



**NORMALISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME \*\***

	28 Feb 2011 R'000 Unaudited	% Change	28 Feb 2010 R'000 Audited
<b>Income</b>			
Commission and fee income	954,008		811,616
Other operating income	17,418		21,923
Investment income	36,573		54,684
Fair value gains and losses on financial instruments	10,112		1,153
<b>Total income</b>	<b>1,018,111</b>	<b>14.5</b>	<b>889,376</b>
<b>Expenses</b>	<b>(833,934)</b>	<b>20.3</b>	<b>(693,405)</b>
<b>Results from operating activities</b>	<b>184,177</b>	<b>(6.0)</b>	<b>195,971</b>
Amortisation of intangible assets	(21,590)		(15,789)
Finance charges	(29,461)		(44,396)
Share of profits of associate companies	2,013		1,991
<b>Profit before taxation</b>	<b>135,139</b>	<b>(1.9)</b>	<b>137,777</b>
Taxation	(36,173)		(44,207)
<b>Profit for the period</b>	<b>98,966</b>	<b>5.8</b>	<b>93,570</b>
<b>Other comprehensive expense net of taxation</b>	<b>(1,465)</b>		<b>(748)</b>
Exchange differences on translating foreign operations	(240)		(1,170)
Fair value adjustment on investments	-		1,785
Release of reserve on available-for-sale investments	(1,225)		(1,363)
<b>Total comprehensive income for the period</b>	<b>97,501</b>	<b>5.0</b>	<b>92,822</b>
<b>Profit for the period attributable to:</b>			
Owners of the parent	93,804		91,805
Non-controlling interests	5,162		1,765
	<b>98,966</b>	<b>5.8</b>	<b>93,570</b>
<b>Comprehensive income for the period attributable to:</b>			
Owners of the parent	92,339		91,057
Non-controlling interests	5,162		1,765
	<b>97,501</b>	<b>5.0</b>	<b>92,822</b>

**ADDITIONAL INFORMATION**

<b>Normalised headline earnings reconciliation</b>			
Profit attributable to owners of the parent	93,804		91,805
Non-headline items	(2,294)		(2,404)
<b>Normalised headline earnings for the period</b>	<b>91,510</b>	<b>2.4</b>	<b>89,401</b>
<b>Normalised earnings per share (cents)</b>			
- Attributable / diluted	12.8	2.4	12.5
- Headline / diluted	12.5	2.5	12.2
<b>Number of shares (million)</b>			
- in issue	733.1		730.5
- weighted average	733.1		732.8

\*\* Normalised consolidated statement of comprehensive income to reflect the actual performance of PSG Konsult without the effect of predecessor accounting for the acquisition of PSG Prime.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	28 Feb 2011 R'000 Unaudited	28 Feb 2010 R'000 Audited*
<b>Assets</b>		
Property and equipment	25,923	23,358
Intangible assets	327,660	246,047
Goodwill	400,224	287,574
Investment in associates	13,492	10,505
Financial assets	6,368	79,945
Derivative financial instruments	6,023	78,156
Other	345	1,789
Deferred income tax	4,483	4,630
Receivables / loans and advances	189,582	159,090
Contracts for difference	16,846	26,565
Other	172,736	132,525
Current income tax assets	2,312	1,782
Cash and cash equivalents	279,825	150,150
<b>Total assets</b>	<b>1,249,869</b>	<b>963,081</b>
<b>Equity</b>		
Ordinary shareholders' equity	490,722	455,425
Non-controlling interests	10,785	2,853
<b>Total equity</b>	<b>501,507</b>	<b>458,278</b>
<b>Liabilities</b>		
Borrowings	215,697	213,412
Promissory Notes	47,053	37,885
Derivative financial instruments	5,988	75,893
Other	162,656	99,634
Deferred income tax	67,507	52,977
Payables and provisions	460,723	233,136
Provisions for other liabilities and charges	5,945	5,226
Contracts for difference	23,255	40,303
Trade and other payables	431,523	187,607
Current income tax liabilities	4,435	5,278
<b>Total liabilities</b>	<b>748,362</b>	<b>504,803</b>
<b>Total equity and liabilities</b>	<b>1,249,869</b>	<b>963,081</b>

**ADDITIONAL INFORMATION**

Net asset value per share (cents)	68.4	9.1	62.7
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\* Adjusted for predecessor accounting



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	28 Feb 2011 R'000 Unaudited	% Change	28 Feb 2010 R'000 Audited*
<b>Income</b>			
Commission and fee income	954,008		818,190
Other operating income	17,418		21,923
Investment income	36,573		54,985
Fair value gains and losses on financial instruments	10,112		5,918
<b>Total income</b>	<b>1,018,111</b>	<b>13.0</b>	<b>901,016</b>
<b>Expenses</b>	<b>(855,524)</b>	<b>19.7</b>	<b>(714,706)</b>
<b>Results from operating activities</b>	<b>162,587</b>	<b>(12.7)</b>	<b>186,310</b>
Finance charges	(29,461)		(44,529)
Share of profits of associate companies	2,013		2,275
<b>Profit before taxation</b>	<b>135,139</b>	<b>(6.2)</b>	<b>144,056</b>
Taxation	(36,173)		(45,530)
<b>Profit for the period</b>	<b>98,966</b>	<b>0.4</b>	<b>98,526</b>
<b>Other comprehensive expense net of taxation</b>	<b>(1,465)</b>		<b>(4,833)</b>
Exchange differences on translating foreign operations	(240)		(1,170)
Fair value adjustment on investments	-		1,785
Release of reserve on available-for-sale investments	(1,225)		(5,448)
<b>Total comprehensive income for the period</b>	<b>97,501</b>	<b>4.1</b>	<b>93,693</b>
<b>Profit for the period attributable to:</b>			
Owners of the parent	93,804		96,761
Non-controlling interests	5,162		1,765
	<b>98,966</b>	<b>0.4</b>	<b>98,526</b>
<b>Comprehensive income for the period attributable to:</b>			
Owners of the parent	92,339		91,928
Non-controlling interests	5,162		1,765
	<b>97,501</b>	<b>4.1</b>	<b>93,693</b>

## ADDITIONAL INFORMATION

<b>Headline earnings reconciliation</b>			
Profit attributable to owners of the parent	93,804		96,761
Non-headline items	(2,294)		(6,886)
<b>Headline earnings for the period</b>	<b>91,510</b>	<b>1.8</b>	<b>89,875</b>
<b>Earnings per share (cents)</b>			
- Attributable / diluted	12.8	(3.0)	13.2
- Headline / diluted	12.5	(1.6)	12.3
<b>Number of shares (million)</b>			
- in issue	733.1		730.5
- weighted average	733.1		732.8
<b>Distribution to shareholders (cents)</b>			
- total	8.8	6.0	8.3
- interim	2.8	-	2.8
- final	6.0	9.1	5.5

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

<b>Equity attributable to owners of the parent</b>	<b>490,722</b>		<b>455,425</b>
Beginning of period	455,425		433,118
Shares issued	3,950		-
Total comprehensive income for the year	92,339		91,928
Dividend paid	(60,846)		(64,512)
Shares cancelled	(146)		(3,609)
Dividend paid to previous owners	-		(1,500)
<b>Equity attributable to non-controlling interests</b>	<b>10,785</b>		<b>2,853</b>
Beginning of period	2,853		2,495
Total comprehensive income for the year	5,162		1,765
Other movements	6,510		(264)
Dividend paid	(3,740)		(1,143)
<b>Total equity at end of year</b>	<b>501,507</b>		<b>458,278</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Cash flow from operating activities	227,676		518,190
- Profit before taxation	135,139		144,056
- Adjusted for non-cash items	55,216		68,065
- Change in working capital (Note 1)	113,435		406,953
- Interest paid	(29,461)		(44,529)
- Income tax paid	(46,653)		(56,355)
Cash flow from investment activities (Note 1)	(121,423)		228,592
Cash flow from financing activities (Note 1)	23,347		(795,950)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>129,600</b>		<b>(49,168)</b>
Cash and cash equivalents at beginning of year	150,076		199,244
<b>Cash and cash equivalents at end of year</b>	<b>279,676</b>		<b>150,076</b>
Cash and cash equivalents consists of:			
Current and cheque accounts (Note 2)	276,640		143,804
Short-term deposits	2,830		6,236
Petty cash	355		110
	<b>279,825</b>		<b>150,150</b>
Bank overdrafts	(149)		(74)
	<b>279,676</b>		<b>150,076</b>

\* Adjusted for predecessor accounting



## NOTES

### Notes to the Statement of Cash Flow

- 1) Working capital changes are impacted by balances relating to broking and clearance houses of R158.2 million (Feb 2010: R6.1 million), which fluctuates on a daily basis. As reported with the 2010 results, the 2010 movement in working capital (R255.5 million), cash from investment activities (R224.0 million) and cash from financing activities (R746.1 million) was mainly due to the restructure of the CFD facilities.
- 2) Cash balances may vary significantly depending on cash held at the Stockbroking business, mainly due to the timing of the close of the JSE in terms of client settlements. Above balance includes R207.9 million in respect of Stockbroking business cash (Feb 2010: R71.9 million).

## CONDENSED SEGMENTAL REPORTING

	28 Feb 2011 R'000 Unaudited	% Change	28 Feb 2010 R'000 Audited*
<b>Income</b>			
Stockbroking and portfolio management	280,160	3.1	271,635
Total segment income	413,806		388,411
Internal	133,646		116,776
Financial planning and investments	337,551	39.9	241,308
Total segment income	337,862		250,575
Internal	311		9,267
Short-term insurance and administration	332,210	11.7	297,376
Total segment income	347,961		312,791
Internal	15,751		15,415
Total income for reportable segments	949,921	17.2	810,319
Unallocated segments	31,617		35,712
Investment income	36,573		54,985
<b>Total income</b>	<b>1,018,111</b>	<b>13.0</b>	<b>901,016</b>
<b>Headline earnings</b>			
Stockbroking and portfolio management	41,008		43,808
Financial planning and investments	50,363		41,424
Short-term insurance and administration	23,723		25,872
Unallocated segments	(23,584)		(21,229)
Total Headline Earnings	91,510	1.8	89,875

\*Adjusted for predecessor accounting

### Notes to the Condensed segmental reporting

- 1) The amounts disclosed under "Unallocated segments" comprise those segments not qualifying as reportable segments per definition as stated in IFRS 8. The headline earnings figure disclosed for unallocated segments mainly comprise costs incurred in respect of the PSG Konsult Group's treasury function, executive management, corporate expenses and training income.

## NEW ACCOUNTING STANDARDS ADOPTED

### IFRS 3 Revised - Business Combinations

The Group adopted IFRS 3 Revised (effective 1 July 2009) and applied this standard prospectively for all business combinations from 1 March 2010. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared to IFRS 3. This includes the re-measurement of contingent payments classified as debt through profit and loss, a policy choice on the basis to measure non-controlling interest and all acquisition related costs to be expensed.

### IAS 27 Revised - Consolidated and separate financial statements

The Group adopted IAS 27 Revised (effective 1 July 2009) prospectively to transactions with non-controlling interest from 1 March 2010, which requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control, and these transactions will no longer result in goodwill or gains and losses.

## NOTES

### Basis of presentation and accounting policies

The condensed consolidated financial statements for the year ended 28 February 2011 are prepared in accordance with International Financial Reporting Standards (IFRS) IAS34 – Interim Financial Reporting, but do not include all the information/disclosure required by IAS34 or IFRS for full annual financial statements. These are the Group's condensed consolidated financial statements for the year for which annual financial statements will be prepared in terms of IFRS. The principal accounting policies used in preparing the results for the year ended 28 February 2011 are consistent with those applied in the annual financial statements for the year ended 28 February 2010, except for the new accounting standards adopted.

PSG Konsult acquired PSG Prime (Pty) Ltd with effect from 1 March 2010. The IFRS on business combinations (IFRS 3) does not apply to business combinations effected between parties that are ultimately controlled by the same entity, otherwise known as common control transactions. The company has elected to apply "predecessor accounting" as determined by the principles generally accepted in the United States of America, which is consistent with the basis of reporting applied with the acquisition of Online Securities during 2006.

Predecessor accounting has the following implications:

- The transaction is recorded as if it had taken place at the beginning of the earliest period presented (similar to the recognition of a merger transaction).
- The comparative information included in the PSG Konsult results has thus been restated to include the acquisition of PSG Prime for the full period.
- The assets and liabilities of the acquired business are recognised at the current book values, therefore no restatement of PSG Prime's assets and liabilities to fair value was required.
- The difference between the consideration given and the share capital (including share premium) of the acquired entity is recorded as a separate reserve in the statement of changes in equity ("the common control reserve"). As a result, no goodwill is recognised on acquisition.

To eliminate the effect of predecessor accounting, PSG Konsult Group decided to include a normalised statement of comprehensive income, including the results of PSG Prime only from effective date 1 March 2010.



## NOTES Continued

### Review of results and operations

The market conditions under which financial services companies operated during 2010/2011 remained challenging. PSG Konsult's diversified business segments led to the maintaining of profitability, with a modest increase of 2.4% in headline earnings. This accentuates the importance of diversified income streams to maintain profitability during downturns in economic activity.

- Turnover, consisting of commission and other operating income, increased by 17.6% to R981.5 million.
- The Group's headline earnings per share increased by 2.4%.
- Recurring headline earnings increased by 3.8% to R89.9 million.
- Funds under administration increased to approximately R97 billion (2010: R72 billion).
- Short-term premiums (on an annualised basis) increased to R1,600 million from R1,450 million in 2010.

The information above is based on the normalised consolidated statement of comprehensive income (excluding the effect of predecessor accounting).

The growth in turnover was mainly driven by the *Financial Planning and Investments* business segment, which has a lessor impact on headline earnings growth as opposed to the *Stockbroking and Portfolio Management* business segment. This segment was negatively impacted by subdued trading in derivative instruments.

### Highlights

The PSG Konsult Group has continued its strategy of growth through acquisitions which included:

- The acquisition of Diagonal Insurance on 1 September 2010. The acquisition added premium income of R175 million per year and some 12,000 short-term and administration services clients.
- Following the 28 February 2011 year-end, the operations of PSG Fund Management, PSG Alphen, PSG Tanzanite, PSG Absolute Investments and PSG FutureWealth was amalgamated with that of PSG Konsult on 1 March 2011. The merge will promote the sharing of resources and skills with the goal of improved service delivery. The transaction, structured in the form of a share swap, has been positioned under a newly incorporated company, PSG Asset Management.

Other highlights included the establishment of the E-Business segment operating under PSG Online (a wholly owned subsidiary of PSG Konsult). This is a comprehensive online platform providing a single gateway to all of PSG Konsult's financial services including share trading, short-term insurance, investments and financial planning.

The PSG Konsult Group will in future operate under four main business segments, being *Trade, Invest, Insure and Plan*. These business segments will be offered under three brands, namely *PSG Konsult, PSG Online and PSG Asset Management*.

### Funding

The Group's funding and financing facilities consist of a combination of promissory notes, loans from PSG Group and commercial banks. The interest and capital payments on these facilities are serviced in line with the terms of the agreements.

In reviewing the Group's funding and financing facilities, management has successfully placed an R80 million fixed term loan with a commercial bank. This was done with the intention of minimizing the Group's exposure to financing facilities which can be called/cancelled on short notice.

### People

At year-end PSG Konsult had 216 (2010 : 209) offices with 642 (2010 : 548) financial planners, stockbrokers and short-term insurance brokers. Our professional associates (accountants and attorneys) numbered 378 (2010 : 322).

### Distribution to shareholders

A dividend of 2.8 cents per share (2010: dividend of 2.8c) was paid to shareholders at the interim stage. The directors have declared a final dividend of 6.0 cents (2010 : 5.5 cents) per share (giving a total dividend of 8.8 cents per share – 2010 : 8.3 cents) subsequent to year-end.

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

Last day of registration	Thursday, 21 April 2011
Day of payment	Thursday, 5 May 2011

On behalf of the board

  
**Jaap du Toit**  
Chairman

Hermanus  
14 April 2011

  
**Willem Theron**  
Chief Executive Officer



## TRADE

Our registered and qualified Stockbrokers and Portfolio Managers will assist you with our knowledge, experience and quality service. We offer you the following:

- Buying and selling of shares, currencies, commodities and derivatives at your request
- Implementation of a trading strategy at appropriate levels of risk which you are comfortable with
- Long-term Portfolio management

## INVEST

PSG Konsult offers holistic investment advice and portfolio management services for wealth and preservation. These include:

- Local and offshore investment products
- Portfolio management

## INSURE

We offer appropriate, independent advice on insurance products at competitive rates:

- We insure your motor vehicles, household contents and business assets
- Ensuring that you have sufficient life and disability cover in the event of death or disability
- We provide comprehensive advice on medical insurance for emergencies and day to day medical expenses

## PLAN

We make financial planning understandable and provide an extensive national support structure:

- We assist you with estate planning in order to structure your financial matters in respect of your will, property, trusts, insurance, income and estate duty
- Retirement planning in respect of your retirement income which will maintain your lifestyle and capital needs
- Expert advice in respect of pension and provident funds
- Employees can benefit from appropriate pension and provident fund strategies