased by 17.4% (adjusted for impact of amortisation) to 8.1 cents per share.
- Funds under administration increased to R144.2 billion (Feb 2012: R139 billion).
- Short-term premiums decreased to R1 300 million (2011: R1 550 million) on an annualized basis (mainly due to the sale of the 3rd party short-term administration book of business).

	31 Aug '12 R'000	% Change	31 Aug '11 R'000
Headline earnings	76 985	21.9%	63 149
- Recurring	72 610	20.0%	60 532
- Non-recurring	4 375	67.2%	2 617

The Group's focus going forward will be to maximise growth in recurring earnings.

Acquisitions:

Effective 1 March 2012, the Company acquired a stake in Western Group Holdings Limited, a short-term insurance company. Negotiations have been concluded to increase the stake held in Western, which is subject to regulatory approvals.

Awards/Performance:

We are proud to report that PSG Online has won the Business Day Investors Monthly Stockbroker of the Year award for the second consecutive year.

People

At the period-end PSG Konsult had 228 offices with 621 financial planners, portfolio managers, stockbrokers and asset managers. Our professional associates (accountants and attorneys) totaled 375.

Rights offer

The Group embarked on a rights offer during August/September 2012. The salient features of the offer were as follows:

- A partially underwritten, non-renounceable, transferable rights offer.
- Number of rights offer shares offered in terms of the offer: 107,230,121.
- Ratio entitlement: 1 rights offer share for every 10 ordinary shares held.
- Issue price per rights offer share: 175 cents
- Total amount to be raised: R187,652,711
- Number of ordinary shares in issue after the rights issue: 1,179,531,333

The purpose of the rights offer was to fund known and planned acquisitions, including but not limited to the acquisition of an increased stake in Western Group Holdings Limited and to fund capital adequacy requirements within the Group.

The rights offer opened on 31 August 2012 and closed on 14 September 2012.

Looking forward

The Group's strategy going forward will be to unlock value for its shareholders through the following:

- Utilising the synergies between its business segments to create business development opportunities, including a simplified organisational structure.
- Extending the Group's sharing in the value chain with a focus on the short-term insurance and asset management markets.
- Position the Group through its comprehensive range of services and products as a fully fledged financial services group.

The business will be taken forward under its main business activities, being wealth management, asset management and insurance.

Given the extent of non-recurring Headline Earnings generated in the second half of FY2012, our expectation is that growth in the second half of the current financial year (FY2013) might not match the growth achieved up to the interim reporting date (31 August 2012).

Dividend

The Board resolved to make a dividend payment to shareholders of 3.5 cents per share (2011: 3.0 cents per share) in respect of the six months ended 31 August 2012. The dividend has been declared from distributable reserves and will be subject to the new dividend withholding tax at 15% which was introduced on 1 April 2012. The following are the salient dates for payment of the dividend:

<i>Last day to trade (cum-dividend)</i>	<i>Friday, 14 September 2012</i>
<i>Last day of registration (T+5)</i>	<i>Friday, 21 September 2012</i>
<i>Date of payment</i>	<i>Thursday, 25 October 2012</i>

On behalf of the board


Jaap du Toit
Chairman

Hermanus
4 October 2012


Willem Theron
Chief Executive Officer



CONDENSED GROUP INCOME STATEMENT
for the six months ended 31 August 2012

	Unaudited		Audited
	31 Aug '12 R'000	31 Aug '11 R'000	29 Feb '12 R'000
INCOME			
Commission and other fee income	717 099	657 849	1 336 712
Net fair value gains and losses on financial instruments	342 021	161 159	427 846
Fair value adjustment to investment contract liabilities	(386 638)	(198 810)	(484 557)
Investment income	151 265	129 913	272 631
Other operating income	16 222	17 475	42 229
Total income	839 969	767 586	1 594 861
EXPENSES			
Insurance claims and loss adjustments	285	(535)	279
Marketing, administration and other operating expenses	(635 060)	(586 846)	(1 190 276)
Total expenses	(634 775)	(587 381)	(1 189 997)
Share of profits/(losses) of associated companies	2 143	155	(38)
RESULTS OF OPERATING ACTIVITIES	207 337	180 360	404 826
Finance costs	(94 196)	(82 878)	(169 631)
Profit before taxation	113 141	97 482	235 195
Taxation	(34 142)	(31 932)	(73 516)
NET PROFIT FOR THE PERIOD	78 999	65 550	161 679
Attributable to non-controlling interest	980	3 207	7 357
Attributable to owners of the parent	78 019	62 343	154 322
	78 999	65 550	161 679

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 31 August 2012

	Unaudited		Audited
	31 Aug '12 R'000	31 Aug '11 R'000	29 Feb '12 R'000
NET PROFIT FOR THE PERIOD	78 999	65 550	161 679
Other comprehensive income/(loss) for the period, net of taxation	905	(901)	824
Currency translation adjustments	824	132	340
Fair value gains/(losses) on available-for-sale investments	565	(2 338)	(942)
Recycling adjustment on available-for-sale investments	(484)	1 305	1 426
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, net of taxation	79 904	64 649	162 503
Attributable to non-controlling interest	980	3 207	7 357
Attributable to owners of the parent	78 924	61 442	155 146
	79 904	64 649	162 503

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION
at 31 August 2012

	Unaudited		Audited
	31 Aug '12 R'000	31 Aug '11 R'000	29 Feb '12 R'000
ASSETS			
Property and equipment	25 310	28 582	26 749
Intangible assets	803 950	820 744	815 357
Investments in associated companies	32 863	12 028	11 350
Deferred income taxation	41 160	42 686	33 116
Financial assets - linked to investment contracts	9 610 120	8 928 568	9 047 463
Financial assets - other			
Equity securities	845	345	9 615
Debt securities	39 118	47 402	47 704
Unit-linked investments	68 930	62 092	32 482
Loans and advances	83 538	50 888	76 461
Derivative financial instruments	13 036	12 997	9 532
Receivables	213 195	171 063	2 368 275
Cash and cash equivalents	227 514	180 834	358 637
Current income tax assets	3 946	3 679	4 125
Total assets	11 163 525	10 361 908	12 840 866
EQUITY			
Equity attributable to owners of the parent			
Share capital	10 723	10 723	10 723
Share premium	849 507	849 507	849 507
Treasury shares	728	(96)	(2 571)
Other reserves	(466 459)	(481 877)	(469 740)
Retained earnings	336 826	284 758	338 924
	731 325	663 015	726 843
Non-controlling interests	18 008	22 242	17 725
Total equity	749 333	685 257	744 568
LIABILITIES			
Insurance contracts	29 990	30 342	29 949
Deferred income taxation	71 438	77 486	68 005
Financial liabilities			
Borrowings	238 649	188 149	178 493
Derivative financial instruments	12 703	11 372	7 831
Investment contracts	9 641 413	8 915 864	9 144 681
Third-party liabilities arising on consolidation of mutual funds	2 787	-	16 008
Trade and other payables	407 377	436 050	2 646 331
Accruals for other liabilities and charges	-	2 124	-
Current income tax liabilities	9 835	15 264	5 000
Total liabilities	10 414 192	9 676 651	12 096 298
Total equity and liabilities	11 163 525	10 361 908	12 840 866
Net asset value per share (cents)	68.2	61.8	67.9

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY
for the six months ended 31 August 2012

	Unaudited		Audited
	31 Aug '12 R'000	31 Aug '11 R'000	29 Feb '12 R'000
Ordinary shareholders' equity at beginning of period	726 843	490 721	490 721
Total comprehensive income for the year	78 924	61 442	155 146
Net shares issued	-	506 867	506 867
Treasury shares	3 299	(96)	(2 571)
Dividend paid	(78 154)	(43 985)	(76 127)
Acquisition of subsidiaries	-	(352 130)	(344 122)
Share-based payment costs - employees	2 376	-	2 284
Transactions with non-controlling interest	(1 963)	196	(5 355)
Ordinary shareholders' equity at the end of the year	731 325	663 015	726 843
Non-controlling interests	18 008	22 242	17 725
Balance of period	17 725	10 787	10 787
Total comprehensive income for the year	980	3 207	7 357
Dividend paid	(633)	(399)	(4 202)
Transactions with non-controlling interest	(64)	(1 185)	1 935
Acquisition of subsidiary	-	9 832	7 176
Disposal of subsidiaries	-	-	(5 328)
Total equity at end of period	749 333	685 257	744 568

CONDENSED GROUP STATEMENT OF CASH FLOWS
for the six months ended 31 August 2012

	Unaudited		Audited
	31 Aug '12 R'000	31 Aug '11 R'000	29 Feb '12 R'000
Cash flow from operating activities	12 683	(191 540)	(24 496)
- Results of operating activities	207 337	180 360	404 826
- Adjustment for non-cash items	67 291	128 088	82 742
- Change in working capital	(38 019)	(232 619)	(126 369)
- Change in policyholder funds	(173 231)	(220 363)	(273 140)
- Interest paid	(16 956)	(16 666)	(30 085)
- Income tax paid	(33 739)	(30 340)	(82 470)
Cash flow from investment activities	(126 717)	152 738	203 382
Cash flow from financing activities	(17 194)	(60 040)	(100 054)
Net (decrease)/increase in cash and cash equivalents	(131 228)	(98 842)	78 832
Exchange gains on cash and cash equivalents	150	-	84
Cash and cash equivalents at beginning of period	358 592	279 676	279 676
Cash and cash equivalents at the end of the period *	227 514	180 834	358 592
Cash and cash equivalents consist of:			
Current and cheque accounts	227 514	180 834	358 637
Bank overdrafts	-	-	(45)
	227 514	180 834	358 592
* Include the following: Clients' cash linked to investment contracts	51 290	83 774	97 218

NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The interim financial statements of PSG Konsult Limited ("the Group") have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), including IAS 34 – Interim Financial Reporting and the requirements of the South African Companies Act (Act No 71 of 2008), as amended. These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 29 February 2012, which were prepared in accordance with IFRS.

The accounting policies applied in the preparation of these interim financial statements are consistent with those used in the previous financial year. Standards, interpretations and amendments to published standards applied for the first time during the current financial year did not have any significant impact on the interim financial statements.

2. SEGMENT INFORMATION

2.1 Composition

Management has determined the operating segments based on the internal reports reviewed by the Executive Committee ("EXCO") that are used to assess performance and to allocate resources on a monthly basis. The EXCO of the Group still remains the Chief Operating Decision Maker for the purpose of IFRS 8, Segment Reporting.

	Unaudited		Audited
	31 Aug '12 R'000	31 Aug '11 R'000	29 Feb '12 R'000
Turnover			
PSG Konsult Financial Planning	436 000	371 327	755 163
- Total segment income	450 853	383 108	783 635
- Internal	(14 853)	(11 781)	(28 472)
PSG Konsult Corporate	55 985	51 922	112 887
- Total segment income	56 050	51 977	114 867
- Internal	(65)	(55)	(1 980)
PSG Online	74 674	72 133	147 772
- Total segment income	155 535	134 660	279 508
- Internal	(80 861)	(62 527)	(131 736)
PSG Asset Management	256 375	215 041	449 753
- Total segment income	305 122	258 347	549 541
- Internal	(48 747)	(43 306)	(99 788)
Total income for reportable segments	823 034	710 423	1 465 575
Unallocated segments	16 934	57 163	129 286
Total income	839 968	767 586	1 594 861
Headline earnings			
PSG Konsult Financial Planning	42 521	39 733	82 856
PSG Konsult Corporate	4 207	3 824	11 716
PSG Online	13 287	12 680	29 648
PSG Asset Management	31 237	17 494	54 371
Unallocated segments	(14 267)	(10 582)	(16 309)
	76 985	63 149	162 282

2.2 Description of business segments

PSG Konsult Financial Planning offers independent advice regarding all aspects of financial planning, (including retirement planning, death and disability cover, as well as healthcare insurance), investment advice and portfolio management services, stockbroking and specialised short-term insurance advice.

PSG Konsult Corporate - The business focuses on serving the SME, institutional and public sectors markets providing employer groups with a total solution with regard to their financial planning and advisory needs, risk & retirement management, employee health and wealth benefits.

PSG Online - PSG Online is a web portal that provides clients with the ability to trade, invest, insure and plan for their financial well-being. The segment includes the following businesses:

- Online Securities Limited, a member of the JSE, provides all stock broking and related investment services.
- PSG Online Solutions (Proprietary) Limited provides all online short-term insurance solutions.

PSG Asset Management - Offers investors a comprehensive range of local and international unit trust funds, managed multi-manager solutions and retirement products.

* The headline earnings figure disclosed for unallocated segments mainly comprise costs incurred in respect of the PSG Konsult Group's treasury function, executive management, training and corporate expenses, income from associated companies and the results of the Group's interest in smaller entities.

3. EARNINGS PER SHARE

	Unaudited		Audited
	31 Aug '12 R'000	31 Aug '11 R'000	29 Feb '12 R'000
Total earnings attributable to ordinary shareholders	78 019	62 343	154 322
Non-headline items (net of tax and non-controlling interests)			
- Profit on disposal of intangible assets	(640)	(2 135)	(3 690)
- Loss on step up of associated companies	-	895	895
- Profit on sale of fixed assets	(44)	(187)	(212)
- Loss on disposal of intangible assets	40	-	-
- Loss/(profit) on sale of subsidiary companies	-	860	(297)
- Non-headline items of associated companies	(490)	68	84
- (Profit)/loss on sale of available-for-sale investment	(484)	1 305	1 426
- Impairment of intangible assets (including goodwill)	584	-	9 756
Headline earnings	76 985	63 149	162 282
- Recurring	72 610	60 532	151 305
- Non-recurring	4 375	2 617	10 977
Earnings per share (cents)			
- Attributable (basic and diluted)	7.3	5.8	14.4
- Headline (basic and diluted)	7.2	5.9	15.2
- Recurring Headline (basic and diluted)	6.8	5.6	14.1
Number of shares (million)			
- in issue (net of treasury shares)	1 072.3	1 072.3	1 070.6
- weighted average	1 072.3	1 072.3	1 070.7

4. CAPITAL COMMITMENTS AND CONTINGENCIES

	Unaudited		Audited
	31 Aug '12 R'000	31 Aug '11 R'000	29 Feb '12 R'000
Operating lease commitments	60 044	76 505	66 872

5. LINKED INVESTMENT CONTRACT

The Group is not exposed to market movements in clients' assets held by PSG Asset Management Life under investment contracts, as any movement in the market price of the investment is linked to a corresponding adjustment to the liability. The income statement impact of the returns on investment contract policy holders' assets and liabilities was as follows:

	Investment Contract Policy holders	Equity holders	Total
	R'000	R'000	R'000
31 August 2012			
Investment income	133 241	3 514	136 755
Net fair value gains and losses on financial instruments	337 824	1 333	339 157
Fair value adjustment to investment contract liabilities	(386 638)	-	(386 638)
Net investment return before taxation	84 427	4 847	89 274
31 August 2011			
Investment income	107 014	6 307	113 321
Net fair value gains and losses on financial instruments	163 879	(557)	163 322
Fair value adjustment to investment contract liabilities	(198 810)	-	(198 810)
Net investment return before taxation	72 083	5 750	77 833
29 February 2012			
Investment income	223 973	9 062	233 035
Net fair value gains and losses on financial instruments	422 934	2 405	425 339
Fair value adjustment to investment contract liabilities	(484 557)	-	(484 557)
Net investment return before taxation	162 350	11 467	173 817

6. RELATED PARTY TRANSACTIONS

Related party transactions similar to those disclosed in the Group's annual financial statements for the period ended 29 February 2012 took place during the period.

7. BUSINESS COMBINATIONS

i) Acquisition of hedge funds and unit trusts

The Group, through its subsidiary PSG Asset Management Life Limited, held an interest of 91% in the PSG Stable Fund and an interest of 98% in the PSG Income Fund at 31 August 2012. These funds were consolidated on 31 August 2012 as holding is in excess of 50%.

	Group
Details of the net assets acquired are as follows:	R'000
Unit-linked investments	65 704
Receivables	17
Third-party liabilities arising on consolidation of mutual funds	(2 787)
Trade and other payables	(104)
Less: Net assets acquired at carrying value	62 830
Fair value of equity interest held before the business combination	(62 830)
Total consideration paid/net cashflow	-

8. DISPOSAL OF SUBSIDIARIES

i) Disposal of hedge funds and unit trusts

The Group deconsolidated the interests held on 29 February 2012 in the PSG Stable Fund, the PSG Income Fund and the Orange Prime Fund during the current financial period.

	Group
Details of the net assets sold:	R'000
Equity securities	39 238
Debt securities	11 626
Receivables	1 111
Cash and cash equivalents	43 437
Third-party liabilities arising on consolidation of mutual funds	(16 008)
Trade and other payables	(216)
Net assets value	79 188
Transfer to investments in unit linked investments	(79 188)
Total cash consideration received	-
Less: cash balance sold	(43 437)
Net cash outflow	(43 437)

9. FINANCIAL RISK MANAGEMENT

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

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

There have been no changes in the risk management policies since the previous financial year-end.

10. EVENTS AFTER THE REPORTING PERIOD

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 as disclosed below:

The Group acquired a stake in Western Group Holdings Limited, a short-term insurance company, on 1 March 2012. Negotiations have been concluded to increase the stake held in Western, which is subject to regulatory approvals. The regulatory approvals are well advanced and should be finalised in due course.

PSG Konsult Limited has undertaken a non-renounceable transferable rights offer of 107 230 121 ordinary shares with a par value of 1 cent in the share capital of the company, which was issued at 175 cents per rights offer share to ordinary shareholders of PSG Konsult in the ratio of 1 rights offer shares per every 10 ordinary shares held in the Company. The rights offer was concluded in September 2012. The capital raised as part of the rights offer amounted to R187.7 million.



No matter where you see yourself in the future
UNLOCK YOUR VISION

