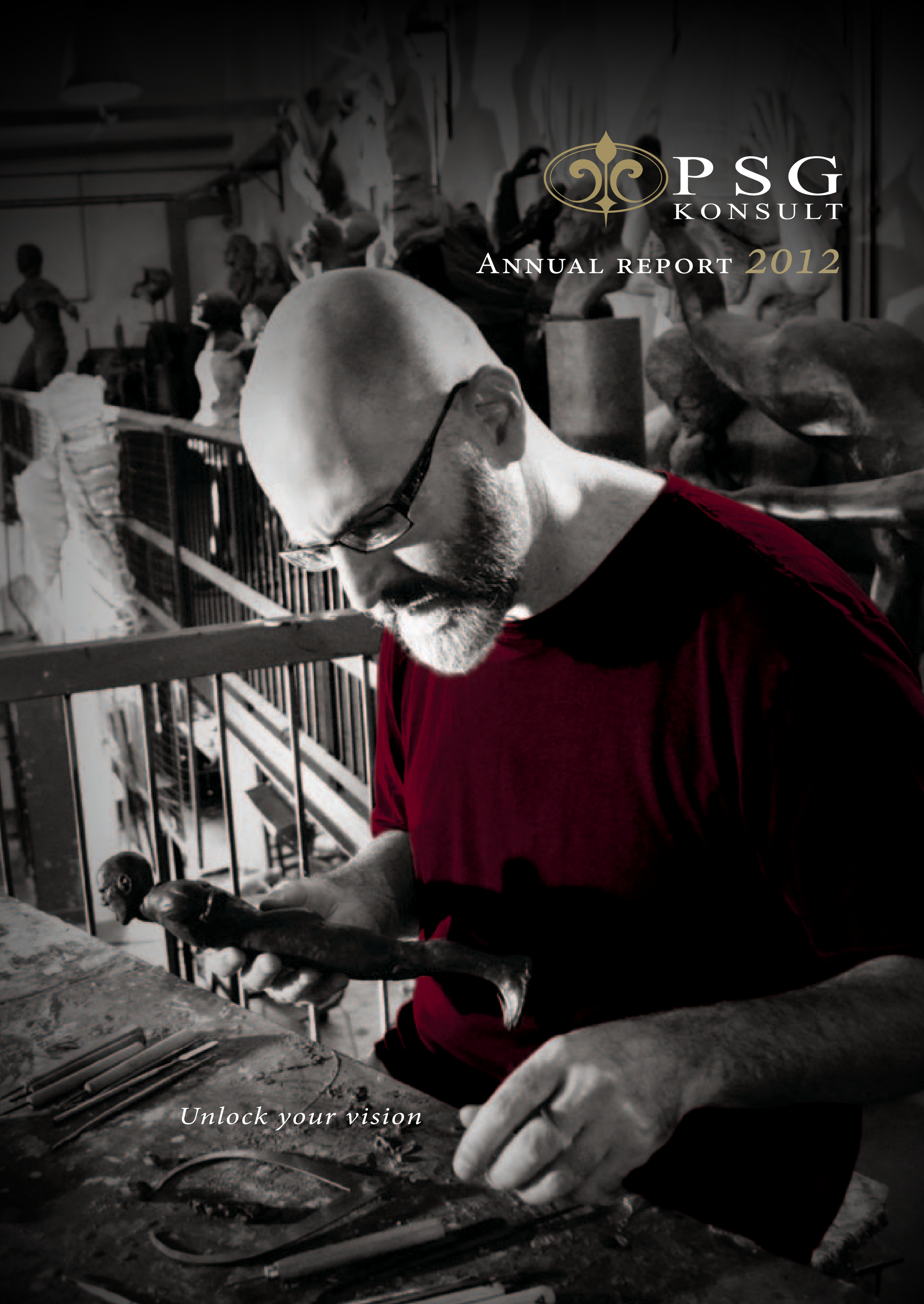


PSG KONSULT

Annual report 2012

Unlock your vision

Mission statement

To make a difference in the lives of all our stakeholders by creating and preserving wealth through excellence.

some people see themselves
as visionaries that will
change the world

PSG KONSULT

Contents

others just want to start new trends

Business philosophy

PSG Konsult is a leading independent financial services company. We strive to offer our clients appropriate advice and service excellence.

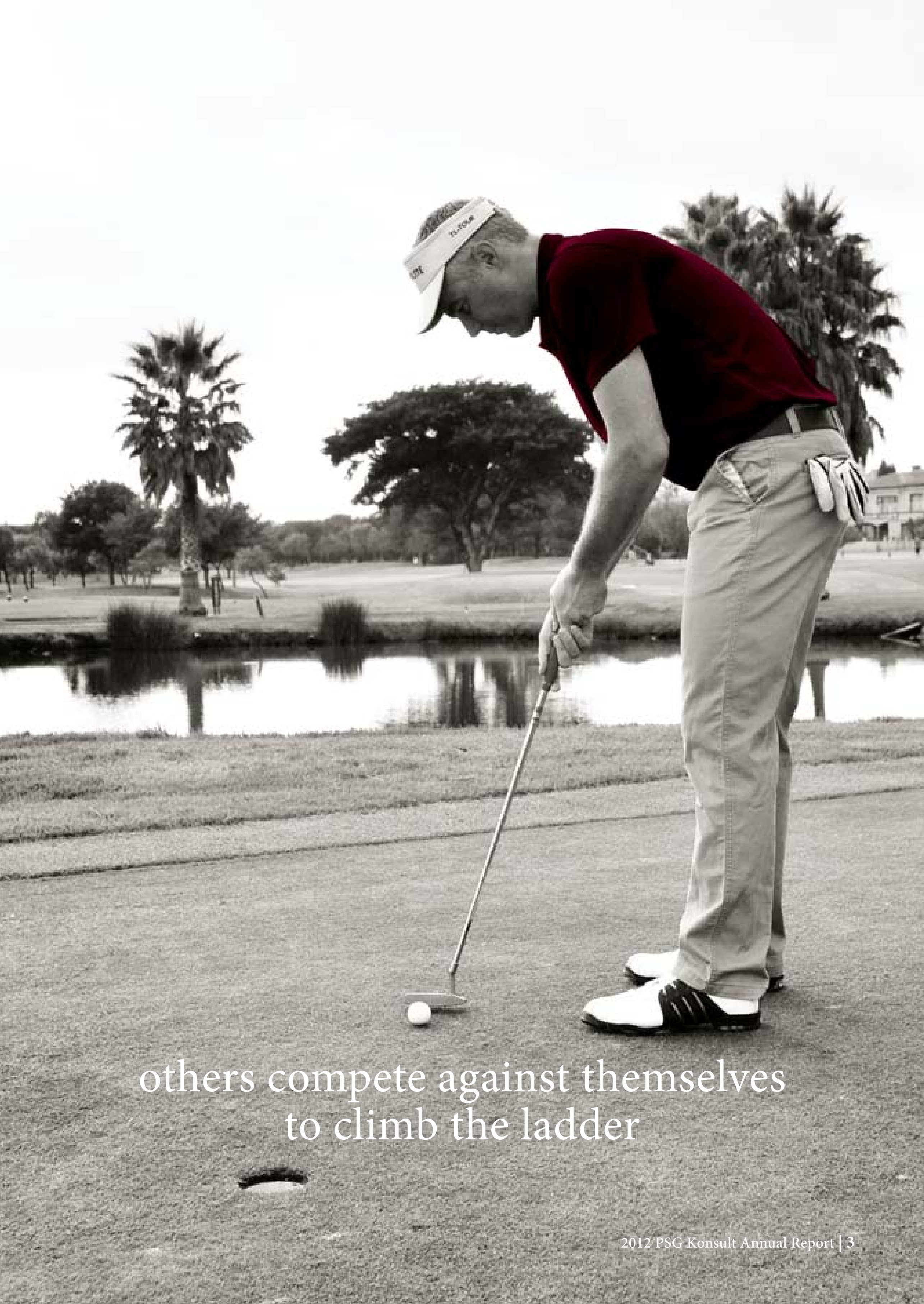
Our business is founded on the fundamental principles of integrity, trust and transparency.

We place a strong emphasis on personal service and building lifelong relationships with our client.

Ethical code of conduct

The PSG Konsult Group is firmly committed to:

- Advising clients with the highest level of good faith, integrity, professional knowledge and diligence
- Providing clients with accredited products and services that will appropriately address their particular needs
- Ensuring that all client funds are always directly deposited with the relevant financial institution
- Disclosing the exact amount of commission and fees earned
- Complying with legislation regulating the financial services industry



others compete against themselves
to climb the ladder

Business disciplines

Our holistic financial planning includes the following services:

TRADE

Our registered 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 on request.
- Implementation of trading strategies at appropriate levels of risk.

INVEST

We offer holistic, independent investment advice and portfolio management services for the creation and protection of wealth:

- Investments in local as well as offshore investment products.
- Experienced and skilled investment portfolio management.
- Discretionary portfolio management.

INSURE

We offer independent advice on insurance products at competitive rates:

- We insure your motor vehicles, household content and business assets.
- Advice on long-term insurance products such as retirement annuities, endowment policies and life insurance.
- Advice on medical aid funds and health care insurance.

PLAN

We make financial planning understandable and provide an extensive, national network of offices:

- Estate planning to structure your financial matters effectively in respect of your will, property, trusts, insurance, income and estate duty.
- Retirement planning to ensure your retirement income in order to maintain your lifestyle and capital needs.
- Expert advice in respect of pension and provident funds.

while others seek a faster way to get there

The PSG Konsult Group

The PSG Konsult Limited Group is a financial services company, specialising in the delivery of financial services and/or products to individuals and institutions on a face-to-face model and via an electronic platform.


some people are always on the move

Board of directors

As at 29 February 2012, the board of directors of PSG Konsult Limited consisted of the following members:

HELGARDT BERGH LINDES, 41
BCompt (Hons), CA(SA)
Chief financial officer

JACOB DE VOS DU TOIT (JAAP), 57
BAcc, CA(SA) CFA
Chairperson

LEON DE WIT, 57
BCom (Hons), FIA
Non-executive

THEO WERNER BIESENBACH, 48
BCompt (Hons), CA(SA)
Chief operating officer

JOHANNES FREDERICUS MOUTON (JANNIE), 65
BCom (Hons), CA(SA)
Chairman: PSG Group

WILLEM THERON, 59
BCompt (Hons), CA(SA)
Chief executive officer

Executive Committee Members

As at 29 February 2012, the executive committee of PSG Konsult Limited consisted of the following members:

W THERON	CEO:	PSG Konsult Group
TW BIESENBACH	COO:	PSG Konsult Group
T CLOETE	CE:	Group Marketing
CA DE BRUYN	CEO:	PSG Online
JP DE NYSSCHEN	CEO:	PSG Konsult Corporate
DPB HUGO	CEO:	PSG Konsult Financial Planning
WV WALDECK	CEO:	PSG Asset Management
TA LANDMAN	CE:	Group Projects
HB LINDES	CFO:	PSG Konsult Group
P ROUSSEAU	CIO:	PSG Konsult Group
JJ SERFONTEIN	CE:	Group Human Resources
RN KING	CE:	Group Business Development

others have the world at their feet

Corporate governance

PSG Konsult embraces the principles of good corporate governance, including sound corporate practices, accountability, sustainability and transparency. Accordingly, the company's corporate governance policies have in all respects been appropriately applied during the period under review.

BOARD OF DIRECTORS

Details of the company's directors are provided on page 8 of this report.

The board met four times during the past year and had a 100% attendance.

	14 April 11	27 July 11	6 October 11	8 December 11
Theo Biesenbach	✓	✓	✓	✓
Theo Cloete*	✓	n/a	n/a	n/a
Corrie de Bruyn*	✓	n/a	n/a	n/a
Jaap du Toit	✓	✓	✓	✓
Hans de Nysschen**	✓	n/a	n/a	n/a
Leon de Wit	✓	✓	✓	✓
Dan Hugo*	✓	n/a	n/a	n/a
Ronald King*	✓	n/a	n/a	n/a
Dawie Klopper*	✓	n/a	n/a	n/a
Koeloe Landman*	✓	n/a	n/a	n/a
Helgardt Lindes	✓	✓	✓	✓
Jannie Mouton	✓	✓	✓	✓
Hougaard Pieters*	✓	n/a	n/a	n/a
Willem Theron	✓	✓	✓	✓
Wayne Waldeck*	✓	n/a	n/a	n/a

* *Attended by invitation – resigned 1 March 2011. The composition of the board was revised following the 2011 financial year with the board being reduced to six members, with the outgoing directors heading up their respective boards and EXCOs at subsidiary level, to complement the governance structure throughout the group.*

** *Attended by invitation*

There is a clear division of responsibilities at board level to ensure a balance of power and authority so that no one individual has unfettered powers of decision-making. Jaap du Toit fills the role of chairperson and Willem Theron that of chief executive officer.

The board's key roles and responsibilities are:

- Promoting the interests of shareholders
- Formulation and approval of strategy
- Retaining effective control
- Ultimate accountability and responsibility for the performance and affairs of the company

The board has appointed the following committees/functions to assist it in the performance of its duties:

- Executive committee
- Remuneration committee
- Finance and risk committee
- Compliance and risk management committee
- Internal auditor

EXECUTIVE COMMITTEE

The executive committee (EXCO) comprises Willem Theron (chairperson), Theo Biesenbach, Theo Cloete, Dan Hugo, Koeloe Landman, Helgardt Lindes, Kobus Serfontein, Wayne Waldeck, Hans de Nysschen, Corrie de Bruyn, Ronald King and Pieter Rousseau.

REMUNERATION COMMITTEE

The remuneration committee comprises Chris Otto (chairperson), Jaap du Toit, Willem Theron and Theo Biesenbach. The committee met once during the past year and all the members were present.

This committee operates according to a board-approved charter and is primarily responsible for overseeing the remuneration and incentives of the executive directors. It takes cognisance of both local and international best remuneration practices in order to ensure that such total remuneration is fair and reasonable to both the employee and the company.

The remuneration of the executive directors of the company is dealt with in the directors' report.

FINANCE AND RISK COMMITTEE

As required by section 94 of the Companies Act, the finance and risk committee fulfilled its responsibilities as follows:

- Reviewed the interim and year-end financial statements, culminating in a recommendation to the board. In the course of its review the committee:
  - takes appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS);
  - considers and, when appropriate, makes recommendations on internal financial controls;
  - deals with concerns or complaints relating to:
    - accounting policies;
    - the auditing or content of annual financial statements; and
    - internal financial controls.
  - reviews the external audit reports on the annual financial statements;
  - reviews the risk management reports and, where relevant, makes recommendations to the board;
  - evaluates the effectiveness of risk management, controls and the governance processes;
  - verifies the independence of the external auditors and of any nominee for appointment as the designated auditor;
  - approves the audit fees and engagement terms of the external auditors; and
  - determines the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditors.

Members of the finance and risk committee

For the financial period ended 29 February 2012, the members of the finance and risk committee were Wynand Greeff (chairperson), Theo Biesenbach, Helgardt Lindes, Willem Theron, Mike Smith and Adri Wessels.

The members of the committee have at all times acted in an independent manner. The committee acts as a subcommittee of the PSG Group audit committee.

Frequency of meetings

The finance and risk committee met twice in the financial year under review and had a 100% attendance. Provision is made for additional meetings to be held, when and if necessary.

Attendance

The external auditors, in their capacity as auditors to the company, attended and reported to all meetings of the finance and risk committee.

The group risk management function was also represented.

Confidential meetings

Finance and risk committee agendas provide for confidential meetings between the committee members and the external auditors.

Independence of external auditors

During the year under review the finance and risk committee reviewed documentation presented by the external auditors and, after conducting its own review, confirmed the independence of the auditors.

Expertise and experience of the chief financial officer

The finance and risk committee has satisfied itself that the chief financial officer has appropriate expertise and experience.

COMPLIANCE AND RISK MANAGEMENT COMMITTEE

The committee comprises Theo Biesenbach (chairperson), Liza Killian, Ronald King, Leon Taylor, Mike Smith and Rika Pieterse.

The group operates in a highly regulated environment and the board acknowledges that it is accountable for the process of risk management and the system of internal control of the group. A compliance officer has been appointed ensuring adherence to the various Acts and Codes that govern the day-to-day operations.

A detailed risk management plan has been implemented, thereby ensuring that all significant business risks, including operational risk, are identified and appropriately managed.

INTERNAL AUDIT FUNCTION

The group employees a qualified chartered accountant who manages and executes the internal audit function of the group. The primary focus of the internal auditor is the audit and review of key controls within the group and subsidiary companies. The internal auditor reports on a monthly basis to the executive committee.

no matter where you see
yourself in the future...

Unlock your vision

The aim of this report is to provide our stakeholders with information on PSG Konsult's various CSR initiatives including policies and practices inherent to PSG Konsult and the manner in which the company carries on its business.

The basis of this report originates from the recommendations included in the King Report on Governance for South Africa 2009 and more specifically the recommendations regarding integrated reporting and disclosure in respect of the company's financial and non-financial profiles. The requirements of the G3 Sustainability Reporting Guidelines developed by the Global Reporting Initiative have also been considered in drafting this report, although the aim of the report is to provide information to stakeholders which is relevant and useful and not necessarily an attempt to meet all of the reporting requirements of the guidelines named above.

Sustainability reporting is the practice of measuring, disclosing and being accountable to internal and external stakeholders for organisational performance towards the goal of sustainable development. "Sustainability reporting" is a broad term considered synonymous with others used to describe reporting on economic, environmental and social impacts (e.g. triple bottom line, corporate responsibility reporting, etc).

CEO STATEMENT (Relevance of sustainability to the organisation and its strategy)

PSG Konsult is committed to acting as a socially responsible company in our global community. This means that we will fully comply with the laws, rules and regulations of the countries in which we operate. It also means that we will go further by continually evaluating our business practices using the principle of sustainability.

At the heart of sustainability lies the desire to maintain a balance between the economic, environmental and social needs of our world today, without compromising the opportunities of future generations. We want PSG Konsult to always be associated with a respect for human rights, safe work conditions, and environmentally sound business practices, for our own organisation and those with whom we partner.

CORPORATE GOVERNANCE AND ETHICS

PSG Konsult maintains extensive ethics and corporate governance structures. These include but are not limited to the board of directors, board committees, memorandum and by-laws of the company, as well as legislative, regulative and statutory requirements. We also actively communicate and enforce a detailed Code of Business Conduct for all employees and provide numerous communication channels through which employees, subject to law, can report possible code violations.

a) Ethical code of conduct

Please refer to page 2 of the annual report for PSG Konsult's ethical code of conduct.

b) Compliance

PSG Konsult has specialist knowledge that adds value to compliance. A practical approach is followed concerning the business activities of its staff, but ensures that documentation complies with legal requirements. All compliance administration costs are carried by the company.

Compliance officers represent PSG Konsult's interest on all regulating forums and ensure complete support to financial planners in the case of claims. The financial planner can also depend on a compliance manual, free professional liability cover, regular updating of records as required and direct contact with compliance officers.

c) Corporate governance

Convergence is being driven by the view that boards have a fiduciary responsibility to address risks and CSR is fundamentally about risk management. CSR converges with governance at the values level. However, it is agreed that because the nature of CSR management can differentiate company performance, it is relevant to corporate governance. Effective management of CSR risks and opportunities can improve financial results thereby warranting governance.

d) Disclosure of financial information

- **Regular information about activities, structure, financial situation, business results**

  The PSG Konsult Group communicates information about activities, structure, financial situation and business results by way of publishing the following reports:

  Interim financial results – Drafted on the guidelines set per IAS 34 as at 31 August of each financial year.
  Review/provisional financial results – Added to the PSG Konsult website as soon as provisional results for the financial year are approved by the board of directors following the year-end audit.
  Annual report – Prepared in accordance with International Financial Reporting Standards (IFRS). The annual report for the year ended 29 February 2012 was printed on Cocoon Offset, a FSC-certified 100% recycled paper and A5 paper size used in order to promote the protection of the environment.
  Annual general meeting – In terms of the Companies Act and sound corporate governance, an annual general meeting is held at which the annual financial statements and reports are adopted and any member of the company is entitled to attend, speak and vote.
  Press releases (mergers and acquisitions) – For the sake of transparency and clear communication, PSG Konsult issues press releases to inform all of its stakeholders of material mergers and acquisitions, including details regarding the strategic fit to the group's operations and the possible growth opportunities.

  All of the above reports are added to the group's website (www.psgkonsult.co.za) and distributed to all shareholders by mail or e-mail depending on preference.

- **High standards of quality in reporting, accounting and auditing**
  To ensure the quality of reporting and accounting accuracy in general, PSG Konsult has established a fully fledged Finance Department staffed by skilled and experienced accountants, including a number of qualified chartered accountants.

  The quality of reporting is enhanced by the engagement of a professional graphic design firm and a shareholder communication firm, which assists PSG Konsult in drafting the reports referred to above.

  PSG Konsult retained the services of PricewaterhouseCoopers (AAA Empowerdex rating Level 2 Contributor) as its external auditor, a highly respected and reputable firm with a worldwide presence.

- **Publication of basic information on the parent company, its main affiliates, its percentage ownership, direct and indirect in these affiliates, including shareholdings between them.**
  This information is included in the detailed notes to the annual financial statements and more specifically the notes on investments in associated companies and interest in subsidiaries. The PSG Konsult website also includes information about the PSG Konsult Group, its services and affiliates.

e) Taxation

Punctual payment of tax debts: PSG Konsult's Finance Division is responsible for drafting of all income tax, VAT returns and payments. To ensure punctual payment of taxes, a status report on provisional and final taxes are presented to the finance and risk committee which meets twice yearly.

f) Combating corruption

- **No payments to officials or employees of business partners**
  PSG Konsult only transacts with reputable business partners and all payments to such partners are made by the Finance Department. Payments from the Finance Department are subject to internal controls over payments, including segregation of duties, dual signatories, limited access to payment systems and monthly reconciliations.

- **Introduction of management control systems which discourage bribery and corruption**
  In combating bribery and corruption, PSG Konsult has established the following committees and divisions:
  Executive committee – Overall review of financial results, including questioning of unusual or unexpected expenditures or payments.
  Internal audit function – The group has appointed a qualified chartered accountant to head up its Internal Audit Function which performs investigations and internal audits on a selection basis.
  Compliance officer – The Compliance Division is headed by a qualified advocate and completes a number of compliance audits across all of the group's offices and advisors.

- **No illegal donations to candidates for public office or political parties**
  PSG Konsult subscribes to a company-wide code of conduct which is published on its website and directs the manner in which business is conducted.

g) Competition
No anti-competitive agreements: In acting as a registered financial services provider, PSG Konsult has a policy to only place business with approved product suppliers. This is achieved through the PSG Konsult product committee which approves all products prior to being offered to our clients. Furthermore, all broker codes registered with product houses are signed off by the chief financial officer of the PSG Konsult Group.

DIVERSITY

PSG Konsult strives to value and respect the individual differences of our employees, clients and business partners and is committed to achieving diversity in our workforce. We believe that a diverse workforce provides employees with a better place to work and our company with a competitive business advantage. The company actively seeks out and implements programmes designed to foster mutual respect and achievement of personal success, striving for all individuals to reach their full potential.

Valuing diversity is a core value of PSG Konsult, an important corporate social responsibility which impacts how we service our clients, how we recruit candidates and how we become better corporate citizens. As a leading staffing provider, PSG Konsult has made a commitment to develop a diverse workforce that is representative of the communities in which we reside.

PSG Konsult's diversity objectives are paving the way for a new generation of employees that have a better sense of awareness, tolerance and a greater understanding of the world around us by focusing on:

Awareness and diversity of thought – PSG Konsult Academy established formal training in 2009 for internal employees to gain a better understanding of diversity and raise awareness among our peers and our customers. The programme focuses on diversity of thought, thought leadership, self-awareness and inclusion. Internal employees at PSG Konsult – from leadership to new employees – participate in these training programmes.

HUMAN RIGHTS AND LABOUR STANDARDS

PSG Konsult is committed to uphold the human rights of workers and to treat them with dignity and respect. The company's commitment includes adhering to and recognising the critical importance of standards regarding freely chosen employment, child labour, discrimination, harsh or inhumane treatment, minimum wages, working hours, and freedom of association.

In addition to adhering to the above requirements and standards, PSG Konsult does not tolerate retaliation against anyone who reports in good faith through the appropriate channels a suspected violation of any provision of the above statement or any other irregularities.

a) General principles

- **Respect of human rights**

  In the PSG Konsult Group we are committed to:
  - supporting and respecting the protection of internationally proclaimed human rights;
  - ensuring that we are not complicit in human rights abuses;
  - upholding the freedom of association and the effective recognition of the right to collective bargaining;
  - eliminating all forms of forced and compulsory labour;
  - elimination of discrimination in respect of employment and occupation; and
  - working against all forms of corruption, including extortion and bribery.

- **Enhancement of human capital through creation of employment and promotion of employee education and training**

  PSG Konsult Group continues to invest in our workforce – providing our employees with skills training, health and wellness programmes and opportunities to gain experience. The budget in respect of the new financial year for training and development is in excess of R2,3 million.

- **No discrimination or disciplinary measures against employees who in good faith report to management or the relevant authorised practices which infringe the law, the guidelines or company policy**

  In the PSG Konsult Group's personnel policy, all forms of discrimination in respect of disciplinary measures, employment and occupation are addressed.

- **No demands for exemptions from ecological or social standards**

  PSG Konsult Group is committed to making no demands for exemptions from ecological or social standards and the group supports a precautionary approach to environmental challenges.

- **No improper involvement in local political activities**

  The PSG Konsult Group is committed not to engage in any improper involvement in local political activities.

b) Employment

- **Increasing employment possibilities and standards**

  PSG Konsult has established a recruitment bureau and a recruitment policy in order to increase employment possibilities and standards.

- **Promoting equality of opportunity and equal treatment in employment**

  PSG Konsult has submitted an Employment Equity Plan on 22 December 2011 as required by the Department of Labour. The workforce profile for 2012 indicates that we had a 29% growth in staff overall, of which 23% is black (designated employees) and 46% female (designated employees).

The PSG Konsult Limited employment equity committee was elected and approved by EXCO. Employee representatives from all different disciplines in the business have been included.

- **Avoiding arbitrary dismissal procedures**
  PSG Konsult has a personnel policy which includes a disciplinary code of conduct. In this code all formal arbitrary dismissal procedures are addressed.

c) Employment/Social partners

- **Worker rights for trade union representatives**
  PSG Konsult acknowledges the rights for trade of all workers. Freedom of association is also acknowledged in the organisation's personnel policy.

- **Abolition of child forced labour**
  No child labour in any form is allowed in the organisation.

- **Ban on discrimination**
  All staff are aware that there are explicit policies against discrimination in hiring, remuneration, promotion, training or termination of employment of any employee on the basis of gender, race, age, ethnicity, disability, sexual orientation or religion. The organisation does not tolerate jokes or behaviour in the workplace that insults employees on the basis of gender, race, age, ethnicity, disability or sexual orientation.

- **Promotion of effective collective agreements**
  Various committees have been established in PSG Konsult in order to promote effective collective agreements. These committees include a remuneration committee, employment equity committee, human resource committee and an audit committee.

- **Duty of information towards workers and their representatives**
  PSG Konsult realises that the organisation has a responsibility towards the provision of information to all employees and their representatives. For this reason the organisation has created an intranet where all relevant communication (including the personnel policy) is displayed. All personnel have access to the intranet.

- **Employment of local personnel/training measures to improve the level of qualifications**
  In PSG Konsult's recruitment policy, the employment and training of internal staff are confirmed. All positions are firstly advertised internally on the intranet to give internal staff the opportunity to apply for such positions.

Several internal training programmes are facilitated by PSG Konsult Academy in order to develop the skills of all personnel. These training programmes are focused on all levels of the organisation.

d) Working conditions

- **No pay, benefits or working conditions which are less favourable than those enjoyed by comparable workers in the host country**
  All salaries are market related and normal increases, based on inflation and performance, are instituted by the remuneration committee every year.

- **Adequate wages so that workers and their families can meet their basic needs**
  Market-related salaries are being paid to all employees.

- **The highest health and safety standards**
  All PSG Konsult staff are working in offices which comply with health and safety standards as stipulated by the Occupational Health and Safety Act.

e) Knowledge and technology

- **Promotion of know-how transfer and training**
  PSG Konsult Group has provided training opportunities for all levels of staff in the organisation. A total of R2,3 million has been budgeted for PSG Konsult Academy to do training in the organisation during the coming financial year.

  Training in life management, retirement planning and care of dependants have also been conducted in the organisation.

f) Labour relations

- **Freedom of workers to organise and associate**
  As stipulated by the personnel policy, all employees of PSG Konsult have the freedom to organise and associate.

- **Right of workers to make complaints without suffering disadvantages**
  The grievance procedure in the PSG Konsult personnel policy makes provision for all employees in the PSG Konsult Group to complain. The policy also makes provision for employees to be assured that they will not suffer any disadvantages as a result of the complaint.

HEALTH AND SAFETY

PSG Konsult endorses the principle that the quality of products and services, and employees' morale are enhanced by a safe and healthy work environment. PSG Konsult maintains health and safety programmes for its facilities.

All PSG Konsult staff are working in offices which comply with health and safety standards as stipulated by the Occupational Health and Safety Act.

COMMUNITY AND ENVIRONMENTAL INVOLVEMENT

PSG Konsult strives to understand and respect the cultural values and laws wherever we operate. PSG Konsult actively supports important initiatives in those communities where our employees live and work.

This commitment is visible in our support for the Wildlands Indigenous Trees for Life Programme, as well as various projects with good causes on a regional basis. We also encourage our employees to support initiatives that are important to them.

PSG Konsult Corporate

With regard to black economic empowerment, we are of the opinion that this is not a political need but an economic necessity. To this end we have created PSG Konsult Corporate Limited, a black-empowered brokerage in which we have an interest. With our assistance and that of our financial planners, we aim to build this brokerage to the betterment of the financial future of our country.

Wildlands Conservation Trust

The Wildlands Conservation Trust was founded in KwaZulu-Natal, but has since found its way to the Western Cape through an innovative project called the Indigenous Trees for Life Programme, in conjunction with PSG Konsult, PSG Konsult Corporate and Spier.

This programme empowers local communities to grow their own trees for the upliftment of the community. At the same time they also contribute to the environment by assisting, amongst others, with reforestation projects.

For more information visit the following website: www.wildlands.co.za/home.aspx

BADISA

BADISA is a Tswana word that means "shepherd" and "caretaker". The name is a combination of three Afrikaans words, BARMHARTIGHEID (compassion), DIENS/DIAKONAAT (service/diaconate) and SAAM (together). BADISA strives towards rendering a quality service to people and communities and achieves this through:

- comprehensive developmentally focused social service programmes which are aimed at enabling people to function optimally; and
- developing effective networks for distress relief and poverty alleviation.

At PSG Konsult we have committed ourselves to supporting BADISA for an initial three-year period in order to develop skills, train personnel and volunteers and monitor the results through ISUMASA (project division of BADISA), thereby improving sustainability by managing smarter.

Learnership Programmes

PSG Konsult offers learnerships in conjunction with PSG Konsult Academy and INSETA for trainee financial planners, short-term brokers and stockbrokers.

The one-year learnership entails an on-the-job training programme whereby the trainee is placed within the office of a successful financial planner, short-term broker or stockbroker who acts as principal. Formal training and assessment is done via PSG Konsult Academy.

Report by the chief executive officer

Turnover increased by **42%** to **R1,4 billion** with headline earnings per share increasing by **22%** and dividends per share by **17%**.

FINANCIAL RESULTS

The PSG Konsult Group returned pleasing results for the financial year ended 29 February 2012. These results were driven by meaningful contributions from all of PSG Konsult's well-diversified business segments.

The 2012 financial year was characterised by uncertainty and risk aversion amidst the European sovereign debt crisis. In general, market conditions remained challenging within the financial services industry, with moderate economic growth, stable interest rates and risk aversion. Towards the latter part of the financial year the actions taken in Europe regarding sovereign debt restructuring and rescue lending eased uncertainty.

This is the first year-end reporting period since the amalgamation with PSG Asset Management on 1 March 2011. As the transaction was structured in the form of a share swop on an equal price/earnings ratio, the most relevant indicator to assess the growth in earnings of the PSG Konsult Group (inclusive of PSG Asset Management) is headline earnings per share ("HEPS").

The group's key financial indicators are listed below:

- Turnover, consisting of commission and other operating income, increased by 42% to R1 379 million (largely influenced by the PSG Asset Management amalgamation).
- The group's headline earnings increased by 77,4% to R162,3 million (2011: R91,5 million).
- Recurring headline earnings increased by 14,2% (drafted on the basis of including PSG Asset Management in the prior year).
- Headline earnings per share increased by 21,6% to 15,2 cents per share.

KEY BUSINESS DEVELOPMENTS

The PSG Konsult Group has continued its strategy of growth. Certain acquisitions were made during the year, namely:

- PSG Asset Management – Effective 1 March 2011, PSG Asset Management, which previously consisted of PSG Fund Management, PSG Alphen, PSG Tanzanite, PSG Absolute Investments and PSG FutureWealth was amalgamated with PSG Konsult. The transaction was structured in the form of a share swop on an equal price/earnings ratio.
- Equinox – Effective 1 May 2011, PSG Konsult acquired Equinox, an online unit trust trading platform. Equinox provides an electronic trading platform for individual investors, as well as enabling investment advisers to manage portfolios on behalf of clients. The transaction added about 9 000 clients with assets under management of about R1,9 billion to the group's client base. Equinox clients and investment advisors will be supported and serviced by PSG Online and PSG Asset Management respectively.
- Pleroma – Effective 1 May 2011, PSG Konsult Corporate acquired Pleroma, a short-term insurance broker and administrator. The transaction added approximately R100 million in premiums, 5 000 clients and contributes 10% of PSG Konsult Corporate's headline earnings.

Willem Theron
Chief executive officer

The past financial year included various highlights for the company, namely:

- PSG Equity Fund – Raging Bull Award
- PSG Flexible Fund – Raging Bull Award
- PSGK Moderate FoF – Morningstar Award for Moderate Allocations
- PSG Online – Business Day Investors Monthly Stockbroker of the Year Award
- Santam – National broker of the year Commercial lines and Agriculture

DISTRIBUTION TO SHAREHOLDERS

A dividend of 3,0 cents (2011: 2,8 cents) per share was paid to shareholders at the interim stage. The directors have declared a final dividend of 7,3 cents (2011: 6,0 cents) per share, giving a total dividend of 10,3 cents per share (2011: 8,8 cents), subsequent to year-end.

THE YEAR AHEAD

The amalgamation with PSG Asset Management is complementary to the group's vision of becoming a comprehensive financial services group and sharing further in the financial services value chain.

The group will continue with its strategy of growing through a combination of acquisitions, organic growth and unlocking existing synergies within the various business divisions.

The business will be taken forward under its four main business lines, being TRADE, INVEST, INSURE and PLAN.

A WORD OF THANKS AND APPRECIATION

I would like to personally thank our directors, management, advisors and staff for their diligence and hard work during these challenging market conditions. The success of the company is a team effort and the strength of the PSG Konsult Group lies in its people.

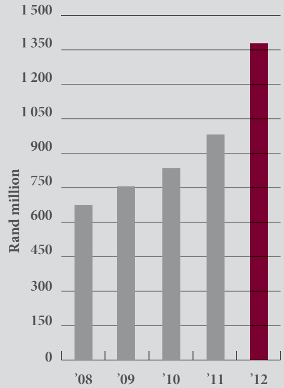
Willem Theron
Chief executive officer

Hermanus
21 May 2012

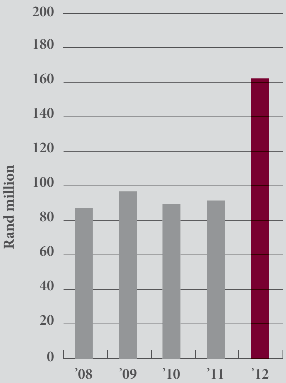
KEY FINANCIAL RESULTS 2011/2012

RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2012	2012 R000	Change %	2011 R000
Revenue*	**1 378 941**	41,95	971 426
Headline earnings	**162 282**	77,34	91 510
Headline earnings per share (cents)	**15,2**	21,60	12,5
Adjusted headline earnings per share (cents)**	**17,2**	17,81	14,6
Distribution to shareholders (cents)	**10,3**	17,05	8,8
Interim dividend paid 28 October 2011	**3,0**	7,14	2,8
Final dividend paid – proposed	**7,3**	21,67	6,0
Net asset value per share (cents)	**67,9**	1,49	66,9
Funds under administration (Rbn) *(JSE year-on-year increase 6,3%)*	**139,0**	42,86	97,3

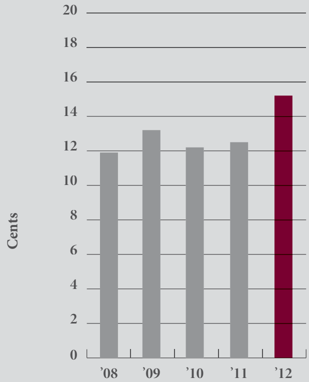
** Revenue consists of commission and other fee income and other operating income*
*** Headline earnings adjusted for amortisation of intangibles net of non-controlling interest and tax*



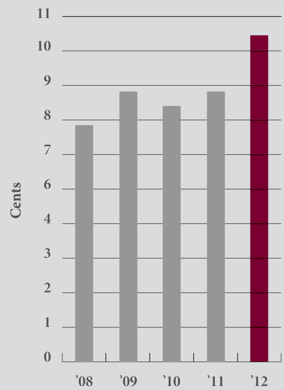
Revenue



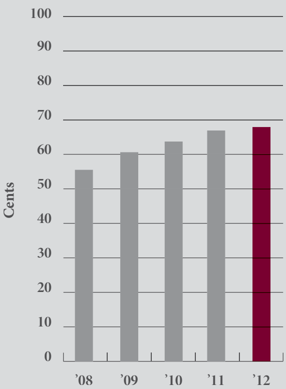
Headline earnings



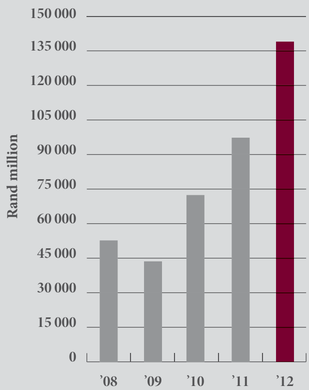
HEPS



Distribution per share



Net asset value per share



Funds under administration

Annual financial statements

Preparation of the annual financial statements

These annual financial statements have been prepared by JSE van der Merwe, CA(SA) and supervised by the chief financial officer, HB Lindes, CA(SA).

Statement of responsibility by the board of directors

for the year ended 29 February 2012

PSG KONSULT LIMITED AND ITS SUBSIDIARIES (THE "GROUP")

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of PSG Konsult Limited. The financial statements presented on pages 30 to 147 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the South African Companies Act, and include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all statements of IFRS that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the group and company at year-end. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and consistency with the financial statements. The directors have the responsibility of ensuring that accounting records are kept. The accounting records should disclose, with reasonable accuracy, the financial position of the companies to enable the directors to ensure that the financial statements comply with relevant legislation.

PSG Konsult Limited operated in a well-established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that the risks facing the business are being controlled.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group or any company in the group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the group.

The group's external auditors, PricewaterhouseCoopers Incorporated, audited the financial statements and their report is presented on page 29.

The financial statements were approved by the board of directors on 21 May 2012, and are signed on its behalf by:

J de V du Toit
Chairman
21 May 2012

W Theron
Chief executive officer

TW Biesenbach
Chief operating officer

Certificate by the company secretary

I hereby certify, in terms of section 88(2)(e) of the Companies Act (Act 71 of 2008) (the 'Act'), that to the best of my knowledge, for the year ended 29 February 2012, the company has lodged with the Companies Commissioner all such returns and notices as required in terms of the Act and that all such returns and notices are true, correct and up to date.

HB Lindes (on behalf of PSG Konsult Management Services (Proprietary) Limited)
Company secretary
21 May 2012

Independent auditor's report

to the shareholders of PSG Konsult Limited

We have audited the consolidated annual financial statements and annual financial statements of PSG Konsult Limited, which comprise the consolidated and separate statements of financial position as at 29 February 2012, and the consolidated and separate income statements and consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 30 to 147.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of PSG Konsult Limited as at 29 February 2012, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: C van den Heever
Registered Auditor

Cape Town

21 May 2012

Report of the board of directors

for the year ended 29 February 2012

NATURE OF BUSINESS

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

PSG Konsult Limited is incorporated in the Republic of South Africa and is a public company trading over the counter.

FINANCIAL RESULTS

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

PEOPLE

At year-end PSG Konsult had 224 (2011: 216) offices with 694 (2011: 642) financial planners, portfolio managers, stockbrokers and asset managers. Our professional associates (accountants and attorneys) numbered 362 (2011: 378).

DIVIDENDS

An interim dividend of 3,0 cents per share was paid to shareholders in October 2011 (2010: 2,8 cents per share).

A final dividend of 7,3 cents per share (2011: 6,0 cents per share) was declared by PSG Konsult Limited after year-end (26 March 2012) and was payable on 4 May 2012. No provision has been included in the financial statements.

SHARE CAPITAL

Details of the authorised and issued share capital appear in note 14 to the financial statements. In total, 339 220 300 shares were issued during the year ended 29 February 2012 (2011: 2 688 700). The company acquired 100 000 of its own shares during the previous financial year through purchases over the counter at an average price of R1,47 per share and these shares were cancelled.

A subsidiary in the group holds 1 703 537 PSG Konsult shares at 29 February 2012. The shares are held as "treasury shares". The company has the right to reissue these shares at a later date to meet the obligations under the share incentive scheme.

EVENTS AFTER THE REPORTING DATE

Other than the acquisition disclosed in note 37 on page 118, no other matter which is material to the financial affairs of the group and company has occurred between 29 February 2012 and the date of approval of the financial statements.

The Minister of Finance in his budget speech of 22 February 2012 announced that the capital gains tax (CGT) inclusion rate for companies will be increased from 50% to 66,6% (effective CGT rate from 14% to 18,6%). The change in the CGT rate will apply in respect of capital gains during years of assessment commencing on or after 1 March 2012.

HOLDING COMPANY

The company's holding company is PSG Financial Services (Proprietary) Limited (a company incorporated in the Republic of South Africa). Its ultimate holding company is PSG Group Limited (a company incorporated in the Republic of South Africa and listed on the Johannesburg Stock Exchange).

DIRECTORS

The directors of the company at the date of this report appear on page 8.

DIRECTORS AND PRESCRIBED OFFICERS' EMOLUMENTS AND INTERESTS IN SHARE CAPITAL

Directors' and prescribed officers' emoluments

The remuneration committee considers the remuneration of all executive directors as well as the fees paid to all non-executive directors. Fees payable to directors are recommended by the board to the annual general meeting for approval.

The following directors' emoluments were accrued by subsidiaries in the PSG Group for the year ended 29 February 2012:

Cash-based remuneration

Executive directors	Directors' fees R	Basic salary R	Bonuses and performance-related payments R	Expense allowances R	Company con-tributions R	**Total 2012 R**	Total 2011 R
W Theron	100 000[1]	2 797 965	1 577 000	180 000	–	**4 654 965**	6 332 344
TW Biesenbach	–	1 755 780	1 112 000	60 000	284 220	**3 212 000**	2 927 284
HB Lindes	–	943 550	490 000	100 000	156 450	**1 690 000**	1 217 488
	100 000	5 497 295	3 179 000	340 000	440 670	**9 556 965**	10 477 116
Non-executive directors							
J de V du Toit	525 000[2]	–	–	–	–	**525 000**	1 200 000
JF Mouton	450 000[3]	2 032 000	1 500 000	–	18 000	**4 000 000**	3 500 000
L de Wit	300 000	–	–	–	–	**300 000**	–
	1 275 000	2 032 000	1 500 000	–	18 000	**4 825 000**	4 700 000
	1 375 000	7 529 295	4 679 000	340 000	458 670	**14 381 965**	15 177 116

1. Paid to PSG Konsult Management Services (Proprietary) Limited (2011: R90 000) as non-executive director of PSG Group Limited
2. R165 000 (2011: R140 000) paid as non-executive director of PSG Group Limited
3. R200 000 (2011: R180 000) paid as non-executive director of PSG Group Limited

Equity-based remuneration
PSG Konsult Group Share Incentive Scheme

	Number of shares as at 28 Feb 2011	Number of scheme shares during year: Granted	Vested	Average market price per share on vesting date	Vesting price per share	Date granted	**Number of shares as at 29 Feb 2012**
W Theron	–	5 801 231	–	n/a	R1,54	1 March 2011	**5 801 231**
TW Biesenbach	–	3 068 183	–	n/a	R1,54	1 March 2011	**3 068 183**
HB Lindes	–	1 168 831	–	n/a	R1,54	1 March 2011	**1 168 831**
PSG Group Share Incentive Trust							
PSG Group Limited shares							
Non-executive							
JF Mouton	30 000	–	(18 000)	47,71	20,16	26/10/2006	**12 000**
	700 000	–	(250 000)	42,78	17,81	21/04/2008	**450 000**
	730 000	–	(268 000)				**462 000**
J de V du Toit	30 000		(18 000)	47,71	20,16	26/10/2006	**12 000**
	30 000	–	(18 000)				**12 000**

Equity-based remuneration *(continued)*
PSG Group Supplementary Share Incentive Trust

	Number of shares as at 28 Feb 2011	Number of scheme shares during year Granted	Vested	Average market price per share on vesting date	Vesting price per share	Date granted	**Number of shares as at 29 Feb 2012**
Non-executive							
JF Mouton	511 521	–	–	–	26,16	22/04/2010	**511 521**
	201 952	–	–	–	39,61	28/02/2011	**201 952**
	–	204 056	–	–	47,39	28/02/2012	**204 056**
	713 473	204 056	–				**917 529**

SHAREHOLDING OF DIRECTORS

The shareholding of directors in the company as at 29 February 2012 was as follows:

	Beneficial Direct	Beneficial Indirect	Non-beneficial Direct	Non-beneficial Indirect	**Total shareholding 2012 Number**	**%**	Total shareholding 2011 Number	%
TW Biesenbach	3 000 000	–	–	132 500	**3 132 500**	**0,3%**	3 032 500	0,4%
CA de Bruyn*	–	–	–	–	**–**	**0,0%**	3 915 577	0,5%
T Cloete*	–	–	–	–	**–**	**0,0%**	767 000	0,1%
J de V du Toit	–	–	–	20 000 000	**20 000 000**	**1,9%**	5 125 000	0,7%
L de Wit	–	18 180 234	–	–	**18 180 234**	**1,7%**	–	n/a
DPB Hugo*	–	–	–	–	**–**	**0,0%**	4 324 197	0,6%
RN King*	–	–	–	–	**–**	**0,0%**	1 802 000	0,2%
DJ Klopper*	–	–	–	–	**–**	**0,0%**	1 922 268	0,3%
TA Landman*	–	–	–	–	**–**	**0,0%**	5 356 826	0,7%
HB Lindes	100 000	–	–	–	**100 000**	**0,0%**	100 000	0,0%
H Pieters*	–	–	–	–	**–**	**0,0%**	731 652	0,1%
W Theron	–	–	–	21 500 000	**21 500 000**	**2,0%**	21 500 000	2,9%
WV Waldeck*	–	–	–	–	**–**	**0,0%**	9 000 000	1,2%
	3 100 000	18 180 234	–	41 632 500	**62 912 734**	**5,9%**	57 577 020	7,9%

** Remained ordinary shareholder*

SECRETARY

The secretary of the company is HB Lindes (on behalf of PSG Konsult Management Services (Proprietary) Limited), whose business and postal addresses are:

Suite 2/1	PO Box 1743
Hemel and Aarde Village	Hermanus
Corner Hemel and Aarde and Main Road	7200
Hermanus	
7200	

SUBSIDIARIES

Details of the company's interest in subsidiary companies are set out in note 38. The interests in associated companies were considered significant in the light of the group's financial results and are set out in note 4.

SEGMENT INFORMATION

Refer to note 39 to the financial statements for the segmental report.

INDEPENDENT AUDITORS

PricewaterhouseCoopers Inc will continue in office in accordance with section 90(1) of the Companies Act, 71 of 2008, as amended.

SPECIAL RESOLUTION

The following special resolutions were passed by PSG Konsult Limited during the year under review:

– Authorise the company or any of its subsidiaries to, by way of general approval, acquire ordinary shares issued by the company.
– Approval of directors' remuneration.
– General authority to provide financial assistance to related companies (or inter-related companies or corporations).

No special resolutions were passed by subsidiaries during the year under review which are material to the group.

Statements of financial position

as at 29 February 2012

		GROUP			COMPANY	
			Restated	Restated		
		2012	2011	2010	**2012**	2011
	Notes	**R000**	R000	R000	**R000**	R000
ASSETS						
Property and equipment	1	**26 749**	25 925	23 250	**–**	–
Intangible assets	2	**815 357**	727 884	533 610	**–**	–
Investment in subsidiaries	3	**–**	–	–	**954 380**	447 507
Investment in associated companies	4	**11 350**	13 492	6 505	**–**	2 000
Deferred income tax	5	**33 116**	4 483	4 599	**1 445**	2 170
Equity securities	6	**874 968**	345	1 789	**–**	–
Debt securities	7	**2 048 742**	–	–	**–**	–
Unit-linked investments	8	**5 219 174**	–	–	**–**	–
Investment in investment contracts	9	**994 380**	–	–	**–**	–
Loans and advances	10	**67 529**	41 583	31 808	**61 545**	66 659
Derivative financial instruments	11	**9 532**	6 023	78 158	**–**	–
Receivables	12	**2 377 207**	147 976	127 142	**158 620**	116 457
Current income tax assets		**4 125**	2 312	1 775	**–**	–
Cash and cash equivalents	13	**358 637**	279 825	147 568	**10 242**	7 665
Total assets		**12 840 866**	1 249 848	956 204	**1 186 232**	642 458
EQUITY						
Equity attributable to owners of the parent						
Share capital	14	**10 723**	7 331	7 305	**10 723**	7 331
Share premium	14	**849 507**	346 032	342 255	**849 507**	346 032
Treasury shares	14	**(2 571)**	–	–	**–**	–
Other reserves	15	**(469 740)**	(126 508)	(113 594)	**–**	–
Retained earnings		**338 924**	263 866	230 908	**25 223**	24 663
		726 843	490 721	466 874	**885 453**	378 026
Non-controlling interests	16	**17 725**	10 787	2 853	**–**	–
Total equity		**744 568**	501 508	469 727	**885 453**	378 026
LIABILITIES						
Insurance contracts	17	**29 949**	–	–	**–**	–
Deferred income tax	5	**68 005**	67 507	52 977	**–**	–
Borrowings	18	**178 678**	209 687	136 522	**283 384**	249 891
Derivative financial instruments	11	**7 831**	5 988	75 893	**–**	–
Investment contracts	19	**9 144 681**	–	–	**–**	–
Third-party liabilities arising on consolidation of mutual funds	20	**16 008**	–	–	**–**	–
Accruals for other liabilities and charges	21	**–**	5 945	5 226	**–**	–
Trade and other payables	22	**2 646 146**	454 778	210 581	**17 395**	14 541
Current income tax liabilities		**5 000**	4 435	5 278	**–**	–
Total liabilities		**12 096 298**	748 340	486 477	**300 779**	264 432
Total equity and liabilities		**12 840 866**	1 249 848	956 204	**1 186 232**	642 458

Income statements

for the year ended 29 February 2012

PSG KONSULT

	Notes	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
INCOME					
Commission and other fee income	23	**1 336 712**	954 008	**–**	–
Investment income	24	**272 631**	36 573	**176 185**	72 450
Net fair value gains and losses on financial instruments	25	**427 846**	10 112	**64**	1 366
Fair value adjustment to investment contract liabilities	19	**(484 557)**	–	**–**	–
Other operating income	27	**42 229**	17 418	**15 523**	12 698
Total income		**1 594 861**	1 018 111	**191 772**	86 514
EXPENSES					
Insurance claims and loss adjustments	26	**279**	–	**–**	–
Marketing, administration and other expenses	28	**(1 190 276)**	(855 524)	**(96 881)**	(6 383)
Total expenses		**(1 189 997)**	(855 524)	**(96 881)**	(6 383)
(LOSS)/PROFIT FROM ASSOCIATED COMPANIES					
Share of (loss)/profit of associated companies	4	**(38)**	2 013	**–**	–
Profit before finance costs and taxation		**404 826**	164 600	**94 891**	80 131
Finance costs	29	**(169 631)**	(29 461)	**(17 422)**	(16 786)
Profit before taxation		**235 195**	135 139	**77 469**	63 345
Taxation	30	**(73 516)**	(36 173)	**(755)**	(309)
Profit for the year		**161 679**	98 966	**76 714**	63 036
Profit attributable to:					
Owners of the parent		**154 322**	93 804	**76 714**	63 036
Non-controlling interests		**7 357**	5 162	**–**	–
		161 679	98 966	**76 714**	63 036
Earnings per share (cents)					
Basic and diluted	31	**14,40**	12,80		

Statements of comprehensive income

for the year ended 29 February 2012

		GROUP		COMPANY	
		2012	2011	**2012**	2011
	Notes	**R000**	R000	**R000**	R000
Profit for the year		**161 679**	98 966	**76 714**	63 036
Other comprehensive income/(loss) for the year, net of taxation	30	**824**	(1 465)	**–**	(1 225)
Currency translation adjustments		**340**	(240)	**–**	–
Fair value losses on available-for-sale financial assets		**(942)**	–	**–**	–
Recycling adjustment on available-for-sale financial assets		**1 426**	(1 225)	**–**	(1 225)
Total comprehensive income for the year		**162 503**	97 501	**76 714**	61 811
Attributable to:					
Owners of the parent		**155 146**	92 339	**76 714**	61 811
Non-controlling interests		**7 357**	5 162	**–**	–
		162 503	97 501	**76 714**	61 811

Statements of changes in equity

for the year ended 29 February 2012

PSG KONSULT

GROUP	Attributable to equity holders of the group					
	Share capital and premium R000	Treasury shares R000	Other reserves* R000	Retained earnings R000	Non-controlling interests R000	Total R000
Balance at 1 March 2010 (as previously stated)	349 560	–	(144 781)	250 646	2 853	458 278
Restatement – predecessor accounting (note 41)	–	–	31 187	(19 738)	–	11 449
Balance at 1 March 2010 (restated)	349 560	–	(113 594)	230 908	2 853	469 727
Comprehensive income						
Profit for the year	–	–	–	93 804	5 162	98 966
Other comprehensive income	–	–	(1 465)	–	–	(1 465)
Currency translation adjustments	–	–	(240)	–	–	(240)
Recycling adjustment on available-for-sale financial assets	–	–	(1 225)	–	–	(1 225)
Total comprehensive income	–	–	(1 465)	93 804	5 162	97 501
Transactions with owners	3 803	–	(11 449)	(60 846)	2 772	(65 720)
Issue of ordinary shares	3 950	–	–	–	–	3 950
Shares repurchased	(147)	–	–	–	–	(147)
Acquisition of subsidiary	–	–	(11 449)	–	–	(11 449)
Non-controlling interest arising on business combination	–	–	–	–	6 512	6 512
Dividend paid	–	–	–	(60 846)	(3 740)	(64 586)
Balance at 28 February 2011	353 363	–	(126 508)	263 866	10 787	501 508
Comprehensive income						
Profit for the year	–	–	–	**154 322**	**7 357**	**161 679**
Other comprehensive income	–	–	**824**	–	–	**824**
Currency translation adjustments	–	–	**340**	–	–	**340**
Fair value losses on available-for-sale financial assets	–	–	**(942)**	–	–	**(942)**
Recycling adjustment on available-for-sale financial assets	–	–	**1 426**	–	–	**1 426**
Total comprehensive income	–	–	**824**	**154 322**	**7 357**	**162 503**
Transactions with owners	**506 867**	**(2 571)**	**(344 056)**	**(79 264)**	**(419)**	**80 557**
Issue of ordinary shares related to business combinations	**506 867**	–	–	–	–	**506 867**
Share-based payment costs – employees	–	–	**2 284**	–	–	**2 284**
Treasury shares acquired	–	**(2 571)**	–	–	–	**(2 571)**
Business combinations	–	–	**(344 122)**	–	**10 104**	**(334 018)**
Transactions with non-controlling interest	–	–	–	**(5 355)**	**(994)**	**(6 349)**
Disposals to non-controlling interest	–	–	**(2 218)**	**2 218**	**(5 327)**	**(5 327)**
Dividend paid	–	–	–	**(76 127)**	**(4 202)**	**(80 329)**
Balance at 29 February 2012	**860 230**	**(2 571)**	**(469 740)**	**338 924**	**17 725**	**744 568**

** Refer to note 15 for details of the other reserves.*

Statements of changes in equity

for the year ended 29 February 2012

COMPANY	Share capital and premium R000	Other reserves R000	Retained earnings R000	Total R000
Balance at 1 March 2010	349 560	1 225	22 473	373 258
Comprehensive income				
Profit for the year	–	–	63 036	63 036
Other comprehensive income				
Recycling adjustment on available-for-sale financial assets	–	(1 225)	–	(1 225)
Total comprehensive income	–	(1 225)	63 036	61 811
Transactions with owners	3 803	–	(60 846)	(57 043)
Issue of ordinary shares	3 950	–	–	3 950
Shares repurchased	(147)	–	–	(147)
Dividend paid	–	–	(60 846)	(60 846)
Balance at 28 February 2011	353 363	–	24 663	378 026
Comprehensive income				
Profit for the year	**–**	**–**	**76 714**	**76 714**
Transactions with owners	**506 867**	**–**	**(76 154)**	**430 713**
Issue of ordinary shares	**506 867**	**–**	**–**	**506 867**
Dividend paid	**–**	**–**	**(76 154)**	**(76 154)**
Balance at 29 February 2012	**860 230**	**–**	**25 223**	**885 453**

Statements of cash flows

for the year ended 29 February 2012

		GROUP		COMPANY	
		2012	2011	**2012**	2011
	Notes	**R000**	R000	**R000**	R000
Cash flows from operating activities					
Cash (utilised by)/generated from operating activities	36.1	**(184 574)**	269 103	**(20 175)**	30 815
Interest income		**194 036**	29 360	**5 724**	5 016
Dividend income		**78 595**	7 213	**170 461**	67 434
Finance costs		**(30 085)**	(29 461)	**(17 422)**	(16 786)
Taxation (paid)/refunded	36.2	**(82 470)**	(46 646)	**(30)**	3
Net cash flow from operating activities		**(24 498)**	229 569	**138 558**	86 482
Cash flows from investing activities					
Acquisition of subsidiaries/books of business	36.3	**248 097**	(91 830)	**(94 409)**	(21 857)
Acquisition of associated companies	36.5	**–**	(2 000)	**–**	(2 000)
Proceeds from disposal of associated companies		**–**	–	**1 090**	–
Acquisition of intangibles		**(45 457)**	(35 746)	**–**	–
Proceeds from disposal of book of business		**39 607**	18 327	**–**	–
Proceeds from disposal of subsidiaries	36.4	**5 457**	–	**–**	–
Proceeds from disposal of financial assets		**–**	1 415	**–**	1 549
Proceeds from disposal of property and equipment		**1 519**	536	**–**	–
Purchases of property and equipment		**(12 768)**	(11 684)	**–**	–
Purchase of financial assets		**–**	(105)	**–**	–
Deferred consideration paid for acquisition of businesses	36.3	**(33 071)**	–	**–**	–
Net cash flow from investing activities		**203 384**	(121 087)	**(93 319)**	(22 308)
Cash flows from financing activities					
Dividends paid		**(76 127)**	(60 846)	**(76 154)**	(60 846)
Dividends paid to non-controlling interests		**(4 202)**	(3 740)	**–**	–
Acquired from non-controlling interest		**(6 655)**	–	**–**	–
Disposal to non-controlling interest		**308**	–	**–**	–
Net (repayments of)/proceeds from borrowings		**(10 807)**	85 934	**33 492**	(19 921)
Purchase of treasury shares		**(2 571)**	–	**–**	–
Shares issued		**–**	(230)	**–**	–
Net cash flow from financing activities		**(100 054)**	21 118	**(42 662)**	(80 767)
Net increase/(decrease) in cash and cash equivalents		**78 832**	129 600	**2 577**	(16 593)
Cash and cash equivalents at beginning of year		**279 676**	150 076	**7 665**	24 258
Exchange gains on cash and cash equivalents		**84**	–	**–**	–
Cash and cash equivalents at end of year	36.6	**358 592**	279 676	**10 242**	7 665

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

1. BASIS OF PREPARATION

The consolidated and standalone financial statements of PSG Konsult Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and the manner required by the Companies Act of South Africa. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) classified as "at fair value through profit or loss", insurance contract liabilities that are valued using the financial soundness valuation (FSV) basis as set out in PGN 104 – Valuation of long-term insurers and investments in associates using the equity method of accounting.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed further on in the accounting policies on pages 56 to 57.

Restatement of comparative information

The group changed its accounting policy for predecessor accounting on 1 March 2011 to account for common control transactions from the date of the acquisition, therefore prospectively. In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the change has been made retrospectively and the comparatives have been restated accordingly. Refer to note 41 for further explanation of the accounting policy.

2. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS AND AMENDMENTS THAT ARE EFFECTIVE FOR THE FIRST TIME IN 2011

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

New standards, interpretations or amendments to published standards and amendments, which are relevant to the group's operations, became effective during the year.

- Amendment to IFRS 7 Financial Instruments (effective 1 January 2011) *
  Amendment clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading. The effect of the amendment was minor changes to financial instrument disclosures.
- Amendment to IAS 1 Presentation of Financial Instruments (effective 1 January 2011) *
  Entities may present either in the statement of changes in equity or within the notes an analysis of the components of other comprehensive income by item. The group currently presents such analysis within the statement of changes in equity.
- Amendments to IAS 24 Related Party Disclosures (effective 1 January 2011)
  Simplification of the disclosure requirements for government-related entities and clarification of the definition of a related party. The amended definition of a related party did not cause any additional related party transactions/balances to be disclosed by the group.
- Amendments to IAS 34 Interim Financial Reporting (effective 1 January 2011) *
  Clarification of disclosure requirements around significant events and transactions, including financial instruments. The group applied this amendment to the presentation of its interim financial reports.

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

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective 1 July 2010) *
- Amendments to IFRS 3 Business Combinations (effective 1 January 2011) *
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates (effective 1 July 2010)
- Amendments to IAS 27 Consolidated and Separate Financial Statements (effective 1 July 2010) *
- Amendments to IAS 28 Investments in Associates (effective 1 July 2010) *
- Amendments to IAS 31 Interests in Joint Ventures (effective 1 July 2010) *
- Amendments to IFRIC 13 Customer Loyalty Programmes (effective 1 January 2011)
- Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement (effective 1 January 2011)
- Revision to AC 504: IAS 19 (AC 116) – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment (effective 1 January 2011)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 April 2010)

* *Improvements to IFRSs 2010*

These standards, interpretations and amendments have no impact on measurements of assets and liabilities or disclosures in the current or prior years.

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

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 March 2012 or later periods, but which the group has not early adopted, are as follows:

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective 1 January 2011) *
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective 1 July 2011) *
- Amendments to IFRS 7 Financial Instruments: Disclosures (effective 1 July 2011) *
- Amendments to IFRS 7 Financial Instruments: Disclosures (effective 1 January 2013) *
- IFRS 9 Financial Instruments (effective 1 January 2015) ^
  New standard that is the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classifications categories: amortised cost and fair value.
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013) ^
  New standard that replaces the consolidation requirements in SIC-12 Consolidation – Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess.
- IFRS 11 Joint Arrangements (effective 1 January 2013) *
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013) ^
  New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special-purpose vehicles and other off balance sheet vehicles.
- IFRS 13 Fair Value Measurement (effective 1 January 2013) ^
  Standard explains how to measure fair value and aims to enhance fair value disclosures.
- Amendments to IAS 1 Presentation of Financial Statements (effective 1 July 2012) ^
  New requirements to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity.
- Amendments to IAS 12 Income Taxes (effective 1 January 2012) *
- Amendments to IAS 19 Employee Benefits (effective 1 January 2013) *
- Amendments to IAS 27 Consolidated and Separate Financial Statements (effective 1 January 2013) *
- Amendments to IAS 28 Investments in Associates (effective 1 January 2013) *
- Amendments to IAS 32 Financial Instruments: Presentation (effective 1 January 2014) ^
  The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP.
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective 1 January 2013) *

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

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

4. GROUP FINANCIAL STATEMENTS

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

4.1 Subsidiaries

Subsidiaries are all entities (including special-purpose entities and collective investment schemes) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are no longer consolidated from the date on which control ceases. Special-purpose entities (SPEs) are also consolidated where the substance of the relationship indicates that the SPE is controlled by the group.

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

If a business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit and loss.

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

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

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the group.

4.2 Transactions with non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

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

4.3 Mutual funds

Mutual funds, in which the group has greater than 50% economic interest resulting in effective control, are consolidated. The consolidation principles applied are consistent with those applied to consolidated subsidiary companies.

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

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

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

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

The group changed its accounting policy for predecessor accounting on 1 March 2011 to account for common control transactions from the date of the acquisition, therefore prospectively. Refer to note 41 for further explanation of the accounting policy.

4.5 Associated companies

Associated companies are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. The group's investment in associated companies includes goodwill identified on acquisition (refer note 4), net of any accumulated impairment loss.

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

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

Unrealised gains on transactions between the group and its associated companies are eliminated to the extent of the group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Cross-holdings between the group and its associates are eliminated in accordance with normal consolidation procedures. Associates' accounting policies have been changed, where necessary, to ensure consistency with the policies adopted by the group.

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

After applying the equity method, investments in associated companies are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

5. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the members of the executive committee (EXCO) that makes strategic decisions.

6. FOREIGN CURRENCY TRANSLATION

6.1 Functional and presentation currency

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

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

6.2 Transactions and balances

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

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

6.3 Group companies

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as the foreign entity's assets and liabilities and are translated at the closing rate.

7. PROPERTY AND EQUIPMENT

Property and equipment are stated at historical cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Motor vehicles	5 years
Office equipment	5 to 10 years
Computer equipment	3 years

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

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

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

8. INTANGIBLE ASSETS

8.1 Goodwill

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

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

An excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities arises where the net assets of a subsidiary or associate at the date of acquisition, fairly valued, exceed the cost of the acquisition. This excess arising on acquisitions is taken directly to income.

8.2 Trademarks and licences

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

8.3 Customer lists

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

8.4 Deferred acquisition costs (DAC)

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

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

8.5 Other intangible assets

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

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

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

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

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

9. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

10. FINANCIAL INSTRUMENTS

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

11. OFFSETTING FINANCIAL INSTRUMENTS

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

12. FINANCIAL ASSETS

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

12.1 Classification

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

This category has two subcategories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Financial assets designated at fair value through profit or loss at inception are those that are managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the group's key management personnel. Derivatives are categorised as held for trading.

Financial assets designated as at fair value through profit or loss at inception relating to the group's linked insurance company, PSG Asset Management Life Limited, are those that are held in internal funds to match insurance and investment contract liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

(b) Held-to-maturity financial assets

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

(c) Loans and receivables

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

(d) Available-for-sale financial assets

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

12.2 Recognition and measurement of financial assets

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

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

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

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

The existence of published price quotations in an active market is the best evidence of fair value. The phrase "quoted in an active market" means that quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

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

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

Sources from which prices can be obtained (to qualify as "quoted") include:
- Regulated exchange (e.g. JSE, BESA, SAFEX)
- Company secretary, transfer secretary or website (e.g. PSG Konsult's share price is published daily on our website)
- Brokers (e.g. BJM manages the OTC platform for trading)
- Daily newspapers and related sources (e.g. Business Day, Bloomberg)

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

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

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

The group does not apply hedge accounting.

12.3 Impairment of financial assets

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

Loans and receivables are considered impaired if, and only if, there is objective evidence of impairment as a result of events that occurred after initial asset recognition (known as loss events) and these loss events have an adverse impact on the assets' estimated future cash flows that can be reliably measured. Objective evidence that loans and receivables may be impaired, includes breach of contract, such as a default or delinquency in interest or principal payments. In this regard instalments past due date are considered in breach of contract. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Impairment losses are recognised in the income statement, and reversed through the income statement.

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

12.4 Investment in investment contracts

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

13. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

14. RECEIVABLES

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

14.1 Insurance receivables

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

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

15. CONTRACTS FOR DIFFERENCE (CFD)

The group enters into contracts for difference with clients whereby the company provides leveraged exposure to equities specified by the client. CFD exposure is limited to the JSE Top 100 shares and Satrix ETFs. The client pays an initial margin of between 15% (for JSE Top 100 shares) and 17,5% (for all other shares including Satrix ETFs) of the value of the equities. Margin calls are made for the full value of any decrease in value of the equities.

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

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

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, other deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings on the statement of financial position.

17. INSURANCE AND INVESTMENT CONTRACTS – CLASSIFICATION

A distinction is made between investment contracts (which fall within the scope of IAS 39 Financial Instruments: Recognition and Measurement) and insurance contracts (where the Financial Soundness Valuation (FSV) method continues to apply, subject to certain requirements specified in IFRS 4 Insurance Contracts). A contract is classified as insurance where the group accepts significant insurance risk by agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk exists where it is expected that for the duration of the policy or part thereof, policy benefits payable on the occurrence of the insured event will exceed the amount payable on early termination before allowance for expense deductions at early termination. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

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

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

18. INSURANCE CONTRACTS

Policyholder contracts that transfer significant insurance risk are classified as insurance contracts. These contracts are valued in terms of the Financial Soundness Valuation (FSV) basis contained in PGN 104 issued by the Actuarial Society of South Africa and are reflected as "Insurance contracts" liabilities.

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

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

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

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

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

19. FINANCIAL LIABILITIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20. DEFERRED REVENUE LIABILITY (DRL)

Service fee income on investment management contracts is recognised on an accrual basis as and when the services are rendered. A DRL is recognised in respect of upfront fees, which are directly attributable to a contract that is charged for securing the investment management service contract. The DRL is then amortised to revenue when the services are provided, over the expected duration of the contract on a straight-line basis. The amount of the DRL that gets amortised in the next financial year will be classified as current assets and the rest of the DRL will be classified as non-current assets. Refer to accounting policy note 28 for the company and group's revenue recognition policy.

21. SHARE CAPITAL

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

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

22. TAXATION

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

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

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

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

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

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

22.2 Secondary tax on companies (STC)

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

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

23. TRUST AND FIDUCIARY ACTIVITIES

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

24. EMPLOYEE BENEFITS

24.1 Pension obligations

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

24.2 Other post-retirement benefits

The group offers no other post-retirement benefits and therefore has no liabilities.

24.3 Share-based compensation

The group operates an equity-settled share-based compensation scheme.

For the compensation scheme, the fair value of the employee services received in exchange for the grant of the share options, less the amount paid by the employee, is recognised as an expense. The total amount to be expensed over the vesting period, which is five years, is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share options that are expected to become exercisable. At each reporting date, the entity revises its estimates of the number of share options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

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

The share-based payment costs are recognised in the income statement and a share-based payment reserve is recognised as part of equity and represents the fair value at grant date of the share options that will be delivered on vesting.

24.4 Annual leave

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

24.5 Profit sharing and bonus plans

The group recognises a liability and an expense for bonus plans and profit sharing, where contractually obliged, or where there is a past practice that has created a constructive obligation.

25. PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

25.1 Provisions

Provisions are recognised when:

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

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

25.2 Contingent liabilities and assets

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

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

26. LEASES

26.1 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

26.2 Finance leases

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

27. DIVIDEND DISTRIBUTIONS

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

28. REVENUE RECOGNITION

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

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

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

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

28.1 Rendering of services

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

Commissions, dealings and structuring

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

Investment management fees and initial fees

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

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

28.2 Interest income

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

28.3 Dividend income

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

29. CLAIMS

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

30. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

30.1 Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy on goodwill. The recoverable amounts of cash-generating units have been determined based on value-in-use and fair value less cost to sell calculations. These calculations require the use of estimates (see note 2).

30.2 Fair value of derivatives and other unlisted financial instruments

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

The carry amount of the unlisted financial instruments are R5 176 000 (2011: Rnil) and would be an estimated R1 035 000 lower/higher were the discount rate used in the discount cash flow analysis to differ by 20% from management’s estimates.

30.3 Investment contracts

The group issues a significant number of investment contracts that are designated as at fair value through profit or loss. These financial instruments are not quoted in active markets, and their fair values are determined by using valuation techniques. Such techniques (for example, valuation models) are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are validated before they are used and calibrated to ensure that outputs reflect actual experience and comparable market prices. The investment contract liabilities held at fair value are fully matched with the underlying assets. As such the fair value of the investment contract liabilities is determined with reference to the fair value of the underlying asset. The carrying amount of the investment contract liabilities are R9 144 681 000 (2011: Rnil).

30.4 Recognition of intangible assets

With a business combination all identifiable assets are recognised at their respective fair values in the consolidated financial statements. The fair values of intangible assets acquired through business combinations are determined by using a discounted cash flow valuation method. The discount rate is based on the long-term risk-free rate with risk premiums added for market and other company and asset specific risks. Intangible assets acquired through business combinations were valued using a discount rate of between 17,5% and 23,0% (2011: 18,5% and 22,5%).

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

The main assumptions used in the valuation of key customer lists are the useful lives of these assets and the future profitability and cancellation rate of the underlying revenue streams. The useful life of a key customer list is estimated based on the cancellation experience of the existing business and the useful life of customer lists of other players in the market. For the key customer lists recognised at 29 February 2012 a useful life of 20 years (2011: 20 years) and an average cancellation rate of 11% (2011: 11%) were assumed.

If a useful life of 15 years were applied, the asset value would have been R406 000 (2011: R824 000) lower and if a useful life of 25 years were applied, the asset would have been R252 000 (2011: R340 000) higher. Future profit margins, used in determining customer contracts and relationships values, were consistent with the margins applied in determining the fair value of the related investment.

Refer to the intangible asset accounting policy and note 2 for further detail.

GROUP	Motor vehicles R000	Office equipment R000	Computer equipment R000	Total R000
1. PROPERTY AND EQUIPMENT				
As at 29 February 2012				
Cost	**702**	**38 385**	**41 807**	**80 894**
Accumulated depreciation and impairment	**(386)**	**(22 474)**	**(31 285)**	**(54 145)**
Balance at end of year	**316**	**15 911**	**10 522**	**26 749**
Reconciliation				
Balance at beginning of year	**556**	**15 916**	**9 453**	**25 925**
Additions	**50**	**5 292**	**7 424**	**12 766**
Disposals	**(126)**	**(961)**	**(165)**	**(1 252)**
Depreciation	**(164)**	**(5 451)**	**(7 220)**	**(12 835)**
Acquisition of businesses	**–**	**1 303**	**1 117**	**2 420**
Subsidiaries sold	**–**	**(188)**	**(87)**	**(275)**
Balance at end of year	**316**	**15 911**	**10 522**	**26 749**
As at 28 February 2011				
Cost	852	34 095	35 824	70 771
Accumulated depreciation and impairment	(296)	(18 179)	(26 371)	(44 846)
Balance at end of year	556	15 916	9 453	25 925
Reconciliation				
Balance at beginning of year (as previously stated)	585	15 112	7 661	23 358
Restatement – predecessor accounting (note 41)	–	(59)	(49)	(108)
Balance at beginning of year (restated)	585	15 053	7 612	23 250
Additions	191	4 143	7 350	11 684
Acquisition of businesses	–	1 955	937	2 892
Disposals	(29)	(257)	(154)	(440)
Depreciation	(191)	(4 978)	(6 292)	(11 461)
Balance at end of year	556	15 916	9 453	25 925

Depreciation expense of R12 835 000 (2011: R11 461 000) has been charged as part of marketing, administration and other expenses as disclosed in note 28.

Included in office equipment are assets held under finance leases (note 18):

	GROUP		COMPANY	
	2012 R000	2011 R000	**2012 R000**	2011 R000
Cost	**1 688**	1 688	**–**	–
Accumulated depreciation and impairment	**(797)**	(234)	**–**	–
Net book value	**891**	1 454	**–**	–

GROUP	Trademarks R000	Goodwill R000	Deferred acquisition costs R000	Customer lists R000	Other intangibles R000	Total R000
2. INTANGIBLE ASSETS						
As at 29 February 2012						
Cost	9 989	454 772	9 467	416 095	42 233	932 556
Accumulated amortisation and impairment	(2 663)	(9 189)	(5 605)	(80 435)	(19 307)	(117 199)
Balance at end of year	7 326	445 583	3 862	335 660	22 926	815 357
Reconciliation						
Balance at beginning of year	7 825	400 224	–	307 961	11 874	727 884
Additions	–	815	1 988	41 760	10 975	55 538
Disposals	–	(9 977)	–	(26 603)	(734)	(37 314)
Acquisition of businesses	–	60 831	4 123	38 839	9 131	112 924
Subsidiaries sold	–	(716)	–	(27)	(569)	(1 312)
Impairment	–	(5 594)	–	(5 925)	–	(11 519)
Amortisation	(499)	–	(2 249)	(20 345)	(7 751)	(30 844)
Balance at end of year	7 326	445 583	3 862	335 660	22 926	815 357
As at 28 February 2011						
Cost	9 989	403 819	–	367 796	24 603	806 207
Accumulated amortisation and impairment	(2 164)	(3 595)	–	(59 835)	(12 729)	(78 323)
Balance at end of year	7 825	400 224	–	307 961	11 874	727 884
Reconciliation						
Balance at beginning of year (as previously stated)	19 210	287 574	–	221 962	4 875	533 621
Restatement – predecessor accounting (note 41)	–	–	–	–	(11)	(11)
Balance at beginning of year (restated)	19 210	287 574	–	221 962	4 864	533 610
Additions	–	2 403	–	26 034	11 231	39 668
Acquisition of businesses	–	119 267	–	88 475	206	207 948
Disposals	–	(5 425)	–	(11 571)	–	(16 996)
Derecognition	(10 886)	–	–	–	–	(10 886)
Amortisation	(499)	–	–	(16 664)	(4 427)	(21 590)
Impairment	–	(3 595)	–	(275)	–	(3 870)
Balance at end of year	7 825	400 224	–	307 961	11 874	727 884

Included in other intangibles is computer software to the value of R20 717 000 (2011: R9 091 000).

2. INTANGIBLE ASSETS *(continued)*

Included in customer lists are the following material individual intangible assets and their respective remaining amortisation period:	GROUP Remaining amortisation period 2012	2011	Carrying value 2012 R000	2011 R000
Multinet Makelaars	**14 years and 1 month**	15 years and 1 month	**55 591**	59 527
Diagonal Street Financial Services	**18 years and 6 months**	19 years and 6 months	**21 803**	22 982
Tlotlisa Securities (T-Sec)	**17 years and 2 months**	18 years and 2 months	**20 600**	21 800
Topexec Management Bureau	**14 years and 2 months**	15 years and 2 months	**18 995**	20 335
PSG Konsult Insurance Solutions	**18 years**	19 years	**15 840**	16 720
			132 829	141 364

Goodwill allocation

Goodwill is allocated to cash-generating units (CGUs) identified according to the subsidiaries or groups of subsidiaries. A summary of the allocation of goodwill is presented below:

	GROUP 2012 R000	2011 R000
PSG Konsult Financial Planning (Proprietary) Limited	**149 446**	143 013
PSG Konsult Academy (Proprietary) Limited	**1 691**	1 691
PSG Konsult Securities (Proprietary) Limited	**3 453**	3 453
PSG Konsult Trust (Proprietary) Limited	**164**	164
PSG Konsult Namibia (Proprietary) Limited	**2 238**	2 238
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	**110 321**	106 936
Topexec Management Bureau (Proprietary) Limited	**68 699**	74 293
PSG Konsult Brokers UK Limited	**44**	44
Online Securities Limited	**23 684**	23 684
PSG Konsult Insurance Solutions (Proprietary) Limited	**14 462**	14 462
PSG Konsult Corporate Limited	**41 983**	30 246
PSG Online Solutions (Proprietary) Limited	**1 912**	–
iHound (Proprietary) Limited	**1 134**	–
PSG Asset Management Administration Services (Proprietary) Limited	**9 801**	–
PSG Asset Management (Proprietary) Limited	**8 719**	–
PSG Asset Management Life Limited	**7 832**	–
	445 583	400 224

2. INTANGIBLE ASSETS *(continued)*

Details on impairment tests performed

When goodwill is tested for impairment, the recoverable amount of the CGU is determined based on the fair value less cost to sell basis. As there is no active market, the fair value was determined based on the price/earning ratio basis whereby a calculated price/earnings ratio is multiplied by the current year earnings of the CGU. Price/earnings ratios used by management are determined with reference to similar listed companies as well as recent transactions that occurred within the PSG Konsult Group. The average price/earnings ratio applied was 7,5 (2011: 7,5).

Trademarks were evaluated for impairment using the most recent price/earnings ratios for similar transactions in the market. The price/earnings ratios used vary from 2 to 10 with an average of 7,5 (2011: 4 to 12, with an average of 7,5 – 9,5). The recoverable amount of a CGU is therefore determined based on a fair value less cost to sell basis.

Customer lists were evaluated for impairment using the most recent price/earnings ratios for similar transactions in the market. The range of price/earnings ratios used vary from 2 to 10, with an average of 7,5 (2011: 4 to 12, with an average of 7,5 – 9,5). The recoverable amount of a CGU is therefore determined based on a fair value less cost to sell basis.

Key assumptions used for the value-in-use calculations

	2012	2011
	%	%
Risk-free rate (R157)	**6,60%**	7,77%
Tax rate	**28,00%**	28,00%
Terminal growth rate	**4,00%**	4,00%
Discount rate	**16,48%**	16% – 17%

Included under the impairment charge for the year was an amount of R2 084 000 (2011: R3 870 000) as a result of a profit guarantee not being met and the adjustment was made to the income statement in terms of IFRS 3 revised as the acquisition was recorded after 1 March 2010. The remainder of the impairments (R7 859 000 and R1 576 000 respectively) for the year related to loss of income streams of two separately identified intangibles and consequently the decision was taken to impair these intangibles. The impairment charges were included in the PSG Konsult Corporate, PSG Insure and PSG Konsult Financial Planning segments respectively as per note 39.

		COMPANY	
		2012	2011
		R000	R000
3.	INVESTMENT IN SUBSIDIARIES		
	Unlisted shares at cost less provision for impairment	**954 380**	447 507

Effective 1 March 2011, PSG Konsult Limited acquired a 100% interest in the newly incorporated company, PSG Asset Management Holdings (Proprietary) Limited, after the operations of PSG Fund Management, PSG Alphen, PSG Tanzanite, PSG Absolute Investments and PSG FutureWealth were amalgamated with those of PSG Konsult Limited. The total consideration paid was R506 867 000. Refer to note 36.3 for the detail of the transaction.

During the previous financial year PSG Konsult Limited acquired an additional interest of 15% in PSG Konsult Insurance Solutions (Proprietary) Limited for a consideration of R12 174 000 and an additional 25% interest in PSG Konsult Corporate Limited for R1 095 000.

During the previous financial year, PSG Konsult Financial Planning (Proprietary) Limited and PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited amalgamated the business of PSG Konsult Verre-Noord (Proprietary) Limited and PSG Konsult Vereeniging (Proprietary) Limited with their own.

PSG Konsult Limited subscribed to an additional R12 383 050 share issue of Online Securities Limited in the previous financial year. The effective interest in Online Securities Limited remained unchanged at 100%.

An assessment for impairment was performed by comparing the carrying value of the individual subsidiaries with the calculated fair value less cost to sell. The fair value is determined by applying a price/earnings ratio to the current year profit after tax for each subsidiary. The price/earnings ratios are determined with reference to similar listed companies as well as recent transactions concluded in the market and were determined as an average of 7,5 (2011: 7,5).

Refer to note 38 for a schedule of interests in subsidiaries.

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
4. INVESTMENT IN ASSOCIATED COMPANIES				
Carrying value of ordinary share investments				
Unlisted	**11 350**	13 492	**–**	2 000
	11 350	13 492	**–**	2 000
Reconciliation				
Balance at beginning of year (as previously stated)	**13 492**	10 505	**2 000**	1
Restatement – predecessor accounting (note 41)	**–**	(4 000)	**–**	–
Balance at beginning of year (restated)	**13 492**	6 505	**2 000**	1
Share of (loss)/profit after tax	**(38)**	2 013	**–**	–
Movement in investment value	**(2 104)**	4 974	**(2 000)**	1 999
Dividends received	**(293)**	(2 090)	**–**	–
Acquisitions	**–**	2 000	**–**	2 000
Acquisition of subsidiaries	**500**	4 000	**–**	–
Disposal of associated companies	**(500)**	–	**(2 000)**	(1)
Step acquisition from investment in associated companies to subsidiary	**(2 090)**	1 318	**–**	–
Exchange differences	**279**	(254)	**–**	–
Carrying value at end of year	**11 350**	13 492	**–**	2 000
At cost	**6 609**	5 311	**–**	2 000
Goodwill included in carrying value	**4 741**	8 181	**–**	1 113

Acquisitions

The group acquired a 10% shareholding in Finplanning (Proprietary) Limited through the investment in PSG Asset Management Holdings (Proprietary) Limited on 1 March 2011. The shareholding was, however, disposed of during the current year for a consideration of R500 000. Refer to note 36.3 for the detail of the transaction.

Effective 1 March 2011, the group acquired a 30% shareholding in Woodwind (Proprietary) Limited. Refer to note 36.5 for detail of the acquisition.

During the previous financial year, PSG Konsult Limited acquired a 20% interest in iHound (Proprietary) Limited, an online lead-generating company, on 1 March 2010 for a consideration of R2 000 000.

The group also acquired a 37,74% shareholding in Axon Xchange (Proprietary) Limited through the investment in PSG Prime (Proprietary) Limited, which was obtained on 1 March 2010. Refer to note 36.3 for detail of the acquisition.

Disposals

PSG Konsult Limited entered into an agreement with its wholly owned subsidiary, PSG Online Solutions (Proprietary) Limited on 1 March 2011, to cede its 20% interest in iHound (Proprietary) Limited, for an amount of R1 090 000. A loss of R910 000 on disposal of associated company was recognised in the financial statements of the holding company, PSG Konsult Limited. On this date, PSG Online Solutions (Proprietary) Limited exercised the pre-emptive rights granted in the ceded contract and increased its interest in iHound (Proprietary) Limited to 51% for a consideration of R1 484 232. iHound (Proprietary) Limited was derecognised as an associate on this date, resulting in a loss of R895 000, as the group obtained control over the company. The company was consolidated as it was treated as a subsidiary from this date.

PSG Konsult Insurance Solutions (Proprietary) Limited and PSG Konsult Corporate Limited were derecognised as associates on 1 March 2010 as the group obtained control over these companies from this date. Both these entities were treated as subsidiaries from this date and fully consolidated. Refer to note 3.

4. INVESTMENT IN ASSOCIATED COMPANIES *(continued)*

Impairments

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

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

- discounted cash flows were applied for companies with established cash flow history; and
- price/earnings ratios were applied to projected profits after tax for newly established or acquired companies.

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

	2012	2011
Price/earnings ratios	**7,5**	7,5

No investment in associated companies are considered to be impaired (2011: Rnil).

Financial information in respect of associated companies

Aggregate associated company assets, liabilities, revenue and profit for the year ended 29 February 2012:

Name of associated company	**Interest held %**	**Country of incorpo-ration**	**Assets R000**	**Liabilities R000**	**Revenue R000**	**Profit/ (Loss) R000**
Make-a-Million (Proprietary) Limited	33%	South Africa	498	34	1 419	116
Cinetaur (Proprietary) Limited	35%	South Africa	5 863	5 425	641	42
Karana Property Investments (Proprietary) Limited	30%	South Africa	11 486	11 050	1 842	107
Jamwa Beleggings (Proprietary) Limited	30%	South Africa	9 790	10 399	943	(153)
PSG Consult Limited	50%	United Kingdom	4 518	6 604	5 318	12
Woodwind (Proprietary) Limited	30%	South Africa	9 834	10 747	42	(913)
Axon Xchange (Proprietary) Limited	37%	South Africa	3 742	954	5 849	883
			45 731	**45 213**	**16 054**	**94**

4. INVESTMENT IN ASSOCIATED COMPANIES *(continued)*

Aggregate associated company assets, liabilities, revenue and profit for the year ended 28 February 2011:

Name of associated company	Interest held %	Country of incorporation	Assets R000	Liabilities R000	Revenue R000	Profit/(Loss) R000
Make-a-Million (Proprietary) Limited	33%	South Africa	1 493	1 144	1 411	106
Cinetaur (Proprietary) Limited	35%	South Africa	5 794	5 399	612	526
Karana Property Investments (Proprietary) Limited	30%	South Africa	14 341	14 012	1 737	84
Jamwa Beleggings (Proprietary) Limited	30%	South Africa	9 732	10 203	1 202	(482)
PSG Consult Limited	50%	United Kingdom	3 265	5 303	4 264	(805)
iHound (Proprietary) Limited	20%	South Africa	1 820	1 209	5 888	1 520
Axon Xchange (Proprietary) Limited	37%	South Africa	3 104	420	14 016	5 645
			39 549	**37 690**	**29 130**	**6 594**

Company level

Aggregate associated company assets, liabilities, revenue and profit for the year ended 28 February 2011:

Name of associated company	Interest held %	Country of incorporation	Assets R000	Liabilities R000	Revenue R000	Profit/(Loss) R000
iHound (Proprietary) Limited	20%	South Africa	1 820	1 209	5 888	1 520
			1 820	1 209	5 888	1 520

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

Loans granted to associated companies	Secured (Yes/No)	Interest Rate	Repayment Terms	GROUP 2012 R000	2011 R000
Cinetaur (Proprietary) Limited	No	Prime less 1%	No repayment terms	891	757
Karana Property Investments (Proprietary) Limited	No	Prime less 1%	No repayment terms	1 246	1 333
Jamwa Beleggings (Proprietary) Limited	No	Prime less 0,85%	No repayment terms	1 222	943
PSG Consult Limited	No	2% – 3%	No repayment terms	4 266	3 049
Woodwind (Proprietary) Limited	No	Interest-free	No repayment terms	1 307	–
iHound (Proprietary) Limited	–	–	–	–	182
				8 932	6 264

	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
5. DEFERRED INCOME TAX				
Deferred income tax assets	**33 116**	4 483	**1 635**	2 301
Deferred income tax liabilities	**(68 005)**	(67 507)	**(190)**	(131)
Net deferred income tax (liabilities)/assets	**(34 889)**	(63 024)	**1 445**	2 170
Deferred income tax assets				
To be recovered within 12 months	**14 440**	4 483	**1 635**	2 301
To be recovered after 12 months	**18 676**	–	**–**	–
	33 116	4 483	**1 635**	2 301
Deferred income tax liabilities				
To be recovered within 12 months	**(5 322)**	(4 284)	**(190)**	(131)
To be recovered after 12 months	**(62 683)**	(63 223)	**–**	–
	(68 005)	(67 507)	**(190)**	(131)

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

GROUP Deferred tax assets	STC credits R000	Deferred revenue R000	Provisions R000	Tax losses carried forward R000	Accruals not currently deductible and other differences R000	Total R000
At 1 March 2010 (as previously stated)	984	–	1 528	2 205	4 004	8 721
Restatement – predecessor accounting (note 41)	–	–	(37)	–	–	(37)
At 1 March 2010 (restated)	984	–	1 491	2 205	4 004	8 684
Credit/(charges) to profit and loss	–	–	127	(358)	814	583
Other movements	–	–	–	–	338	338
Acquisition of businesses	(2)	–	37	12	265	312
At 28 February 2011	982	–	1 655	1 859	5 421	9 917
(Charges)/credit to profit and loss	**(53)**	**(893)**	**(2 245)**	**1 999**	**2 991**	**1 799**
Other movements	**–**	**–**	**(30)**	**–**	**–**	**(30)**
Acquisition of businesses	**45**	**16 606**	**1 742**	**7 693**	**21 217**	**47 303**
Disposal of businesses	**(45)**	**–**	**(101)**	**(1 752)**	**–**	**(1 898)**
At 29 February 2012	**929**	**15 713**	**1 021**	**9 799**	**29 629**	**57 091**
To be recovered within 12 months	**929**	**7 354**	**1 021**	**5 646**	**4 535**	**19 485**
To be recovered after more than 12 months	**–**	**8 359**	**–**	**4 153**	**25 094**	**37 606**
	929	**15 713**	**1 021**	**9 799**	**29 629**	**57 091**

5. DEFERRED INCOME TAX *(continued)*

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

GROUP Deferred tax liabilities	Deferred acquisition cost R000	Prepaid expenses R000	Unrealised apprecia-tion of investments R000	Other intangible assets R000	Foreign exchange and other R000	Total R000
At 1 March 2010 (as previously stated)	–	(883)	(200)	(55 940)	(47)	(57 070)
Restatement – predecessor accounting (note 41)	–	8	–	–	–	8
At 1 March 2010 (restated)	–	(875)	(200)	(55 940)	(47)	(57 062)
Credit/(charges) to profit and loss	–	595	–	7 146	(73)	7 668
Credit to other comprehensive income	–	–	200	–	–	200
Disposal	–	–	–	1 098	–	1 098
Other movements	–	8	–	(213)	2	(203)
Acquisition of businesses	–	(8)	–	(24 634)	–	(24 642)
At 28 February 2011	–	(280)	–	(72 543)	(118)	(72 941)
(Charges)/credit to profit and loss	**(14)**	**(122)**	**(1 886)**	**6 489**	**(4 530)**	**(63)**
(Charges)/credit to other comprehensive income	**–**	**–**	**(49)**	**–**	**–**	**(49)**
Disposal of subsidiaries	**–**	**65**	**–**	**167**	**–**	**232**
Acquisition of subsidiaries	**(256)**	**(110)**	**(4 963)**	**(10 007)**	**(6 270)**	**(21 606)**
Other movements	**–**	**(355)**	**–**	**2 803**	**–**	**2 448**
At 29 February 2012	**(270)**	**(802)**	**(6 898)**	**(73 091)**	**(10 918)**	**(91 979)**
To be recovered within 12 months	**(183)**	**(780)**	**–**	**(9 975)**	**(141)**	**(11 079)**
To be recovered after more than 12 months	**(87)**	**(22)**	**(6 898)**	**(63 116)**	**(10 777)**	**(80 900)**
	(270)	**(802)**	**(6 898)**	**(73 091)**	**(10 918)**	**(91 979)**

5. DEFERRED INCOME TAX *(continued)*

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
Total accumulated losses available for which no deferred tax asset has been raised:	**61**	432	**–**	–
	61	432	**–**	–

COMPANY Deferred tax assets	STC credits R000	Provisions R000	Tax losses carried forward R000	Total R000
At 1 March 2010	984	86	1 344	2 414
(Charges)/credit to profit and loss	(2)	64	(175)	(113)
At 28 February 2011	982	150	1 169	2 301
Charges to profit and loss	**(53)**	**(24)**	**(589)**	**(666)**
At 29 February 2012	**929**	**126**	**580**	**1 635**
To be recovered within 12 months	**929**	**126**	**580**	**1 635**
To be recovered after more than 12 months	**–**	**–**	**–**	**–**
	929	**126**	**580**	**1 635**

COMPANY Deferred tax liabilities	Unrealised apprecia-tion of investments R000	Prepaid expenses R000	Unrealised foreign exchange differences R000	Total R000
At 1 March 2010	(199)	–	–	(199)
Charges to profit and loss	–	(81)	(50)	(131)
Credit to other comprehensive income	199	–	–	199
At 28 February 2011	–	(81)	(50)	(131)
Charges to profit and loss	**–**	**(27)**	**(32)**	**(59)**
At 29 February 2012	**–**	**(108)**	**(82)**	**(190)**
To be recovered within 12 months	**–**	**(108)**	**(82)**	**(190)**
To be recovered after more than 12 months	**–**	**–**	**–**	**–**
	–	**(108)**	**(82)**	**(190)**

The deferred income tax assets and liabilities were calculated on all temporary differences under the liability method using an effective tax rate of 28% (2011: 28%). For all STC credits the rate used was 10% (2011: 10%).

The recoverability of the deferred income tax assets was assessed as set out in the accounting policies.

	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
6. EQUITY SECURITIES				
Direct equity investments	**9 615**	345	**–**	–
Quoted	**8 770**	–	**–**	–
Unquoted	**845**	345	**–**	–
Investments linked to investment contracts (refer note 19)	**865 353**	–	**–**	–
Quoted	**865 353**	–	**–**	–
Unquoted	**–**	–	**–**	–
	874 968	345	**–**	–

Included in quoted equity securities are listed investments to the value of R874 123 000 (2011: Rnil). Quoted securities were valued based on the quoted bid prices as listed on the Johannesburg Stock Exchange (JSE).

	GROUP Available-for-sale R000	GROUP Fair value through profit or loss R000	GROUP Total R000	COMPANY Available-for-sale R000
Quoted				
Reconciliation				
Carrying amount at 1 March 2010	1 549	–	1 549	1 549
Disposals	(1 549)	–	(1 549)	(1 549)
Carrying amount at 28 February 2011	–	–	–	–
Additions	**–**	**122 864**	**122 864**	**–**
Disposals	**–**	**(192 977)**	**(192 977)**	**–**
Acquisition of subsidiaries	**–**	**921 321**	**921 321**	**–**
Consolidation of mutual funds	**–**	**39 238**	**39 238**	**–**
Deconsolidation of mutual funds	**–**	**(64 799)**	**(64 799)**	**–**
Unrealised fair value net gains and reinvestments	**–**	**48 476**	**48 476**	**–**
Carrying amount at 29 February 2012	**–**	**874 123**	**874 123**	**–**
Unquoted				
Reconciliation				
Carrying amount at 1 March 2010	240	–	240	–
Additions	105	–	105	–
Carrying amount at 28 February 2011	345	–	345	–
Additions	**500**	**–**	**500**	**–**
Carrying amount at 29 February 2012	**845**	**–**	**845**	**–**

The unquoted equity securities at fair value through profit and loss relate to advances which are linked to equity instruments. In terms of these agreements, the group is entitled to the majority of the increase in the market value of the underlying equity securities and the dividends received on these securities. The advances are impaired to the value of the underlying instruments should the market value of the instruments fall below the current carrying value of the advances. The fair value of the unquoted securities classified as available-for-sale is valued at the ruling prices for acquiring similar rights less any transaction costs.

		GROUP	
		2012	2011
		R000	R000
6.	**EQUITY SECURITIES** *(continued)*		
	Current portion	**511 930**	–
	Non-current portion	**363 038**	–
		874 968	–
7.	**DEBT SECURITIES**		
	Direct investments	**47 704**	–
	Quoted	**47 704**	–
	Unquoted	**–**	–
	Investments linked to investment contracts (refer note 19)	**2 001 038**	–
	Quoted	**1 734 705**	–
	Unquoted	**266 333**	–
		2 048 742	–

Included in quoted debt securities are listed investments to the value of R100 476 000 (2011: Rnil).

GROUP	Held-to-maturity R000	Available-for-sale R000	Fair value through profit or loss R000	Total R000
Quoted				
Reconciliation				
Carrying amount at 1 March 2010	–	–	–	–
Carrying amount at 28 February 2011	–	–	–	–
Additions	**155 182**	**–**	**128 610**	**283 792**
Acquisition of subsidiaries	**909 314**	**17 323**	**1 074 571**	**2 001 208**
Disposals	**–**	**–**	**(691 466)**	**(691 466)**
Maturities	**(1 204)**	**–**	**–**	**(1 204)**
Consolidation of mutual funds	**–**	**–**	**11 626**	**11 626**
Unrealised fair value net gains and reinvestments	**–**	**432**	**58 507**	**58 939**
Finance income	**119 514**	**–**	**–**	**119 514**
Carrying amount at 29 February 2012	**1 182 806**	**17 755**	**581 848**	**1 782 409**

GROUP	Fair value through profit or loss R000	Total R000
7. DEBT SECURITIES *(continued)*		
Unquoted		
Reconciliation		
Carrying amount at 1 March 2010	–	–
Carrying amount at 28 February 2011	–	–
Additions	56 171	56 171
Acquisition of subsidiaries	212 824	212 824
Disposals	(19 817)	(19 817)
Unrealised fair value net gains and reinvestments	17 155	17 555
Carrying amount at 29 February 2012	**266 333**	**266 333**

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

	GROUP	
	2012 R000	2011 R000
Current portion	111 058	–
Non-current portion	1 937 684	–
	2 048 742	–

	GROUP 2012 R000	GROUP 2011 R000
8. UNIT-LINKED INVESTMENTS		
Direct investments	32 482	–
Quoted	30 877	–
Unquoted	1 605	–
Investments linked to investment contracts (refer note 19)	5 186 692	–
Quoted	3 471 531	–
Unquoted	1 715 161	–
	5 219 174	–

None (2011: Rnil) of the quoted unit-linked investments are listed.

GROUP	Available-for-sale R000	Fair value through profit or loss R000	Total R000
Quoted			
Reconciliation			
Carrying amount at 1 March 2010	–	–	–
Carrying amount at 28 February 2011	–	–	–
Additions	–	2 594 971	2 594 971
Acquisition of subsidiaries	32 241	3 507 302	3 539 543
Disposals	(54 943)	(2 822 410)	(2 877 353)
Deconsolidation of mutual funds	38 134	–	38 134
Unrealised fair value net gains and reinvestments	(1 559)	287 823	286 264
Consolidation of mutual funds	–	(79 188)	(79 188)
Realised profits	–	37	37
Carrying amount at 29 February 2012	13 873	3 488 535	3 502 408

GROUP	Fair value through profit or loss R000	Total R000
8. UNIT-LINKED INVESTMENTS *(continued)*		
Unquoted		
Reconciliation		
Carrying amount at 1 March 2010	–	–
Carrying amount at 28 February 2011	–	–
Exchange differences on monetary assets	**304**	**304**
Additions	**1 505 020**	**1 505 020**
Acquisition of subsidiaries	**1 320 749**	**1 320 749**
Disposals	**(1 196 600)**	**(1 196 600)**
Disposal of subsidiaries	**(9 313)**	**(9 313)**
Deconsolidation of mutual funds	**(10 670)**	**(10 670)**
Unrealised fair value net gains and reinvestments	**107 236**	**107 236**
Realised profits	**40**	**40**
Carrying amount at 29 February 2012	**1 716 766**	**1 716 766**

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

	GROUP	
	2012 R000	2011 R000
Current portion	**1 679 428**	–
Non-current portion	**3 539 746**	–
	5 219 174	–

	GROUP 2012 R000	GROUP 2011 R000
9. INVESTMENT IN INVESTMENT CONTRACTS		
Reconciliation		
Balance at beginning of year	–	–
Investment contract premiums paid	65 829	–
Investment contracts benefits received	(267 085)	–
Interest charge	21 612	–
Fair value adjustment/reinvestments to investment contracts	65 338	–
Acquisition of subsidiaries	1 108 686	–
Balance at end of year	994 380	–
Current portion	408 838	–
Non-current portion	585 542	–
	994 380	–
Held at fair value through profit or loss	525 880	–
Held-to-maturity	468 500	–
	994 380	–

Fair value of the investment in investment contracts is determined by reference to the underlying assets and all these investments are linked to investment contract liabilities (refer note 19).

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
10. LOANS AND ADVANCES				
Unsecured loans	**67 061**	41 115	**–**	–
Loans with non-controlling interests	**468**	468	**–**	–
Intergroup loans and advances (Refer to note 35)	**–**	–	**61 545**	66 659
	67 529	41 583	**61 545**	66 659
Current portion	**29 644**	24 931	**61 545**	66 659
Non-current portion	**37 885**	16 652	**–**	–
	67 529	41 583	**61 545**	66 659

An amount of R3 776 000 (2011: R7 529 000) is included under unsecured loans and is due from various financial advisors. Repayments commenced on 1 November 2008 in 60 equal monthly instalments and accrue interest at a rate of prime less 1%.

The remaining balance of the unsecured loans is also due from financial advisors and is made up as follows: R51 878 000 (2011: R23 406 000) is repayable by monthly instalments and the effective interest rates applied range between 7% and 11% (2011: 7,63% and 11,63%), R217 000 (2011: Rnil) is repayable by monthly instalments with a fixed interest of 10,5% and R11 190 000 (2011: R10 180 000) is interest-free and repayable on demand.

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

The individual loans and advances balances were assessed by management to determine whether there is any indication in the financial or other circumstances of the third party that would prevent them from repaying the specific loan or advance. No such instances were identified.

		GROUP	
		2012	2011
		R000	R000
11.	**DERIVATIVE FINANCIAL INSTRUMENTS**		
	Derivative financial assets	**9 532**	6 023
	Derivative financial liabilities	**(7 831)**	(5 988)
	Net derivative financial instruments	**1 701**	35
	Derivative financial assets		
	Current portion	**9 532**	6 023
	Non-current portion	**–**	–
	Derivative financial liabilities		
	Current portion	**(7 831)**	(5 988)
	Non-current portion	**–**	–
		1 701	35
	Analysis of net derivative balance:		
	Equity contracts		
	Contracts for difference (“CFD”)	**1 701**	35
		1 701	35

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

This includes a fair value loss of R66 696 000 relating to the linked investment contracts. A corresponding fair value gain, to the same amount, earned from the assets backing the investment contract liabilities, is also included in the net fair value gains and losses on financial assets.

The notional principal amounts of the outstanding contracts for difference at 29 February 2012 were R253 677 000 (2011: R256 847 000).

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

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

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
12. RECEIVABLES				
Trade receivables	**64 146**	42 404	**10**	10
Receivables due from related parties (refer note 35)	**31 079**	14 221	**158 225**	116 158
Prepayments	**5 145**	3 168	**385**	289
Brokers and clearing houses	**2 252 659**	68 786	**–**	–
Rental and other deposits	**1 663**	1 662	**–**	–
VAT receivable	**306**	344	**–**	–
Contracts for difference	**21 469**	16 846	**–**	–
Sundry debtors	**740**	545	**–**	–
Total trade and other receivables *	**2 377 207**	147 976	**158 620**	116 457
** Includes non-financial assets of R5 451 000 (2011: R3 512 000).*				
Current portion	**2 374 531**	145 799	**158 620**	116 457
Non-current portion	**2 676**	2 177	**–**	–
	2 377 207	147 976	**158 620**	116 457

Receivables are assessed individually for any indications that the counterparty might not be able to honour its commitments. No provision for bad debts was raised in the current or previous financial year.

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

Broker and clearing accounts represent amounts owing by the JSE for trades in the last few days before year-end. These amounts fluctuate on a daily basis depending on the activity in the markets.

Included in receivables due from related parties are balances of R7 625 000 (2011: R6 501 000) that accrue interest. The effective interest rates applied to R4 780 000 (2011: R3 808 000) of these balances range between 5% and 8,15% (2011: 6,37% and 8,82%). The remaining amount of R2 845 000 (2011: R2 693 000) carries interest at the UK prime rate.

Unquoted instruments relating to contracts for difference consist of collateral assets and margin accounts held by the underlying banking institutions on behalf of clients and are valued at the carrying value after processing the daily market and interest adjustments. The balance on 29 February 2012 only represents the margin receivable at year-end from the financial institutions and accrues no interest.

No receivables are considered to be impaired. As of 29 February 2012, receivables of R3 586 000 (2011: R3 899 000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	GROUP	
	2012	2011
	R000	R000
Up to 2 months	**1 065**	45
2 to 6 months	**1 203**	1 038
6 to 12 months	**1 318**	2 696
1 to 2 years	**–**	120
	3 586	3 899

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

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
13. CASH AND CASH EQUIVALENTS				
Cash at bank, in hand and money market funds	**358 637**	276 995	**10 242**	7 665
Short-term deposits	**–**	2 830	**–**	–
	358 637	279 825	**10 242**	7 665

The effective interest rate on short-term deposits was nil% (2011: 6%). These deposits have an average maturity of 30 days or less and are held on call.

Cash and cash equivalents included above relating to investment contract liabilities amounted to R97 218 000 (2011: Rnil).

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
14. SHARE CAPITAL				
Authorised				
1 500 000 000 shares with a par value of 1 cent each	**15 000**	15 000	**15 000**	15 000
(2011: 1 500 000 000 shares with a par value of 1 cent each)				

	GROUP			COMPANY		
	Number of shares (thousands)	**Share capital R000**	**Share premium R000**	**Number of shares (thousands)**	**Share capital R000**	**Share premium R000**
Issued						
At 1 March 2010	730 492	7 305	342 255	730 492	7 305	342 255
Shares issued	2 689	27	3 923	2 689	27	3 923
Shares repurchased and cancelled	(100)	(1)	(146)	(100)	(1)	(146)
At 28 February 2011	733 081	7 331	346 032	733 081	7 331	346 032
Shares issued	**339 220**	**3 392**	**503 475**	**339 220**	**3 392**	**503 475**
At 29 February 2012	**1 072 301**	**10 723**	**849 507**	**1 072 301**	**10 723**	**849 507**

The shares issued during the year was as a result of the amalgamation of PSG Asset Management Holdings (Proprietary) Limited on 1 March 2011, as the transaction was structured in the form of a share swop. Refer to note 36.3 for the detail of the transaction.

The company acquired 100 000 of its own shares through purchases over the counter for the period ending 28 February 2011. The total amount paid to acquire the shares, net of income tax, was R147 000 and has been deducted within ordinary shareholders' equity on the face of the statement of financial position. These shares have been cancelled.

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

The shares bought back as treasury shares during the current financial year by PSG Konsult Management Services (Proprietary) Limited are reflected as a deduction against equity. Refer to note 42 for the share analysis.

PSG KONSULT

14. SHARE CAPITAL *(continued)*

Share incentive scheme

Effective 1 March 2011, the group granted share options to executive directors and executive management, replacing the phantom share incentive scheme as per note 21.

For the share incentive scheme the share options are allocated to participants at grant date at market price. The settlement of the purchase consideration payable by the employee in terms of the share options granted occurs on delivery/vesting.

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

The total share-based payment costs recognised in the income statement was R2 284 000. The scheme vests over a five-year period commencing 1 March 2013. The share-based payment cost expensed during the year was recognised as part of equity.

The total fair value of the 27 761 084 share options granted is R7 226 690 and was determined using the Black Scholes valuation model. The maximum number of shares which may be offered to participants is 5% of the issued share capital of the company at any time.

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

Granting of shares occurred as follows:	**Number of shares**	**Price R**	**Volatility used %**	**Dividend yield %**	**Risk-free rate %**	**Fair value R**
1 March 2011	27 761 084	1,54	4,74	5,65	7,89	1,75

Analysis of outstanding share options by year of maturity:	**Weighted average strike price (R)**	**Number**
Financial year-end		
2012/13	**1,54**	**6 940 271**
2013/14	**1,54**	**6 940 271**
2014/15	**1,54**	**6 940 271**
2015/16	**1,54**	**6 940 271**
		27 761 084

GROUP	Available-for-sale R000	Foreign currency translation R000	Share-based payment R000	Common control R000	Total R000
15. OTHER RESERVES					
Balance as at 1 March 2010 (as previously stated)	1 225	(1 488)	–	(144 518)	(144 781)
Restatement – predecessor accounting (note 41)	–	–	–	31 187	31 187
Balance at 1 March 2010 (restated)	1 225	(1 488)	–	(113 331)	(113 594)
Acquisition of subsidiary	–	–	–	(11 449)	(11 449)
Recycling adjustment on available-for-sale financial assets	(1 225)	–	–	–	(1 225)
Currency translation adjustments	–	(240)	–	–	(240)
Balance as at 1 March 2011	**–**	**(1 728)**	**–**	**(124 780)**	**(126 508)**
Share-based payment costs – employees	**–**	**–**	**2 284**	**–**	**2 284**
Currency translation adjustments	**–**	**340**	**–**	**–**	**340**
Fair value losses on available-for-sale financial assets	**(942)**	**–**	**–**	**–**	**(942)**
Recycling adjustment on available-for-sale financial assets	**1 426**	**–**	**–**	**–**	**1 426**
Acquisition of subsidiary	**–**	**–**	**–**	**(344 122)**	**(344 122)**
Disposal of subsidiaries	**–**	**–**	**–**	**(2 218)**	**(2 218)**
Balance as at 29 February 2012	**484**	**(1 388)**	**2 284**	**(471 120)**	**(469 740)**

COMPANY					
Balance as at 1 March 2010	1 225	–	–	–	1 225
Recycling adjustment on available-for-sale financial assets	(1 225)	–	–	–	(1 225)
Balance as at 1 March 2011	**–**	**–**	**–**	**–**	**–**
Balance as at 29 February 2012	**–**	**–**	**–**	**–**	**–**

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
16. NON-CONTROLLING INTERESTS				
Balance at beginning of period	**10 787**	2 853	**–**	–
Profit for the year	**7 357**	5 162	**–**	–
Dividends paid	**(4 202)**	(3 740)	**–**	–
Acquisition of subsidiary	**7 176**	–	**–**	–
Disposal of subsidiaries	**(5 327)**	–	**–**	–
Transactions with minorities	**110**	–	**–**	–
Additional interest acquired from non-controlling interest	**(1 104)**	–	**–**	–
Non-controlling interest arising on business combinations	**2 928**	6 512	**–**	–
Balance at end of year	**17 725**	10 787	**–**	–
17. INSURANCE CONTRACTS				
Balance at beginning of year	**–**	–	**–**	–
Liabilities released for payments on death, surrender and other terminations for the year	**(3 277)**	–	**–**	–
Fees deducted from account balances	**(226)**	–	**–**	–
Acquisition of subsidiary	**29 896**	–	**–**	–
Changes in unit prices	**3 556**	–	**–**	–
Balance at end of year	**29 949**	–	**–**	–

Refer to page 145 for the significant assumptions used in the insurance contract liabilities.

	GROUP		COMPANY	
18. BORROWINGS				
Non-current				
Secured loans	**89 485**	86 550	**62 214**	61 118
Finance leases	**583**	1 078	**–**	–
Total non-current borrowings	**90 068**	87 628	**62 214**	61 118
Current				
Secured loans	**25 953**	19 102	**19 270**	13 614
Finance leases	**496**	422	**–**	–
Promissory notes	**58 602**	47 053	**58 602**	47 053
Bank overdrafts	**45**	149	**–**	–
Bank borrowings	**1**	30 050	**1**	30 050
Related-party loans (refer note 35)	**539**	21 862	**143 297**	98 056
Other short-term loans	**2 974**	3 421	**–**	–
Total current borrowings	**88 610**	122 059	**221 170**	188 773
Total borrowings	**178 678**	209 687	**283 384**	249 891

18. BORROWINGS *(continued)*

The secured loans consist of a loan with Investec Bank Limited as well as a loan with Rand Merchant Bank. The loan with Investec Bank Limited, to the amount of R33 954 000 (2011: R30 793 000), is secured by advisor loans of R32 655 000 (2011: R30 176 000). The loan consists of two separate loans, one of R16 894 000 (2011: R30 793 000) which accrues interest at prime and is repayable in monthly instalments of R435 284, with the final instalment on 1 December 2015, and another of R17 060 000 (2011: Rnil) which accrues interest at prime and is repayable in monthly instalments of R353 616, with the final instalment on 1 February 2017.

The loan with Rand Merchant Bank of R81 484 000 (2011: R74 733 000) is secured by the investment in Online Securities Limited. The loan consists of three separate loans, of which R30 070 000 (2011: R36 931 000) accrues interest at JIBAR plus 4,30% and is repayable in quarterly instalments of R2 571 000, with the final instalment on 12 August 2015, a second loan of R31 006 000 (2011: R37 802 000) which accrues interest at a fixed rate of 11,64% and is repayable in quarterly instalments of R2 693 000, with the final instalment on 20 July 2015, with the remaining balance of R20 408 000 (2011: Rnil) which accrues interest at JIBAR plus 4,20% and is repayable in quarterly instalments of R1 277 000, with the final instalment on 16 December 2016.

Finance leases are payable in 42 equal instalments that commenced on 1 September 2010, with a final instalment on 1 February 2014 and accrue interest at 16,21% per annum.

The promissory notes are payable within a period of six months (2011: 3 to 6 months) and accrue interest between 8,21% and 8,34% (2011: between 8,18% and 9,15%).

Bank borrowings and overdrafts are payable on demand and accrue daily interest at the prime rate less 1% (2011: prime rate less 1%).

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

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

	GROUP 2012 R000	GROUP 2011 R000
19. INVESTMENT CONTRACTS		
Balance at beginning of year	–	–
Investment contract receipts	1 291 953	–
Investment contract benefits paid	(1 838 620)	–
Acquisition of subsidiary	9 112 357	–
Interest charge	139 546	–
Commission and administration expenses	(45 112)	–
Fair value adjustment to investment contract liability	484 557	–
Balance at end of year	9 144 681	–
Current portion	1 713 541	–
Non-current portion	7 431 140	–
	9 144 681	–
Held at fair value through profit or loss	7 479 781	–
At amortised cost	1 664 900	–
	9 144 681	–
Investment contracts are represented by the following investments:		
Equity securities	865 353	–
Debt securities	2 001 038	–
Unit-linked investments	5 186 692	–
Investment in investment contracts	994 380	–
Cash and cash equivalents	97 218	–
	9 144 681	–
20. THIRD-PARTY LIABILITIES ARISING ON CONSOLIDATION OF MUTUAL FUNDS		
Balance at beginning of year	–	–
Acquisition of subsidiaries	37 016	–
Consolidation of mutual fund	16 008	–
Deconsolidation of mutual fund	(37 016)	–
Balance at end of year	16 008	–
Current portion	–	–
Non-current portion	16 008	–
	16 008	–

	GROUP Employee benefits R000	GROUP Total R000
21. ACCRUALS FOR OTHER LIABILITIES AND CHARGES		
As at 29 February 2012		
Balance at beginning of year	**5 945**	**5 945**
Utilised during the year	**(5 945)**	**(5 945)**
	–	**–**
As at 28 February 2011		
Balance at beginning of year	5 226	5 226
Additional accruals	5 056	5 056
Utilised during the year	(4 337)	(4 337)
	5 945	5 945

	GROUP **2012** **R000**	GROUP 2011 R000
Current portion	–	5 945
Non-current portion	–	–
	–	5 945

The movement in accruals for other liabilities and charges were charged to the income statement.

The employee benefits accrual relates to performance-based remuneration. The provision consisted of a management bonus scheme as approved by the remuneration committee during 2006. The bonus scheme has been terminated for the year ending 28 February 2011 and management participating in the scheme received final settlement during the current financial year. A second, third and fourth scheme commenced 1 March 2007, 1 March 2008 and 1 March 2009 respectively for additional management members added to the scheme. The bonus provision was determined annually based on the headline earnings per share adjusted for the amortisation of intangibles and short-term incentives payable. The total provision was also adjusted for any resignations or cancellations of benefits as agreed with the remuneration committee on an annual basis. The management bonus scheme was replaced by a share incentive scheme. Refer to note 14.

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
22. TRADE AND OTHER PAYABLES				
Trade payables	**107 382**	61 935	**16 796**	14 043
Accruals	**67 257**	52 660	**222**	307
Contracts for difference	**31 336**	23 255	**–**	–
Deferred revenue	**5 203**	–	**–**	–
Purchase consideration payable	**66 809**	71 848	**–**	–
VAT payable	**10 078**	7 551	**377**	191
Unallocated premiums	**15 907**	–	**–**	–
Short-term claim creditors	**20 676**	10 228	**–**	–
Settlement control account	**2 316 768**	227 288	**–**	–
Investment policy benefits payable	**1 880**	–	**–**	–
Other payables	**2 850**	13	**–**	–
Total trade and other payables *	**2 646 146**	454 778	**17 395**	14 541
** Includes non-financial liabilities of R17 682 000 (2011: R10 359 000).*				
Current portion	**2 629 023**	421 374	**17 395**	14 541
Non-current portion	**17 123**	33 404	**–**	–
	2 646 146	454 778	**17 395**	14 541

The carrying amount of trade and other payables approximates their fair value.

The contracts for difference balance at 29 February 2012 represents the margin payable at year-end by the group to clients and accrue interest.

Included in purchase consideration payable are balances of R56 553 000 (2011: R59 276 000) that accrue interest. The effective interest rates applied range between 6,5% and 9,0% (2011: 6,98% and 9,63%).

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

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
23. COMMISSION AND OTHER FEE INCOME				
Commissions and other policy administration fees *	**1 134 171**	775 741	**–**	–
Dealing and structuring	**201 611**	175 550	**–**	–
Trading profits	**930**	2 717	**–**	–
	1 336 712	954 008	**–**	–

** Includes management fees received from related-party hedge funds, offshore unit trusts and local investment schemes of R231 647 000 (2011: Rnil).*

	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
24. INVESTMENT INCOME				
Interest income				
Loans and advances	**4 166**	1 030	**–**	–
Contracts for difference	**16 777**	17 112	**–**	–
Debt securities – At fair value through profit or loss	**36 165**	–	**–**	–
Unit-linked investments – At fair value through profit or loss	**121 431**	–	**–**	–
Interest received from related parties	**732**	36	**5 281**	4 651
Cash and short-term funds	**14 765**	11 182	**443**	365
	194 036	29 360	**5 724**	5 016
Dividend income				
Equity securities – At fair value through profit or loss	**53 138**	–	**–**	–
Debt securities – Preference shares	**12 411**	–	**–**	–
Unit-linked investments – Available-for-sale	**2 059**	–	**–**	–
Dividend income from related parties	**1 412**	–	**–**	–
Dividend income from subsidiary companies	**–**	–	**170 461**	67 152
Dividend income from associated companies	**–**	–	**–**	282
Dividend income	**9 575**	7 213	**–**	–
	78 595	7 213	**170 461**	67 434
Investment income	**272 631**	36 573	**176 185**	72 450
25. NET FAIR VALUE GAINS AND LOSSES ON FINANCIAL INSTRUMENTS				
Foreign exchange gains	**1 505**	98	**64**	–
Foreign exchange losses	**(689)**	(372)	**–**	(49)
Net fair value gains on held-to-maturity financial assets	**141 126**	–	**–**	–
Net fair value (losses)/gains on financial assets and financial liabilities at fair value through profit or loss:				
Unrealised fair value losses – designated items	**(90 441)**	–	**–**	–
Realised fair value gains – designated items	**378 003**	8 971	**–**	–
Net realised (losses)/gains on available-for-sale financial assets:				
Unit-linked investments	**(1 658)**	–	**–**	–
Equity securities	**–**	1 415	**–**	1 415
	427 846	10 112	**64**	1 366

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
26. INSURANCE CLAIMS AND LOSS ADJUSTMENTS				
Insurance claims and loss adjustments				
Individual life long-term insurance contracts – death, maturity, surrender and sick leave benefits and transfers to policyholder liabilities				
Insurance policy benefits paid	**3 277**	–	**–**	–
Movement to insurance policy liabilities (refer note 17)	**(3 556)**	–	**–**	–
	(279)	–	**–**	–
27. OTHER INCOME				
Profit on remeasurement of previous equity interest	**–**	1 980	**–**	–
Extinguishment of obligations	**19 056**	–	**–**	–
Profit on disposal of subsidiary	**1 131**	–	**–**	–
Profit on disposal of property and equipment	**267**	96	**–**	–
Profit on disposal of intangible assets	**5 650**	1 331	**–**	–
Management and other fees received from related parties (refer note 35)	**–**	–	**15 523**	12 639
Income from related parties	**863**	–	**–**	–
Training income	**9 692**	8 832	**–**	–
Sundry income	**5 570**	5 179	**–**	59
	42 229	17 418	**15 523**	12 698

	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
28. MARKETING, ADMINISTRATION AND OTHER EXPENSES				
Depreciation	**12 835**	11 461	**–**	–
Motor vehicles	**164**	191	**–**	–
Office equipment	**5 451**	4 978	**–**	–
Computer equipment	**7 220**	6 292	**–**	–
Amortisation of intangible assets	**30 844**	21 590		–
Operating lease rentals	**45 884**	34 050	**–**	–
Properties	**42 404**	31 812	**–**	–
Equipment and other	**3 480**	2 238	**–**	–
Auditors' remuneration	**8 829**	5 250	**240**	329
Audit services				
– current year	**8 629**	4 687	**240**	329
– prior year	**25**	369	**–**	–
Tax services	**40**	–	**–**	–
Other services	**135**	194	**–**	–
Employee benefit expenses	**354 943**	261 961	**–**	–
Salaries, wages, allowances and terminations	**319 965**	236 889	**–**	–
Social security costs (e.g. UIF, medical benefits)	**14 250**	9 945	**–**	–
Equity-settled share-based payment costs	**2 284**	–	**–**	–
Pension costs – defined contribution plans	**18 444**	15 127	**–**	–
Commission paid to brokers and financial planners	**491 055**	391 749	**–**	–
Management fees paid	**66 204**	–	**–**	–
Marketing costs	**19 318**	12 225	**–**	–
Professional fees	**7 459**	1 791	**94**	114
Administration costs	**350**	1 266	**463**	244
Other administration costs	**138 908**	108 159	**765**	638
JSE and STRATE expenses	**29 470**	29 324	**–**	–
Research and administration systems	**19 631**	16 447	**–**	–
Information technology expenses	**16 554**	14 576	**–**	–
Office expenses	**12 995**	11 432	**–**	–
Telephone expenses	**11 984**	11 069	**–**	–
Other expenses	**48 274**	25 311	**765**	638
Impairment of investments	**–**	–	**94 409**	5 058
Impairment of intangible assets	**11 519**	3 870	**–**	–
Loss on disposal of associated company	**–**	–	**910**	–
Loss on disposal of property and equipment	**–**	66	**–**	–
Loss on remeasurement of previous equity interest	**895**	2 086	**–**	–
Loss on disposal of intangible assets	**373**	–	**–**	–
Loss on disposal of subsidiary	**860**	–	**–**	–
	1 190 276	855 524	**96 881**	6 383

Refer to directors' report for detail of directors' remuneration on pages 31 to 32.

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
29. FINANCE COSTS				
Redeemable preference shares	**144**	–	**–**	–
Contracts for difference	**8 360**	9 444	**–**	–
Held-to-maturity	**139 546**	–	**–**	–
Loans from related parties	**1 053**	4 985	**4 486**	5 110
Other borrowings	**20 528**	15 032	**12 936**	11 676
	169 631	29 461	**17 422**	16 786
30. TAXATION				
Current taxation				
Current year	**67 060**	39 248	**–**	–
Prior year	**959**	(376)	**–**	–
	68 019	38 872	**–**	–
Deferred taxation				
Current year	**372**	(8 177)	**725**	244
Prior year	**(2 109)**	(74)	**–**	–
	(1 737)	(8 251)	**725**	244
Foreign taxation				
Current year	**30**	65	**30**	65
	30	65	**30**	65
Secondary tax on companies				
Current taxation	**7 204**	5 487	**–**	–
	7 204	5 487	**–**	–
Total income statement charge	**73 516**	36 173	**755**	309

	GROUP 2012 %	GROUP 2011 %	COMPANY 2012 %	COMPANY 2011 %
30. TAXATION *(continued)*				
Reconciliation of rate of taxation				
South African normal tax rate	**28,0**	28,0	**28,0**	28,0
Adjusted for:				
Non-taxable income	**(5,4)**	(3,8)	**(61,6)**	(30,4)
Capital gains tax differential in rates	**1,3**	0,2	**–**	0,3
Non-deductible charges	**3,2**	0,8	**34,5**	2,5
Prior year overprovision	**0,3**	(0,4)	**–**	–
Income from associated companies	**–**	(0,5)	**–**	–
Prior year deferred tax adjustments	**(1,2)**	(0,1)	**–**	–
Deferred tax movement on acquisition of business	**(1,1)**	(1,4)	**–**	–
Foreign tax rate differential	**(0,4)**	0,4	**–**	–
Secondary tax on companies (STC) and other withholding tax	**3,1**	4,1	**0,1**	0,1
Tax in policyholder funds	**3,7**	–	**–**	–
S12H allowance	**(0,2)**	(0,5)	**–**	–
Effective rate of taxation	**31,3**	26,8	**1,0**	0,5
Unutilised STC credits				
STC credits available within the group	**1 013**	982	**929**	982
Deferred tax asset provided for	**(929)**	(982)	**(929)**	(982)
Available for future utilisation	**84**	–	**–**	–
Unutilised tax losses				
Gross calculated tax losses at the end of the year available for utilisation against future taxable income	**35 057**	7 061	**2 072**	4 173
Deferred tax asset provided on	**(34 996)**	(6 629)	**(2 072)**	(4 173)
Available for future utilisation	**61**	432	**–**	–
The tax credit relating to components of other comprehensive income is as follows:				
Before tax				
Currency translation adjustments	**340**	(240)	**–**	–
Fair value losses on available-for-sale financial assets	**(1 223)**	–	**–**	–
Reclassification adjustment on available-for-sale financial assets	**1 658**	(1 425)	**–**	(1 425)
	775	(1 665)	**–**	(1 425)
Tax credit				
Fair value losses on available-for-sale financial assets	**281**	–	**–**	–
Reclassification adjustment on available-for-sale financial assets	**(232)**	200	**–**	200
	49	200	**–**	200
After tax				
Currency translation adjustments	**340**	(240)	**–**	–
Fair value losses on available-for-sale financial assets	**(942)**	–	**–**	–
Reclassification adjustment on available-for-sale financial assets	**1 426**	(1 225)	**–**	(1 225)
Other comprehensive income/(loss) for the year, net of tax	**824**	(1 465)	**–**	(1 225)

	GROUP	
	2012	2011
	R000	R000
31. EARNINGS PER SHARE		
The calculation of earnings per share is based on the following:		
Total earnings attributable to ordinary shareholders	**154 322**	93 804
Headline earnings adjustments (net of tax and non-controlling interest):		
Net loss/(profit) on disposal/dilution of associated companies	**895**	(2 942)
Gross amount	**895**	106
Non-controlling interest	**–**	–
Tax effect	**–**	(3 048)
Profit on disposal of intangible assets	**(3 690)**	(948)
Gross amount	**(5 277)**	(1 331)
Non-controlling interest	**942**	225
Tax effect	**645**	158
Impairment of intangible assets (including goodwill)	**9 756**	2 864
Gross amount	**11 519**	3 870
Non-controlling interest	**(389)**	(1 006)
Tax effect	**(1 374)**	–
Profit on disposal of property and equipment	**(213)**	(21)
Gross amount	**(267)**	(30)
Non-controlling interest	**4**	1
Tax effect	**50**	8
Non-headline items of associated companies	**83**	(30)
Gross amount	**79**	(77)
Non-controlling interest	**–**	24
Tax effect	**4**	23
(Loss)/profit on disposal of available-for-sale financial assets	**1 426**	(1 217)
Gross amount	**1 658**	(1 415)
Non-controlling interest	**–**	–
Tax effect	**(232)**	198
Net profit on disposal of investment in subsidiaries	**(297)**	–
Gross amount	**(271)**	–
Non-controlling interest	**–**	–
Tax effect	**(26)**	–
Headline earnings	**162 282**	91 510

	GROUP 2012 Number of shares 000	GROUP 2011 Number of shares 000
31. EARNINGS PER SHARE *(continued)*		
The calculation of the weighted average number of shares is as follows:		
Number of shares at beginning of the year	**733 081**	730 492
Shares repurchased during the year	**–**	(100)
Weighted number of shares issued during the year	**338 286**	2 689
Net movement in treasury shares	**(678)**	–
Weighted number of shares at end of the year	**1 070 689**	733 081
Diluted weighted number of shares at the end of the year	**1 070 689**	733 081

	GROUP 2012 R000	GROUP 2011 R000
Basic and diluted		
Earnings attributable to ordinary shareholders	**154 322**	93 804
Headline earnings	**162 282**	91 510
Weighted average number of ordinary shares in issue (000)	**1 070 689**	733 081
Basic and diluted earnings per share (cents)	**14,40**	12,80
Headline earnings per share (cents)	**15,20**	12,48

	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
32. NORMAL DIVIDEND	**76 127**	60 846	**76 154**	60 846

Interim

3,0 cents per share (2011: 2,8 cents)

Final

7,3 cents per share (2011: 6,0 cents)

Dividends are not accounted for until they have been approved by the company's board of directors.

33. CAPITAL COMMITMENTS AND CONTINGENCIES

Other than operating lease obligations (disclosed below), the group had the following capital commitment and contingencies as at 29 February 2012:

- Capital expenditure in terms of computer hardware and software and development costs for administration systems – R12,2 million (2011: R9,5 million).
- At 29 February 2012, the Group had R67 000 (2011: R2 825 000) capital expenditure contracted or authorised, but not yet incurred.
- As part of the subscription agreement in respect of PSG Konsult Insurance Solutions (Proprietary) Limited, PSG Konsult Limited undertook to issue so many PSG Konsult shares at R1,70 per share, should the profit before tax (for a four-year period) of the PSG Konsult business in PSG Konsult Insurance Solutions, fall below a specified amount. PSG Konsult will have the option to pay the other shareholders in PSG Konsult Insurance Solutions the equivalent of the value of the PSG Konsult shares in cash. The undertaking was renegotiated and the four-year period commenced 1 March 2010. Based on current calculations, the required profit target will be met.
- As previously reported, PSG Konsult ceded its rights and title to its shareholding in Online Securities Limited as security against PSG Konsult's due performance and discharge of its obligations or indebtedness under a fixed term loan from Rand Merchant Bank. The value of the cession is capped at the initial loan amount of the two facilities in place, being R150 million, of which R50 million is unutilised at 29 February 2012.
- As previously reported, PSG Konsult (and some of its subsidiaries) sold loans due from various financial advisors to Investec Bank Limited, via its subsidiary Delerus (Proprietary) Limited. In order to ensure the proper and punctual payment by Delerus to the bank, PSG Konsult issued a guarantee to the bank stating that if Delerus for any reason does not make payment of any amount, PSG Konsult shall pay the amounts not so paid upon written demand. The loan amount due by Delerus at 29 February 2012 was R33,954 million.
- The group also provided suretyships to the value of R26,6 million (2011: R25,7 million) in favour of various financial institutions for the purchase of books of business by advisors.

	GROUP	
	2012	2011
	R000	R000
Operating lease commitments		
Future minimum lease commitments in terms of:		
Operating leases – equipment		
Due within one year	**2 032**	1 776
Due after one year but not more than five years	**3 897**	4 890
	5 929	6 666
Operating leases – premises		
Due within one year	**30 610**	22 003
Due after one year but not more than five years	**30 333**	28 607
	60 943	50 610

The group leases a number of premises under non-cancellable operating lease agreements. The ordinary lease terms are between two and three years, with the majority of the lease agreements being renewable at the end of the lease term at market-related rentals. The annual lease escalations range from 8% to 11%.

A summary of the lease agreements containing the escalation clauses, renewal options and restrictions imposed by the lease agreements is available for inspection at the company's registered office.

34. BORROWING POWERS

In terms of the company's articles of association, borrowing powers are unlimited. Details of actual borrowings of the group and company are disclosed in note 18 to the financial statements.

35. RELATED-PARTY TRANSACTIONS

PSG Konsult Limited, its subsidiaries and associates enter into various financial services transactions with members of the PSG Group. These transactions include a range of investment, administrative, advisory and corporate services in the normal course of business. All intergroup transactions have been eliminated on consolidation.

The related-party transactions are similar to those disclosed in the prior financial year, except for transactions, receivables and payables with PSG Asset Management companies, which were eliminated on consolidation from 1 March 2011.

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
Amounts receivable from associates and other companies in the PSG Group				
Included in loans and advances from companies in the PSG Konsult Limited Group				
PSG Konsult Trust (Proprietary) Limited	**–**	–	**1 438**	3 077
Abrafield (Proprietary) Limited	**–**	–	**5 130**	5 119
PSG Online Solutions (Proprietary) Limited	**–**	–	**–**	70
Topexec Management Bureau (Proprietary) Limited	**–**	–	**53 371**	51 557
PSG Konsult Academy (Proprietary) Limited	**–**	–	**–**	5 301
PSG Consult Limited	**–**	–	**1 606**	1 535
	–	–	**61 545**	66 659
Included in receivables from companies in the PSG Konsult Limited Group				
PSG Konsult Financial Planning (Proprietary) Limited	**–**	–	**88 666**	102 502
PSG Konsult Corporate Limited	**–**	–	**14 506**	8 401
PSG Konsult Corporate Financial Planning (Proprietary) Limited	**–**	–	**2 995**	–
PSG Konsult Insurance Solutions (Proprietary) Limited	**–**	–	**3 480**	2 042
PSG Konsult Optimum (Proprietary) Limited	**–**	–	**1 476**	820
PSG Konsult Nucleus (Proprietary) Limited	**–**	–	**12**	11
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	**–**	–	**47 090**	2 187
iHound (Proprietary) Limited	**–**	182	**–**	182
PSG Consult Limited	**4 266**	3 049	**–**	–
Cinetaur (Proprietary) Limited	**891**	757	**–**	–
Jamwa Beleggings (Proprietary) Limited	**1 222**	943	**–**	–
Karana Property Investments (Proprietary) Limited	**1 246**	1 333	**–**	–
Woodwind Trading (Proprietary) Limited	**1 307**	419	**–**	–
PSG Konsult Nhluvuko Employees Trust	**–**	13	**–**	13
Included in receivables from companies in the PSG Group				
PSG Corporate Services (Proprietary) Limited	**139**	–	**–**	–
PSG Collective Investments Limited	**–**	7 003	**–**	–
PSG Fund Management (CI) Limited Guernsey	**–**	522	**–**	–
Balances due from hedge funds, offshore unit trusts and local unit trusts:				
Related-party receivables				
Local unit trusts	**18 098**	–	**–**	–
Offshore unit trusts	**3 647**	–	**–**	–
Hedge funds	**263**	–	**–**	–
	31 079	14 221	**158 225**	116 158

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
35. RELATED-PARTY TRANSACTIONS ***(continued)***				
Included in amounts receivable by the company from related parties are balances of R89 457 000 (2011: R94 795 000) that accrue interest and are repayable on demand. The effective interest rates applied to R88 212 000 (2011: R93 620 000) of these balances range between 5,20% and 9,50% (2011: 6,37% and 10,13%). The remaining balance of R1 245 000 (2011: R1 175 000) carries interest at the UK prime rate. The remaining amounts receivable by the company from related parties is interest-free and repayable on demand. These balances are shown net of amounts which are not expected to be recoverable, and hence no significant credit risk exists.				
Amounts payable to associates and other companies in the PSG Group				
Included in borrowings from companies in the PSG Konsult Limited Group				
Make-a-Million (Proprietary) Limited	**350**	1 575	**–**	–
PSG Consult Limited	**4**	–	**–**	–
Syringa Investments (Proprietary) Limited	**–**	1 100	**–**	–
PSG Konsult Namibia (Proprietary) Limited	**–**	–	**822**	767
Delerus (Proprietary) Limited	**–**	–	**1 214**	5 664
PSG Konsult Management Services (Proprietary) Limited	**–**	–	**2 388**	1 603
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	**–**	–	**16 015**	–
PSG Konsult Academy (Proprietary) Limited	**–**	–	**542**	–
Online Securities Limited	**–**	–	**17 340**	7 334
PSG Prime (Proprietary) Limited	**–**	–	**21**	–
PSG Konsult Corporate Limited	**–**	–	**6 956**	–
PSG Konsult Securities (Proprietary) Limited	**–**	–	**43 781**	35 550
Crest Constantia Management Services (Proprietary) Limited	**–**	–	**24 613**	24 512
PSG Online Solutions (Proprietary) Limited	**–**	–	**380**	3 024
Topexec Management Bureau (Proprietary) Limited	**–**	–	**–**	6 112
PSG Asset Management (Proprietary) Limited	**–**	–	**2 725**	–
PSG Asset Management Life Limited	**–**	–	**26 500**	–
Included in borrowings from companies in the PSG Group				
PSG Corporate Services (Proprietary) Limited	**173**	13 845	**–**	13 490
Zeder Financial Services Limited	**12**	–	**–**	–
Alphen Asset Management (Proprietary) Limited	**–**	982	**–**	–
PSG Fund Management (Proprietary) Limited	**–**	4 321	**–**	–
Tanzanite (Proprietary) Limited	**–**	34	**–**	–
PSG Absolute Investments (Proprietary) Limited	**–**	5	**–**	–
	539	21 862	**143 297**	98 056

Included in amounts payable by the company to related parties are balances of R48 222 000 (2011: R26 035 000) that accrue interest and are repayable on demand. The effective interest rates applied to these balances range between 4,08% and 10,50% (2011: 6,37% and 11,13%). The remaining amounts payable by the company to related parties is interest-free and repayable on demand.

	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
35. RELATED-PARTY TRANSACTIONS *(continued)*				
Investments held in related-party funds				
The following investments are held in related parties:				
Preference share investment in PSG Financial Services Limited	**17 756**	–		
Investments in hedge funds	**5 176**	–		
Investments in unit trusts	**923 537**	–		
	946 469	–		
Other related balances				
As at 29 February 2012, promissory notes to the value of R58 602 000 (2011: R47 053 000) was obtained from the PSG Money Market Fund, a related party local unit trust fund. The custodians and settlement agents to these promissory notes were Standard Bank and Absa Bank.				
The following significant related-party transactions occurred during the year:				
Income received from companies in the PSG Group				
PSG Konsult Limited and its subsidiaries				
PSG Konsult Financial Planning (Proprietary) Limited	–	–	**15 150**	12 270
PSG Konsult Management Services (Proprietary) Limited	–	–	**32**	40
PSG Konsult Securities (Proprietary) Limited	–	–	**97**	91
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	–	–	**42**	39
PSG Konsult Trust (Proprietary) Limited	–	–	**75**	70
PSG Online Solutions (Proprietary) Limited	–	–	**–**	10
PSG Konsult Nucleus (Proprietary) Limited	–	–	**21**	20
PSG Konsult Optimum (Proprietary) Limited	–	–	**106**	99
	–	–	**15 523**	12 639
Commission and other fees received from companies in the PSG Group				
PSG Group Limited and its subsidiaries				
PSG Financial Services Limited	**244**	–	**–**	–
PSG Capital (Proprietary) Limited	**19**	–	**–**	–
PSG Corporate Services Limited	**600**	90	**–**	–
Alphen Asset Management (Proprietary) Limited	**–**	24	**–**	–
PSG Collective Investments Limited	**–**	63 926	**–**	–
PSG Fund Management (CI) Limited Guernsey	**–**	4 809	**–**	–
PSG Fund Management (Proprietary) Limited	**–**	1 987	**–**	–
PSG Absolute Investments (Proprietary) Limited	**–**	34	**–**	–
Tanzanite (Proprietary) Limited	**–**	5	**–**	–
	863	70 875	**–**	–
PSG Konsult Limited and its associates				
PSG Consult Limited	**–**	4 339	**–**	–
	863	75 214	**15 523**	12 639
Management fees from related-party funds:				
Local unit trusts	**196 168**	–		
Offshore unit trusts	**32 601**	–		
Hedge funds	**2 878**	–		
	231 647	–		

	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
35. RELATED-PARTY TRANSACTIONS *(continued)*				
Fees paid to companies in the PSG Group				
PSG Group Limited and its subsidiaries				
Alphen Asset Management (Proprietary) Limited	–	866	–	–
PSG Fund Management (Proprietary) Limited	–	5 763	–	–
Tanzanite (Proprietary) Limited	–	103	–	–
PSG Absolute Investments (Proprietary) Limited	–	60	–	–
PSG Corporate Services (Proprietary) Limited	**250**	1 343	–	–
Zeder Financial Services Limited	**99**	–	–	–
PSG Konsult Limited and its subsidiaries and associates				
PSG Prime (Proprietary) Limited	–	–	**81**	45
Make-a-Million (Proprietary) Limited	**1 211**	12	–	–
PSG Konsult Financial Planning (Proprietary) Limited	–	–	**577**	539
PSG Konsult Management Services (Proprietary) Limited	–	–	**106**	99
	1 560	8 147	**764**	683
Interest received from PSG Konsult Limited Group companies				
Topexec Management Bureau (Proprietary) Limited	–	–	**916**	853
PSG Konsult Corporate Limited	–	–	**1 384**	1 087
PSG Consult Limited	**40**	36	**25**	30
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	–	–	**2 764**	2 357
Cinetaur (Proprietary) Limited	**66**	–	–	–
Jamwa Beleggings (Proprietary) Limited	**88**	–	–	–
Delerus (Proprietary) Limited	–	–	**192**	324
Karana Property Investments (Proprietary) Limited	**102**	–	–	–
Transaction with hedge funds, offshore unit trusts and local unit trusts:				
Related-party interest received				
Local unit trusts	**436**	–	–	–
	732	36	**5 281**	4 651
Interest paid to PSG Group companies				
PSG Group Limited and its subsidiaries				
PSG Corporate Services (Proprietary) Limited	**1 053**	4 521	**1 053**	4 521
PSG Fund Management (Proprietary) Limited	–	464	–	–
PSG Konsult Limited and its subsidiaries and associates				
Online Securities Limited	–	–	**220**	66
PSG Konsult Namibia (Proprietary) Limited	–	–	**56**	56
PSG Konsult Corporate Financial Planning (Proprietary) Limited	–	–	**286**	–
Topexec Management Bureau (Proprietary) Limited	–	–	**80**	344
PSG Asset Management (Proprietary) Limited	–	–	**225**	–
PSG Asset Management Life Limited	–	–	**2 065**	–
Delerus (Proprietary) Limited	–	–	**501**	123
	1 053	4 985	**4 486**	5 110

	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
35. RELATED-PARTY TRANSACTIONS *(continued)*				
Dividends received from companies in the PSG Konsult Limited Group				
PSG Konsult Namibia (Proprietary) Limited			**602**	1 264
Online Securities Limited			**18 486**	12 837
PSG Konsult Financial Planning (Proprietary) Limited			**11 228**	–
PSG Asset Management Holdings (Proprietary) Limited			**12 500**	–
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited			**26 999**	30 500
PSG Konsult Management Services (Proprietary) Limited			**–**	12 806
PSG Konsult Insurance Solutions (Proprietary) Limited			**6 224**	4 688
PSG Konsult Verre-Noord (Proprietary) Limited			**–**	1 227
PSG Konsult Vereeniging (Proprietary) Limited			**–**	3 830
PSG Konsult Commercial (Proprietary) Limited			**12**	–
PSG Fund Management Holdings (Proprietary) Limited			**94 409**	–
			170 461	67 152
Dividends received from associated companies				
Make-a-Million (Proprietary) Limited			**–**	100
iHound (Proprietary) Limited			**–**	182
			–	282
Transaction with hedge funds, offshore unit trusts and local unit trusts:				
Related-party dividends received				
Local unit trusts	**1 412**	–	**–**	–

The shareholding of directors and the directors' remuneration is set out in the report of the board of directors.

Key management compensation

Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the group. Key management is considered to be the board of directors. For compensation detail, refer to the report of the board of directors.

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000

36. NOTES TO THE STATEMENTS OF CASH FLOWS

36.1 Cash (utilised in)/generated by operating activities

	2012 R000	2011 R000	**2012 R000**	2011 R000
Profit before finance costs and taxation	**404 826**	164 600	**94 891**	80 131
Adjustment for non-cash items and other:				
Depreciation of property and equipment	**12 835**	11 461	**–**	–
Impairment of investments	**–**	–	**94 409**	–
Impairment of intangible assets	**11 519**	3 870	**–**	–
Amortisation of intangible assets	**30 844**	21 590	**–**	–
Exchange losses on borrowings	**–**	197	**–**	–
Interest received	**(194 036)**	(29 360)	**(5 724)**	(5 016)
Dividends received	**(78 595)**	(7 213)	**(170 461)**	(67 434)
Share of losses of associates companies, net of dividend received	**331**	77	**–**	–
Profit on disposal of property and equipment	**(267)**	(96)	**–**	–
Profit on disposal of intangible assets	**(5 650)**	(1 331)	**–**	–
Profit on disposal of subsidiary	**(1 131)**	–	**–**	–
Realised gains on disposal of available-for-sale financial assets	**–**	(1 415)	**–**	(1 415)
Realised gains on disposal of financial assets at fair value profit or loss	**–**	(8 971)	**–**	–
Loss on disposal of subsidiary	**860**	–	**–**	–
Loss on disposal of associated company	**–**	–	**910**	–
Loss on disposal of intangible assets	**373**	–	**–**	–
Loss on disposal of property and equipment	**–**	66	**–**	–
Net fair value gains on financial instruments	**(427 030)**	(35)	**–**	–
Fair value adjustment to investment contracts policyholder liabilities	**484 557**	–	**–**	–
Equity-settled share-based payment costs	**2 284**	–	**–**	–
Loss on remeasurement of previous equity interest	**895**	2 013	**–**	–
	242 613	155 453	**14 026**	6 266
Changes in working capital				
Receivables	**(2 181 985)**	(44 017)	**(96)**	112
Intergroup loans obtained	**185**	–	**(28 584)**	17 734
Intergroup loans repaid	**(13 984)**	(43 781)	**(13 490)**	–
Loans and advances	**(27 678)**	26 674	**5 114**	2 936
Accruals for other liabilities and charges	**(5 945)**	719	**–**	–
Trade and other payables	**2 075 307**	174 055	**2 855**	3 767
Other financial instruments	**(273 140)**	–	**–**	–
Insurance contracts	**53**	–	**–**	–
	(184 574)	269 103	**(20 175)**	30 815

	GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*				
36.2 Taxation paid				
Charge to profit and loss	**(73 516)**	(36 173)	**(755)**	(309)
Movement in deferred taxation	**(1 737)**	(9 100)	**725**	245
Acquisition of subsidiaries	**(5 969)**	–	**–**	–
Movement in net taxation liability/asset	**(1 248)**	(1 373)	**–**	67
	(82 470)	(46 646)	**(30)**	3

36.3 Subsidiaries acquired

Acquisitions and/or incorporations of subsidiaries or books of business concluded during the financial year ended 29 February 2012

i) PSG Asset Management Holdings (Proprietary) Limited

On 1 March 2011, the operations of PSG Fund Management, PSG Alphen, PSG Tanzanite, PSG Absolute Investments and PSG FutureWealth were amalgamated with those of PSG Konsult Limited. The merge follows the restructuring of the financial services businesses within the PSG Group and will promote the sharing of resources and skills with the goal of improved service delivery. The transaction, structured in the form of a share swop resulting in the issuance of 339 213 062 PSG Konsult Limited shares for a total consideration of R506 867 000 (giving a per share swop price of R1,494 per PSG Konsult share), has been positioned under a newly incorporated company, PSG Asset Management Holdings (Proprietary) Limited.

The IFRS on business combinations (IFRS 3) does not apply to this business combination, as it is effected between parties that are ultimately controlled by PSG Group Limited, otherwise known as a common control transaction. The company has elected to apply "predecessor accounting". Refer to note 41 for further explanation of the accounting policy.

	GROUP 2012 R000
Details of the net assets acquired are as follows:	
PSG Konsult Limited shares issued – 339 213 062 shares	**506 867**
Total purchase consideration	**506 867**
Non-controlling interest	**7 176**
Less: Net assets acquired at carry value	**(169 921)**
Increase in common control reserve on 1 March 2011	**344 122**
Cash consideration paid	**–**
Cash and cash equivalents acquired	**(256 249)**
Net cash flow	**(256 249)**

The difference between the consideration given and the predecessor values is recognised directly in equity in a common control reserve. As a result, no goodwill recognised on acquisition.

	GROUP 2012 R000
36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*	
36.3 Subsidiaries acquired *(continued)*	
The assets and liabilities arising from the acquisition are as follows:	
Property and equipment	2 070
Intangible assets	34 289
Investment in associated companies	500
Equity securities	921 321
Unit-linked investments	4 858 659
Debt securities	2 214 032
Investments in investment contracts	1 108 686
Receivables	48 710
Cash and cash equivalents	256 249
Third-party liabilities arising on consolidation of mutual funds	(37 016)
Deferred income tax	29 698
Insurance contracts	(29 898)
Investment contracts	(9 112 357)
Intergroup accounts	(2 184)
Trade and other payables	(117 169)
Current income tax liabilities	(5 669)
Total identifiable net assets	**169 921**

The revenue included in the consolidated income statement since 1 March 2011, contributed by PSG Asset Management Holdings (Proprietary) Limited was R549 541 000. PSG Asset Management Holdings (Proprietary) Limited also contributed profit after taxation of R53 222 000 over the same period.

ii) iHound (Proprietary) Limited

Effective 1 March 2011, the group (through its subsidiary PSG Online Solutions (Proprietary) Limited) acquired an additional 31% interest in this online lead-generating company, raising its effective interest to 51%. The consideration of R1 484 232 was paid in full on 31 May 2011.

The company was previously accounted for as an investment in associated company up to 28 February 2011. From 1 March 2011 this company was accounted for as a subsidiary of the group.

		GROUP 2012 R000
36.	**NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)***	
36.3	**Subsidiaries acquired *(continued)***	
	Details of the net assets acquired and goodwill are as follows:	
	Cash paid	1 484
	Total purchase consideration	1 484
	Less: Fair value of net assets acquired	(4 473)
	Plus: Non-controlling interest	2 928
	Plus: Acquisition date fair value of the acquirer's previously held equity interest in acquiree	1 195
	Goodwill recognised on acquisition	1 134
	Cash consideration paid	1 484
	Cash and cash equivalents acquired	(231)
	Net cash flow	1 253

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition. The group recognised the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. As a result of the transaction, a loss of R895 000 was recognised in "marketing, administration and other expenses".

	Fair value R000	Acquiree's carrying amount R000
The assets and liabilities arising from the acquisition are as follows:		
Intangible assets	5 365	–
Trade and other receivables	1 589	1 589
Cash and cash equivalents	231	231
Deferred income tax	(1 502)	–
Trade and other payables	(1 210)	(1 210)
	4 473	610

The revenue, included in the consolidated income statement since 1 March 2011, contributed by iHound (Proprietary) Limited was R5 201 000. iHound (Proprietary) Limited also contributed profit after taxation of R699 000 over the same period.

36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*

36.3 Subsidiaries acquired *(continued)*

iii) Pleroma Insurance Brokers Group

The group (through its subsidiary PSG Konsult Corporate Limited) acquired the business in this financial services group (a short-term insurance broker and administrator) for a consideration of R30 725 583. The effective date of the transaction was 1 May 2011. Fifty percent of the purchase consideration was paid on 1 June 2011, 25% is payable on 1 May 2012 and the remaining 25% on 1 October 2012 and carries interest at prime interest rate less 2,5%.

The transaction added approximately R100 million in premiums, 5 000 clients and contributes 10% of PSG Konsult Corporate's headline earnings for the year ended 29 February 2012.

	GROUP 2012 R000
Cash paid	15 500
Cash due	15 226
Total purchase consideration	30 726
Less: Fair value of net assets acquired	10 036
Goodwill recognised on acquisition	20 690
Cash consideration paid	15 500
Cash and cash equivalents acquired	–
Net cash flow	15 500

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition.

	Fair value R000	Acquiree's carrying amount R000
The assets and liabilities arising from the acquisition are as follows:		
Intangible assets	13 938	–
Deferred income tax	(3 902)	–
	10 036	–

The revenue, included in the consolidated income statement, contributed by Pleroma Insurance Brokers Group was R15 834 000. Pleroma Insurance Brokers Group also contributed profit (before amortisation, finance cost and corporate expenses) of R2 975 000 over the same period.

Had Pleroma Insurance Brokers Group been consolidated from 1 March 2011, the consolidated income statement would have shown revenue of R19 062 000 and profit (before amortisation, finance cost and corporate expenses) of R3 935 000.

36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*

36.3 Subsidiaries acquired *(continued)*

iv) EFS Investment Solutions (Proprietary) Limited (Equinox)

Effective 1 May 2011, the group (through its subsidiaries PSG Online Solutions (Proprietary) Limited and PSG Asset Management Holdings (Proprietary) Limited acquired a 100% interest in EFS Investment Solutions ("Equinox"), an online unit trust trading platform, for a total consideration of R26 919 000. The R24 195 000 was paid on the effective date, with the remaining balance of R2 724 000 paid on 29 February 2012.

Equinox provides an electronic trading platform for individual investors, as well as enabling investment advisers to manage portfolios on behalf of clients. The transaction added 9 000 clients, with assets under management of R1,9 billion, to the group's client base.

	GROUP 2012 R000
Details of the net assets acquired and goodwill are as follows:	
Cash paid on effective date	**24 195**
Cash due on effective date (paid in full before year-end)	**2 724**
Total purchase consideration	**26 919**
Less: Fair value of net assets acquired	**16 025**
Goodwill recognised on acquisition	**10 894**
Cash consideration paid	**26 919**
Cash and cash equivalents acquired	**(3 757)**
Net cash flow	**23 162**

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition.

	Fair value R000	Acquiree's carrying amount R000
The assets and liabilities arising from the acquisition are as follows:		
Intangible assets	**6 965**	**–**
Property and equipment	**350**	**350**
Unit-linked investments	**1 674**	**1 674**
Receivables	**714**	**714**
Cash and cash equivalents	**3 757**	**3 757**
Deferred income tax	**3 870**	**4 611**
Current tax payable	**(301)**	**(301)**
Trade and other payables	**(1 004)**	**(1 004)**
	16 025	**9 801**

The revenue, included in the consolidated income statement, contributed by Equinox was R29 034 000. Equinox also contributed profit after taxation of R7 319 000 over the same period.

Had Equinox been consolidated from 1 March 2011, the consolidated income statement would have shown revenue of R34 840 000 and profit after taxation of R8 782 000.

36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*

36.3 Subsidiaries acquired *(continued)*

v) Triumviri Financial Advisors (Proprietary) Limited

The group (through its subsidiary PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited) acquired the short-term insurance business for a consideration of R2 033 642 on 1 June 2011. Seventy-five percent of the purchase consideration was paid on 1 June 2011 and the remaining 25% (subject to a profit guarantee) is payable on 31 May 2012 and carries interest at prime from the effective date.

	GROUP 2012 R000
Cash paid	508
Cash due	1 526
Total purchase consideration	2 034
Less: Fair value of net assets acquired	806
Goodwill recognised on acquisition	1 228
Cash consideration paid	508
Cash and cash equivalents acquired	–
Net cash flow	508

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition.

	Fair value R000	Acquiree's carrying amount R000
The assets and liabilities arising from the acquisition are as follows:		
Intangible assets	1 119	–
Deferred income tax	(313)	–
	806	–

The revenue, included in the consolidated income statement, contributed by Triumviri Financial Advisors (Proprietary) Limited was R1 151 000. Triumviri Financial Advisors (Proprietary) Limited also contributed profit (before amortisation, finance cost and corporate expenses) of R110 000 over the same period.

Had Triumviri Financial Advisors (Proprietary) Limited been consolidated from 1 March 2011, the consolidated income statement would have shown revenue of R1 535 000 and profit (before amortisation, finance cost and corporate expenses) of R147 000.

36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*

36.3 Subsidiaries acquired *(continued)*

vi) Agri Wilson Makelaars BK

Effective 1 June 2011, the group (through its subsidiary PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited) acquired the short-term insurance business for a consideration of R3 149 133. Sixty percent of the purchase consideration was paid on 1 June 2011 and the remaining 40% (subject to a profit guarantee) is payable on 31 May 2012 and carries no interest.

	GROUP 2012 R000
Details of the net assets acquired and goodwill are as follows:	
Cash paid	1 889
Cash due	1 260
Total purchase consideration	3 149
Less: Fair value of net assets acquired	(992)
Goodwill recognised on acquisition	2 157
Cash consideration paid	1 889
Cash and cash equivalents acquired	–
Net cash flow	1 889

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition.

	Fair value R000	Acquiree's carrying amount R000
The assets and liabilities arising from the acquisition are as follows:		
Intangible assets	1 378	–
Deferred income tax	(386)	–
	992	–

The revenue, included in the consolidated income statement, contributed by Agri Wilson Makelaars BK was R1 081 000. Agri Wilson Makelaars BK also contributed profit (before amortisation, finance cost and corporate expenses) of R250 000 over the same period.

Had Agri Wilson Makelaars BK been consolidated from 1 March 2011, the consolidated income statement would have shown revenue of R1 466 000 and profit (before amortisation, finance cost and corporate expenses) of R351 000.

36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*

36.3 Subsidiaries acquired *(continued)*

vii) Acquisition of hedge funds and unit trusts

The group held an interest of 97,9% in the PSG Stable Fund, an interest of 100% in the PSG Income Fund and an interest of 50,6% in the Orange Prime Fund at 29 February 2012.

	GROUP 2012 R000
Details of the net assets acquired are as follows:	
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 asset value	79 188
Fair value of equity interest held before the business combination	(79 188)
Total consideration paid	–
Less: Cash and cash equivalents acquired	(43 437)
Net cash inflow	(43 437)

Acquisitions and/or incorporations of subsidiaries or books of business concluded during the financial year ended 28 February 2011

i) Bouwer Collins Insurance Brokers (Proprietary) Limited

Effective 1 July 2010, PSG Konsult Limited (through its subsidiary PSG Konsult Financial Planning (Proprietary) Limited) acquired a 100% interest in the short-term insurance brokers and administration business for a consideration of R16 000 000.

An initial payment of R8 000 000 was made on 1 July 2010, with a final payment of R8 000 000 on 30 June 2011. The final purchase price may be adjusted if the profit warranty was not fulfilled on 30 June 2011. The profit warranty was met on 30 June 2011.

	GROUP 2011 R000
36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*	
36.3 Subsidiaries acquired *(continued)*	
Details of the net assets acquired and goodwill are as follows:	
Cash paid	8 000
Cash due	8 000
Total purchase consideration	16 000
Less: Fair value of net assets acquired	2 382
Goodwill recognised on acquisition	13 618
Cash consideration paid	8 000
Cash and cash equivalents acquired	(596)
Net cash flow in the 2011 financial year	7 404
Cash consideration paid	8 000
Cash consideration paid – interest	896
Net cash flow in the 2012 financial year	8 896

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition.

	Fair value R000	Acquiree's carrying amount R000
The assets and liabilities arising from the acquisition are as follows:		
Property and equipment	62	62
Intangible assets	3 573	–
Cash and cash equivalents	596	596
Deferred income tax	(1 039)	(39)
Trade and other payables	(731)	(731)
Current income tax	(79)	(79)
	2 382	(191)

The revenue, included in the consolidated income statement, contributed by Bouwer Collins Insurance Brokers (Proprietary) Limited was R4 653 000 for the 2011 financial year. Bouwer Collins Insurance Brokers (Proprietary) Limited also contributed profit (before amortisation, finance cost and corporate expenses) of R1 187 000 over the same period.

Had Bouwer Collins Insurance Brokers (Proprietary) Limited been consolidated from 1 March 2010, the consolidated income statement would have shown revenue of R7 977 000 and profit (before amortisation, finance cost and corporate expenses) of R2 035 000 for the 2011 financial year.

36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*

36.3 Subsidiaries acquired *(continued)*

ii) Diagonal Street Financial Services (Proprietary) Limited

Effective 1 July 2010, PSG Konsult Limited (through its subsidiaries PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited and Topexec Management Bureau (Proprietary) Limited) acquired the business of Diagonal Street Financial Services (Proprietary) Limited for a consideration of R71 761 000.

An initial payment of R38 597 000 was made on 1 September 2010, with a second and third payment of R16 582 000 on 1 September 2011 and 1 March 2012 respectively.

	GROUP 2011 R000
Details of the net assets acquired and goodwill are as follows:	
Cash paid	38 597
Cash due	33 165
Total purchase consideration	71 762
Less: Fair value of net assets acquired	17 114
Goodwill recognised on acquisition	54 648
Cash consideration paid	38 597
Cash and cash equivalents acquired	–
Net cash flow in the 2011 financial year	38 597
Cash consideration paid	16 582
Cash consideration paid – interest	1 655
Net cash flow in the 2012 financial year	18 237

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition.

	Fair value R000	**Acquiree's carrying amount R000**
The assets and liabilities arising from the acquisition are as follows:		
Property and equipment	580	580
Intangible assets	23 572	–
Deferred income tax	(6 600)	–
Trade and other payables	(438)	(438)
	17 114	142

The revenue, included in the consolidated income statement, contributed by the business of Diagonal Street Financial Services (Proprietary) Limited was R13 011 000 for the 2011 financial year. Diagonal Street Financial Services (Proprietary) Limited also contributed profit (before amortisation, finance cost and corporate expenses) of R5 348 000 over the same period.

Had the business of Diagonal Street Financial Services (Proprietary) Limited been consolidated from 1 March 2010, the consolidated income statement would have shown revenue of R26 022 000 and profit (before amortisation, finance cost and corporate expenses) of R10 696 000 for the 2011 financial year.

36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*

36.3 Subsidiaries acquired *(continued)*

iii) PSG Konsult Insurance Solutions (Proprietary) Limited

Effective 1 March 2010, PSG Konsult Limited acquired an additional 15% interest in this financial services company, raising its effective interest to 65%. The consideration was paid in full on 23 September 2010.

	GROUP 2011 R000
Details of the net assets acquired and goodwill are as follows:	
Cash paid	12 174
Total purchase consideration	12 174
Less: Fair value of net assets acquired	(12 672)
Plus: Non-controlling interest	6 160
Plus: Acquisition date fair value of the acquirer's previously held equity interest in acquiree	8 800
Goodwill recognised on acquisition	14 462
Cash consideration paid	12 174
Cash and cash equivalents acquired	–
Net cash flow in the 2011 financial year	12 174

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition. The group recognised the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. As a result of the transaction, a loss of R2 098 000 was recognised in "marketing, administration and other expenses".

	Fair value R000	Acquiree's carrying amount R000
The assets and liabilities arising from the acquisition are as follows:		
Intangible assets	17 600	–
Deferred income tax	(4 928)	–
	12 672	–

The revenue, included in the consolidated income statement since 1 March 2010, contributed by PSG Konsult Insurance Solutions (Proprietary) Limited was R7 213 000 for the 2011 financial year. PSG Konsult Insurance Solutions (Proprietary) Limited also contributed profit of R7 213 000 over the same period.

36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*

36.3 Subsidiaries acquired *(continued)*

iv) PSG Konsult Corporate Limited

Effective 1 March 2010, PSG Konsult Limited acquired an additional 25% interest in this financial services company for a consideration of R1 095 000, raising its effective interest to 74%.

	GROUP 2011 R000
Details of the net assets acquired and goodwill are as follows:	
Cash paid	1 095
Total purchase consideration	1 095
Less: Fair value of net assets acquired	20 323
Plus: Non-controlling interest	352
Plus: Acquisition date fair value of the acquirer's previously held equity interest in the acquiree	662
Goodwill recognised on acquisition	22 432
Cash consideration paid	1 095
Cash and cash equivalents acquired	(4 938)
Net cash flow in the 2011 financial year	(3 843)

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition. The group recognised the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. As a result of the transaction, a profit of R1 980 000 was recognised in "other income".

	Fair value R000	Acquiree's carrying amount R000
The assets and liabilities arising from the acquisition are as follows:		
Property and equipment	1 940	–
Intangible assets	27 216	–
Loans and advances	4 256	4 256
Deferred income tax asset	283	–
Receivables	2 683	2 683
Cash and cash equivalents	4 938	4 938
Deferred income tax liabilities	(7 431)	–
Borrowings	(29 233)	(29 233)
Trade and other payables	(24 642)	(24 642)
Current income tax liability	(333)	–
	(20 323)	(41 998)

The revenue, included in the consolidated income statement since 1 March 2010, contributed by PSG Konsult Corporate Limited was R83 834 000 for the 2011 financial year. PSG Konsult Corporate Limited also contributed profit of R10 027 000 over the same period.

36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*

36.3 Subsidiaries acquired *(continued)*

v) AdviceAtWork (Proprietary) Limited

Effective 1 March 2010, PSG Konsult Limited (through its subsidiary PSG Konsult Corporate Limited) acquired the business in this financial services company at a cost of R11 954 000. The purchase consideration is payable on 31 May 2012 and carries interest at prime.

	GROUP 2011 R000
Details of the net assets acquired and goodwill are as follows:	
Cash due	11 954
Total purchase consideration	11 954
Less: Fair value of net assets acquired	5 039
Goodwill recognised on acquisition	6 915

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition.

	Fair value R000	**Acquiree's carrying amount R000**
The assets and liabilities arising from the acquisition are as follows:		
Intangible assets	6 999	–
Deferred income tax	(1 960)	–
	5 039	–

The revenue, included in the consolidated income statement 1 March 2010, contributed by the business of AdviceAtWork (Proprietary) Limited was R12 690 000 for the 2011 financial year. The business of AdviceAtWork (Proprietary) Limited also contributed profit (before amortisation, finance cost and corporate expenses) of R3 428 000 over the same period.

36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*

36.3 Subsidiaries acquired *(continued)*

vi) NNB Financial Services (Proprietary) Limited

Effective 1 November 2010, PSG Konsult Limited (through its subsidiary PSG Konsult Corporate Limited) acquired the business in this financial services company for a consideration of R15 000 000.

An initial payment of R7 500 000 was made on 1 November 2010, with a second and third payment of R3 750 000 on 1 November 2011 and 1 May 2012 respectively. The final purchase price may be adjusted if the profit warranty is not fulfilled on 1 May 2012. At the reporting date, it is estimated that the full profit warranty will be met, and therefore the fair value of the deferred consideration is equal to the carry value.

	GROUP 2011 R000
Details of the net assets acquired and goodwill are as follows:	
Cash paid	7 500
Cash due	7 500
Total purchase consideration	15 000
Less: Fair value of net assets acquired	7 189
Goodwill recognised on acquisition	7 811
Cash consideration paid	7 500
Cash and cash equivalents acquired	–
Net cash flow in the 2011 financial year	7 500
Cash consideration paid	3 214
Cash consideration paid – interest	–
Net cash flow in the 2012 financial year	3 214

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition.

	Fair value **R000**	**Acquiree's carrying amount** **R000**
The assets and liabilities arising from the acquisition are as follows:		
Intangible assets	9 697	–
Property and equipment	207	207
Deferred income tax	(2 715)	–
	7 189	207

The revenue, included in the consolidated income statement, contributed by the business of NNB Financial Services (Proprietary) Limited was R1 228 000 for the 2011 financial year. The business of NNB Financial Services (Proprietary) Limited also contributed profit (before amortisation, finance cost and corporate expenses) of R255 000 over the same period.

Had the business of NNB Financial Services (Proprietary) Limited been consolidated from 1 March 2010, the consolidated income statement would have shown revenue of R6 238 000 and profit (before amortisation, finance cost and corporate expenses) of R2 440 000 for the 2011 financial year.

36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*

36.3 Subsidiaries acquired *(continued)*

vii) PSG Prime (Proprietary) Limited

Effective 1 March 2010, PSG Konsult Limited (through its subsidiary Online Securities Limited) acquired a 100% interest in this financial services company for a consideration of R16,7 million from PSG Fund Management (Proprietary) Limited. The IFRS on business combinations (IFRS 3) does not apply to this business combination, as it is effected between parties that are ultimately controlled by PSG Group Limited, otherwise known as a common control transaction. The company has elected to apply "predecessor accounting". Refer to note 41 for further explanation of the accounting policy.

	GROUP 2011 R000
Details of the net assets acquired are as follows:	
Cash paid	8 350
PSG Konsult Limited ordinary shares issued	4 033
Cash due (paid in full before year-end)	4 317
Total purchase consideration	16 700
Less: Net assets acquired at carrying value	(5 251)
Increase in common control reserve on 1 March 2010	(11 449)
Cash consideration paid	12 667
Cash and cash equivalents acquired	(4 317)
Net cash flow in the 2011 financial year	8 350

The difference between the consideration given and the predecessor values are recognised directly in equity in a common control reserve. As a result, no goodwill is recognised on acquisition.

	GROUP 2011 R000
The assets and liabilities arising from the acquisition are as follows:	
Property and equipment	108
Intangible assets	11
Investment in associated companies	4 000
Deferred income tax asset	30
Receivables	140
Cash and cash equivalents	4 317
Current income tax asset	6
Borrowings	(997)
Trade and other payables	(2 364)
Total identifiable net assets	5 251

The revenue, included in the consolidated income statement, contributed by PSG Prime (Proprietary) Limited was R12 294 000 for the 2011 financial year. PSG Prime (Proprietary) Limited also contributed profit of R4 596 000 over the same period.

36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*

36.3 Subsidiaries acquired *(continued)*

Summary of cash flows for the year ending 29/28 February:

	GROUP 2012 R000	GROUP 2011 R000
Acquisitions in 2012		
i) PSG Asset Management Holdings (Proprietary) Limited	**(256 249)**	–
ii) iHound (Proprietary) Limited	**1 253**	–
iii) Pleroma Insurance Brokers Group	**15 500**	–
iv) EFS Investment Solutions (Proprietary) Limited (Equinox)	**23 163**	–
v) Triumviri Financial Advisors (Proprietary) Limited	**508**	–
vi) Agri Wilson Makelaars BK	**1 889**	–
vii) Acquisition of hedge funds and unit trusts	**(43 437)**	–
viii) Various books of business acquired	**12 000**	–
Acquisitions in 2011		
i) Bouwer Collins Insurance Brokers (Proprietary) Limited	**8 896**	7 404
ii) Diagonal Street Financial Services (Proprietary) Limited	**18 237**	38 597
iii) PSG Konsult Insurance Solutions (Proprietary) Limited	**–**	12 174
iv) PSG Konsult Corporate Limited	**–**	(3 843)
v) AdviceAtWork (Proprietary) Limited	**–**	–
vi) NNB Financial Services (Proprietary) Limited	**3 214**	7 500
vii) PSG Prime (Proprietary) Limited	**–**	8 350
Acquisitions in 2010		
i) Tlotlisa Securities (Proprietary) Limited (T-Sec)	**–**	21 648
	(215 026)	91 830

36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*

36.4 Disposal of subsidiaries

i) PSG Active Fund Services Limited (Guernsey)

The group, through its subsidiary PSG Asset Management Holdings (Proprietary) Limited, sold its interest in PSG Active Fund Services Limited (Guernsey) on 1 May 2011 to the minority shareholder for a consideration of R440 000. The company was derecognised as a subsidiary from this date.

GROUP	Total 2012 R000
Net assets of subsidiary sold	
Property and equipment	13
Receivables	2 483
Cash and cash equivalents	1 393
Trade and other payables	(1 295)
Net assets of subsidiary sold	2 594
Non-controlling interest	(1 294)
Loss on disposal of subsidiary	(860)
Total cash consideration received	440
Cash and cash equivalents of subsidiary	(1 393)
Net cash flow on disposal of subsidiary	(953)

ii) PSG Absolute Investments (Proprietary) Limited

The group, through its subsidiary PSG Asset Management Holdings (Proprietary) Limited, sold its interest in PSG Absolute Investments (Proprietary) Limited on 1 November 2011 to the minority shareholders for a consideration of R7 358 000. As part of the transaction, PSG Asset Management Holdings (Proprietary) Limited bought out the minorities of PSG South Easter Fund Management (Proprietary) Limited. The Group now has a 100% interest in PSG South Easter Fund Management (Proprietary) Limited.

Net assets of subsidiary sold	
Property and equipment	262
Intangible assets	1 313
Unit-linked investments	9 313
Receivables	1 963
Cash and cash equivalents	821
Trade and other payables	(5 077)
Deferred income tax	1 666
Net assets of subsidiary sold	10 261
Non-controlling interest	(4 033)
Profit on disposal of subsidiary	1 130
Total cash consideration received	7 358
Cash and cash equivalents of subsidiary	(821)
Net cash flow on disposal of subsidiary	6 537

36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*

36.4 Disposal of subsidiaries ***(continued)***

iii) Disposal of hedge funds and unit trusts

The Group deconsolidated the Alphen Equity Builder Fund and the PSG Multi-Strategy Fund during the current financial year as the percentage interest held in these funds fell below the 50% and the 25% thresholds respectively.

GROUP	Total 2012 R000
Net assets of subsidiaries sold	
Equity securities	**64 799**
Unit-linked investments	**10 670**
Receivables	**4 083**
Cash and cash equivalents	**127**
Third-party liabilities arising on consolidation of mutual funds	**(37 016)**
Trade and other payables	**(4 529)**
Net asset value	**38 134**
Transfer to investments in unit-linked investments	**(38 134)**
Total cash consideration received	**–**
Less: Cash and cash equivalents sold	**(127)**
Net cash flow on disposal of subsidiary	**(127)**

36.5 Acquisition of investments in associated companies

Acquisition of investments in associated companies for the year ended 29 February 2012

i) Woodwind (Proprietary) Limited

The group acquired a 30% shareholding in Woodwind (Proprietary) Limited for a consideration of R30 with effect 1 March 2011. This company is start-up in nature and therefore no intangible assets or goodwill were identified on acquisition.

ii) Finplanning (Proprietary) Limited

The group acquired a 10% shareholding in Finplanning (Proprietary) Limited through the investment in PSG Asset Management Holdings (Proprietary) Limited on 1 March 2011. The shareholding was, however, disposed of during the current year for a consideration of R500 000.

Acquisition of investments in associated companies for the year ended 28 February 2011

i) iHound (Proprietary) Limited

Effective 1 March 2010, the group acquired a 20% shareholding in iHound (Proprietary) Limited for a consideration of R2 000 000. No intangible assets were identified on acquisition in terms of IFRS 3R. Goodwill included in the carrying amount was R1 113 000.

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
36. NOTES TO THE STATEMENTS OF CASH FLOWS *(continued)*				
36.6 Cash and equivalents at end of year				
Cash and short-term funds	**358 637**	279 825	**10 242**	7 665
Bank overdrafts	**(45)**	(149)	**–**	–
	358 592	279 676	**10 242**	7 665

37. EVENTS AFTER THE REPORTING DATE

No event material to the understanding of these results has occurred between the end of the reporting period and the date of approval of the results other than as disclosed below:

The group has concluded a transaction whereby it will acquire an interest in Western Group Limited, a short-term insurance company, subject to the fulfilment of certain conditions precedent.

COMPANY	Proportion held directly or indirectly by holding company 2012 %	2011 %	Issued share capital 2012 R	2011 R	Cost of investment 2012 R000	2011 R000
38. INTERESTS IN SUBSIDIARIES						
PSG Konsult Financial Planning (Proprietary) Limited	**100**	100	**101**	101	**29 294**	29 294
(Financial and investment planning and advice and stockbroking)						
PSG Konsult Securities (Proprietary) Limited	**100**	100	**200 001**	200 001	**–**	–
(Financial and investment planning and advice and stockbroking)						
PSG Konsult Trust (Proprietary) Limited	**100**	100	**111**	111	**714**	714
(Provision of holistic fiduciary advisory services)						
PSG Konsult Academy (Proprietary) Limited	**100**	100	**120**	120	**1 907**	1 907
(Learning academy and related activities)						
PSG Konsult Management Services (Proprietary) Limited	**100**	100	**100**	100	**–**	–
(Provision of corporate and financial administrative and advisory services)						
PSG Konsult (Namibia) (Proprietary) Limited	**51**	51	**300 000**	300 000	**2 400**	2 400
(Investment management, insurance and investment brokers, financial planning and advice)						
Topexec Management Bureau (Proprietary) Limited	**100**	100	**200**	200	**43 781**	43 781
(Administration services short-term insurance)						
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	**100**	100	**201**	201	**140 427**	140 427
(Short-term insurance advice and products)						
PSG Online Solutions (Proprietary) Limited	**100**	100	**100**	100	**–**	–
(Internet and investor education company that provides a platform for internet-based share trading)						
Crest Constantia Management Services (Proprietary) Limited	**100**	100	**200**	200	**22 488**	22 488
(Investment holding company)						
PSG Konsult Verre-Noord (Proprietary) Limited	**–**	100	**–**	300	**–**	–
(Investment management, insurance and investment brokers, financial planning and advice)						

COMPANY	Proportion held directly or indirectly by holding company 2012 %	2011 %	Issued share capital 2012 R	2011 R	Cost of investment 2012 R000	2011 R000
38. INTERESTS IN SUBSIDIARIES *(continued)*						
PSG Konsult Nucleus (Proprietary) Limited	**60**	60	**54 000**	54 000	**923**	923
(Investment management, insurance and investment brokers, financial planning and advice)						
PSG Konsult Vereeniging (Proprietary) Limited	**–**	100	**–**	240	**–**	–
(Investment management, insurance and investment brokers, financial planning and advice)						
PSG Konsult Optimum (Proprietary) Limited	**51**	51	**200**	200	**2 599**	2 599
(Investment management, insurance and investment brokers, financial planning and advice)						
PSG Konsult Brokers UK Limited	**100**	100	**198**	198	**9 599**	9 599
(Investment management, insurance and investment brokers, financial planning and advice)						
Online Securities Limited	**100**	100	**100**	100	**180 106**	180 106
(Stockbroking)						
Abrafield (Proprietary) Limited	**100**	100	**100**	100	**–**	–
(Property management)						
PSG Nominees (Proprietary) Limited	**100**	100	**100**	100	**–**	–
(Nominee company)						
PSG Konsult Nylstroom (Proprietary) Limited	**51**	51	**200**	200	**–**	–
(Investment management, insurance and investment brokers, financial planning and advice)						
PSG Konsult Warmbad (Proprietary) Limited	**51**	51	**100**	100	**–**	–
(Investment management, insurance and investment brokers, financial planning and advice)						
PSG Konsult Ellisras (Proprietary) Limited	**51**	51	**500**	500	**–**	–
(Investment management, insurance and investment brokers, financial planning and advice)						

COMPANY	Proportion held directly or indirectly by holding company 2012 %	2011 %	Issued share capital 2012 R	2011 R	Cost of investment 2012 R000	2011 R000
38. INTERESTS IN SUBSIDIARIES *(continued)*						
PSG Konsult Potgietersrus (Proprietary) Limited	**71**	100	**116 500**	116 500	**–**	–
(Investment management, insurance and investment brokers, financial planning and advice)						
PSG Konsult Insurance Solutions (Proprietary) Limited	**65**	65	**300**	300	**12 174**	12 174
(Short-term underwriting business)						
PSG Konsult Corporate Limited	**74**	74	**1 000**	1 000	**1 101**	1 095
(Healthcare, brokerage and administration)						
(Short-term underwriting business)						
Delerus (Proprietary) Limited	**100**	100	**100**	100	**–**	–
(Debtor financing)						
PSG Asset Management Holdings (Proprietary) Limited	**100**	–	**120**	–	**506 867**	–
(Investment holding company)						
PSG Asset Management (Proprietary) Limited	**100**	–	**2 797 121**	–	**–**	–
(Local asset management services)						
PSG South Easter Fund Management (Proprietary) Limited	**100**	–	**128**	–	**–**	–
(Hedge fund business)						
PSG Asset Management Group Services (Proprietary) Limited	**100**	–	**1 351**	–	**–**	–
(Provision of corporate and financial administrative and advisory services)						
PSG Collective Investments Limited	**100**	–	**50 099**	–	**–**	–
(Management company of local unit trusts)						
PSG Fund Management (CI) Limited (Guernsey)	**100**	–	**102 824**	–	**–**	–
(Management company of offshore unit trusts)						
PSG Asset Management Life Limited	**100**	–	**300 000**	–	**–**	–
(Linked insurance company)						
PSG Wealth Nominees (Proprietary) Limited	**100**	–	**100**	–	**–**	–
(Nominee company)						

	Proportion held directly or indirectly by holding company		Issued share capital		Cost of investment	
	2012	2011	**2012**	2011	**2012**	2011
COMPANY	**%**	%	**R**	R	**R000**	R000
38. INTERESTS IN SUBSIDIARIES *(continued)*						
PSG Asset Management Administration Services (Proprietary) Limited	**100**	–	**100**	–	**–**	–
(LISP functionality)						
PSG Asset Management Nominees (Proprietary) Limited	**100**	–	**100**	–	**–**	–
(Nominee company)						
					954 380	447 507

The company's interest in attributable income and losses of subsidiaries amounts to R177 985 000 (2011: R116 537 000) and R9 319 000 (2011: R3 212 000) respectively.

All of the above companies are incorporated in the Republic of South Africa, except for PSG Konsult Namibia (Proprietary) Limited which is incorporated in Namibia, PSG Konsult Brokers UK Limited which is incorporated in the United Kingdom and PSG Fund Management (CI) Limited (Guernsey) which is incorporated in Guernsey. Further details of investments are available at the registered offices of the relevant group companies.

39. SEGMENT REPORTING

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. The operating segments identified are representive of the internal reporting structure of the group, and are reviewed on a monthly basis.

The composition of the reportable segment was changed during the current financial year due to the change in the internal reporting structure, with the incorporation of PSG Asset Management Holdings (Proprietary) Limited, and the monthly reporting to the EXCO.

The three reportable segments identified up to 28 February 2011, as disclosed previously:
- Stockbroking and portfolio management
- Financial planning and investments
- Short-term insurance and administration

The group is now organised into five reportable segments, namely:
- PSG Konsult Financial Planning
- PSG Konsult Corporate
- PSG Online
- PSG Asset Management
- PSG Insure

39. SEGMENT REPORTING *(continued)*

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 sector markets, providing employer groups with a total solution with regard to their financial planning and advisory needs, risk and 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 stockbroking 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, retirement and structured products.

PSG Insure – The segment includes the operations of Topexec Management Bureau (Proprietary) Limited, PSG Konsult's short-term insurance administrator and related short-term insurance activities with leading insurers.

The EXCO considers the performance of reportable segments based on total income as a measure of growth and headline earnings as a measure of profitability.

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

The segment information provided to the EXCO for the reportable segments for the year ended 29 February 2012 is as follows:

Income	PSG Konsult Financial Planning R000	PSG Konsult Corporate R000	PSG Online R000	PSG Asset Management R000	PSG Insure R000	Total R000
Total segment income	786 109	114 867	279 508	549 541	115 642	1 845 667
Inter-segment income	(222 283)	(3 969)	(37 753)	(9 926)	(2 688)	(276 619)
Income from external customers	563 826	110 898	241 755	539 615	112 954	1 569 048
Unallocated segments						25 813
Total income						1 594 861
Headline earnings						
Headline earnings per segment	82 856	11 716	29 648	54 371	5 404	183 995
Unallocated segments						(21 713)
Total headline earnings						162 282

39. SEGMENT REPORTING *(continued)*

The segment information provided to the EXCO for the reportable segments for the year ended 28 February 2011 was as follows:

Income	PSG Konsult Financial Planning R000	PSG Konsult Corporate R000	PSG Online R000	PSG Asset Management R000	PSG Insure R000	Total R000
Total segment income	711 073	72 852	250 973	–	127 371	1 162 269
Inter-segment income	(111 231)	(6 855)	(26 322)	–	(14 176)	(158 584)
Income from external customers	599 842	65 997	224 651	–	113 195	1 003 685
Unallocated segments						14 426
Total income						1 018 111
Headline earnings						
Headline earnings per segment	66 571	10 916	25 054	–	3 907	106 448
Unallocated segments						(14 938)
Total headline earnings						91 510

The amounts disclosed under "Unallocated segments" comprise those segments which do not qualify as reportable segments per definition as stated in IFRS 8. The headline earnings figure disclosed for unallocated segments mainly comprises costs incurred in respect of the PSG Konsult Group's treasury function, executive management, training and corporate expenses. The comparative figures have been adjusted to reflect the new reportable segments.

The group mainly operates in the Republic of South Africa, with 98,7% (2011: 98,4%) of the total income from external customers generated in the Republic of South Africa.

40. FINANCIAL RISK MANAGEMENT

General

Risk management is a priority issue because it affects every part of the business. It is a pre-emptive process that allows the group to assess and analyse risk in an integrated fashion, identifying potential areas in advance and then proactively create processes and measures for compliance. We believe that risk management is key in ensuring the sustainability of the business model.

Fundamentally, the board's responsibility in managing risk is to protect the interests of all of the group's stakeholders, being the shareholders, policyholders, employees and related parties. It fully accepts responsibility for risk management and internal controls, and in so doing the board has deployed a number of control mechanisms to prevent and mitigate the potential impact of risk.

The primary responsibility for risk management at an operational level rests with the executive committee (EXCO). Management and various specialist board committees are tasked with integrating the management of risk into the day-to-day activities of the group.

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by each major entity within the group under policies approved by the respective boards of directors. Each entity identifies, evaluates and utilises economic hedges to hedge financial risks as appropriate. Each major entity's board of directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

Financial instruments are grouped into the following classes in order to facilitate effective financial risk management and disclosure in terms of IFRS 7 Financial Instruments: Disclosures. The sensitivity analyses presented below are based on reasonable possible changes in market variables for equity prices, interest rates and foreign exchange rates for the group.

		GROUP	
		2012	2011
		R000	R000
40.	FINANCIAL RISK MANAGEMENT *(continued)*		
	CLASSES OF FINANCIAL ASSETS		
	Other quoted equity securities	**8 770**	–
	Investments linked to investment contracts	**865 353**	–
	Total quoted equity securities	**874 123**	–
	Unquoted equity securities	**845**	345
	Total unquoted equity securities	**845**	345
	Total equity securities	**874 968**	345
	Direct debt securities – quoted	**47 704**	–
	Debt securities linked to investment contracts	**1 734 705**	–
	Total quoted debt securities	**1 782 409**	–
	Debt securities linked to investment contracts	**266 333**	–
	Total unquoted debt securities	**266 333**	–
	Total debt securities	**2 048 742**	–
	Direct unit-linked investments – quoted	**30 877**	–
	Investments linked to investment contracts – quoted	**3 471 531**	–
	Total quoted unit-linked investments	**3 502 408**	–
	Direct unit-linked investments – unquoted	**1 605**	–
	Investments linked to investment contracts – unquoted	**1 715 161**	–
	Total unquoted unit-linked investments	**1 716 766**	–
	Total unit-linked investments	**5 219 174**	–
	Investment in investment contracts	**994 380**	–

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
40. FINANCIAL RISK MANAGEMENT *(continued)*				
CLASSES OF FINANCIAL ASSETS				
Unsecured loans	**67 529**	41 583	**–**	–
Unsecured loans to related parties	**–**	–	**61 545**	66 659
Total loans and advances	**67 529**	41 583	**61 545**	66 659
Equity traded derivatives	**9 532**	6 023		
Total derivative financial assets	**9 532**	6 023		
Trade receivables	**64 146**	42 404	**10**	10
Brokers and clearing houses	**2 252 659**	68 786	**–**	–
Contracts for difference	**21 469**	16 846	**–**	–
Receivables due from related parties	**22 147**	7 957	**158 225**	116 158
Rental and other deposits and sundry debtors	**2 403**	2 207	**–**	–
Total receivables	**2 362 824**	138 200	**158 235**	116 168
Loans to associated companies	**8 932**	6 264		
Cash and cash equivalents	**358 637**	279 825	**10 242**	7 665
Total financial assets – IFRS 7	**11 944 718**	472 240	**230 022**	190 492
CLASSES OF FINANCIAL LIABILITIES				
Bank borrowings and overdrafts	**46**	30 199	**1**	30 050
Secured loans	**115 438**	105 652	**81 484**	74 732
Finance leases	**1 079**	1 500	**–**	–
Promissory notes	**58 602**	47 053	**58 602**	47 053
Related-party loans	**539**	21 862	**143 297**	98 056
Other short-term loans	**2 974**	3 421	**–**	–
Total borrowings	**178 678**	209 687	**283 384**	249 891
Equity traded derivatives	**7 831**	5 988		
Total derivative financial instruments	**7 831**	5 988		
Investment contracts	**9 144 681**	–		
Insurance contracts	**29 949**	–		
Third-party liabilities arising on consolidation of mutual funds	**16 008**	–		

		GROUP 2012 R000	GROUP 2011 R000	COMPANY 2012 R000	COMPANY 2011 R000
40.	FINANCIAL RISK MANAGEMENT *(continued)*				
	Accounts payable and accruals	**2 475 785**	349 303	**17 018**	14 350
	Contracts for difference	**31 336**	23 255	**–**	–
	Purchase consideration payable	**66 809**	71 848	**–**	–
	Other payables	**1 880**	13	**–**	–
	Total trade and other payables	**2 575 810**	444 419	**17 018**	14 350
	Total financial liabilities – IFRS 7	**11 952 957**	660 094	**300 402**	264 241

GROUP	Held-to-maturity R000	Loans and receivables R000	Assets at fair value through profit or loss: Designated R000	Assets at fair value through profit or loss: Held for trading R000	Available-for-sale R000	Total R000
FINANCIAL INSTRUMENTS BY CATEGORY						
Assets as per statement of financial position						
29 February 2012						
Equity securities	**–**	**–**	**874 123**	**–**	**845**	**874 968**
Debt securities	**1 182 806**	**–**	**848 181**	**–**	**17 755**	**2 048 742**
Unit-linked investments	**–**	**–**	**5 205 301**	**–**	**13 873**	**5 219 174**
Investment in investment contracts	**468 500**	**–**	**525 880**	**–**	**–**	**994 380**
Loans and advances *	**–**	**63 935**	**3 594**	**–**	**–**	**67 529**
Loans to associated companies *	**–**	**8 932**	**–**	**–**	**–**	**8 932**
Derivative financial instruments	**–**	**–**	**–**	**9 532**	**–**	**9 532**
Receivables *	**–**	**2 362 824**	**–**	**–**	**–**	**2 362 824**
Cash and cash equivalents *	**–**	**358 637**	**–**	**–**	**–**	**358 637**
	1 651 306	**2 794 328**	**7 457 079**	**9 532**	**32 473**	**11 944 718**
28 February 2011						
Equity securities	–	–	–	–	345	345
Loans and advances *	–	41 583	–	–	–	41 583
Loans to associated companies*	–	6 264	–	–	–	6 264
Derivative financial instruments	–	–	6 023	–	–	6 023
Receivables *	–	138 200	–	–	–	138 200
Cash and cash equivalents *	–	279 825	–	–	–	279 825
	–	465 872	6 023	–	345	472 240

** Carrying value approximates fair value.*

The value of the contracts for difference assets as reflected on the statement of financial position is derived from and corresponds directly with the closing JSE equity market price of the contracts for difference's underlying listed instruments that clients hold.

GROUP	Liabilities at fair value through profit or loss Designated R000	Held for trading R000	Liabilities measured at amortised cost R000	Total R000
Liabilities as per statement of financial position 29 February 2012				
Borrowings *	–	–	178 678	178 678
Derivative financial instruments	–	7 831	–	7 831
Investment contracts	7 479 781	–	1 664 900	9 144 681
Insurance contracts	–	–	29 949	29 949
Third-party liabilities arising on consolidation of mutual funds	16 008	–	–	16 008
Trade and other payables *	66 809	–	2 509 001	2 575 810
	7 562 598	7 831	4 382 528	11 952 957
Liabilities as per statement of financial position 28 February 2011				
Borrowings *	–	–	209 687	209 687
Derivative financial instruments	5 988	–	–	5 988
Trade and other payables *	71 848	–	372 571	444 419
	77 836	–	582 258	660 094

** Carrying value approximates fair value.*

COMPANY	Loans and receivables 2012 R000	2011 R000
FINANCIAL INSTRUMENTS BY CATEGORY		
Assets as per statement of financial position		
Loans to related parties *	61 545	66 659
Receivables *	158 235	116 168
Cash and cash equivalents *	10 242	7 665
	230 022	190 492

COMPANY	Liabilities measured at amortised cost 2012 R000	2011 R000
Liabilities as per statement of financial position		
Borrowings *	283 384	249 891
Trade and other payables *	17 018	14 350
	300 402	264 241

** Carrying value approximates fair value.*

Investment contracts

A subsidiary of the group, PSG Asset Management Life Limited, is a linked insurance company and issues linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the supporting assets), and as such does not expose the business to the market risk of fair value adjustments on the financial asset as this risk is assumed by the policyholder. Investment contracts included within financial liabilities on the statement of financial position are therefore fully matched by investments as analysed in note 19.

40. FINANCIAL RISK MANAGEMENT *(continued)*

Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices and foreign currency exchange rates.

Policyholders' and shareholders' investments are valued at fair value and are therefore susceptible to market fluctuations.

With regard to the subsidiary, PSG Asset Management Life Limited, this company only invests assets into portfolios that are exposed to market price risk that matches linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the supporting assets), and as such does not expose the business to the market risk of fair value adjustments on the financial 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 do fluctuate, but cannot be less than nil.

Price risk

The group is exposed to price risk due to changes in the market values of its quoted and unquoted equity securities and unit-linked investments held by the group and classified on the consolidated statement of financial position either as available-for-sale or at fair value through profit or loss. Although the group follows a policy of diversification, some concentration of price risk towards certain sectors does exist and is analysed in the following table:

GROUP **Sector composition of quoted equity securities**	**2012** **R000**	2011 R000
Banks	**36 825**	–
Basic resources	**118 372**	–
Chemicals	**7 664**	–
Construction & materials	**804**	–
Financial services	**30 158**	–
Food & beverages	**23 205**	–
Healthcare	**9 803**	–
Industrial goods & services	**32 878**	–
Insurance	**27 450**	–
Media	**574**	–
Oil & gas	**31 818**	–
Personal & household goods	**46 722**	–
Property	**62 036**	–
Retail	**44 863**	–
Satrix 40	**345 085**	–
Technology	**4 888**	–
Telecommunications	**40 795**	–
Travel & leisure	**10 183**	–
	874 123	–

Included in the group quoted equity securities are those equity securities relating to:

- investments in linked investment contracts amounting to R858 906 000 (2011: Rnil); and
- equity securities relating to third-party liabilities arising on consolidation of mutual funds amounting to R6 598 000 (2011: Rnil).

40. FINANCIAL RISK MANAGEMENT *(continued)*

The price risk of these instruments is carried by the policyholders of the linked investment contracts and the third-party mutual fund investors, respectively.

Included in unit-linked investments are investments linked to investment contracts amounting to approximately R3 471 531 000 (2011: Rnil) of which the price risk is also carried by the policyholders of the linked investment contracts. Therefore a movement in the individual share prices of the aforementioned investments would not have an impact on the group's profit after taxation but would decrease or increase the corresponding liabilities with the same amount.

The table below summarises the sensitivity of the group's post-tax net profit for the year as a result of market price fluctuations. The analysis is based on the assumption that marked-to-market prices increase/decrease by 20% (2011: 20%) with all other variables held constant.

GROUP	**2012 20% increase R000**	2011 20% increase R000	**2012 20% decrease R000**	2011 20% decrease R000
Impact on post-tax profit	**2 814**	–	**(2 814)**	–
Impact on equity	**2 257**	–	**(2 257)**	–

The group enters into contracts for difference with clients whereby the group provides leveraged exposure to equities specified by the client. The holders of the contracts for difference carry the price risk of these instruments and therefore a movement in the individual share prices would not have an impact on the group's profit after taxation but would result in a corresponding movement in the value of the contracts for difference liabilities.

Foreign exchange risk

The group has limited investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Transactions incurred by the group did not lead to a significant foreign exchange risk. The group does not take cover on foreign currency transactions and balances.

Almost all of the group's subsidiaries have the South African rand as functional currency. The group's financial assets and liabilities denominated in foreign currency other than the functional currency are analysed according to geographical area in the following table:

40. FINANCIAL RISK MANAGEMENT *(continued)*

GROUP	Africa R000	UK R000	US R000	Europe R000	Asia R000	Total R000
At 29 February 2012						
Financial assets						
Equity securities *	–	1 624	1 157	1 067	–	3 848
Debt securities *	–	–	1 459	332	12 305	14 096
Unit-linked investments *	338	14 419	120 496	21 271	5 326	161 850
Investment in investment contracts *	–	6 200	57 715	3 185	–	67 100
Loans and advances	–	2 021	–	–	–	2 021
Receivables	–	9 662	2 805	305	–	12 772
Cash and cash equivalents	–	175	789	276	–	1 240
Financial liabilities						
Trade and other payables	(15)	(169)	(1 651)	(250)	–	(2 085)
Borrowings	(1 002)	–	–	–	–	(1 002)
	(679)	33 932	182 770	26 186	17 631	259 840

GROUP	Africa R000	UK R000	US R000	Europe R000	Asia R000	Total R000
At 28 February 2011						
Financial assets						
Loans and advances	–	1 518	–	–	–	1 518
Receivables	–	128	–	–	–	128
Cash and cash equivalents	–	188	402	–	–	590
Financial liabilities						
Trade and other payables	–	(519)	–	–	–	(519)
Borrowings	–	(2 256)	–	–	–	(2 256)
	–	(941)	402	–	–	(539)

** Linked to policyholder investments and as such does not directly expose the group to foreign currency risk.*

COMPANY	Africa R000	UK R000	US R000	Europe R000	Asia R000	Total R000
At 29 February 2012						
Financial assets						
Loans and advances	–	1 245	–	–	–	1 245
At 28 February 2011						
Financial assets						
Loans and advances	–	1 175	–	–	–	1 175

40. FINANCIAL RISK MANAGEMENT *(continued)*

The table below shows the sensitivity of post-tax profits of the group and company to a 20% (2011: 20%) move in the rand exchange rates.

GROUP	**2012 20% appreciation R000**	2011 20% appreciation R000	**2012 20% depreciation R000**	2011 20% depreciation R000
Impact on post-tax profit	**(2 919)**	78	**2 919**	(78)
COMPANY				
Impact on post-tax profit	**179**	169	**(179)**	(169)

Cash flow and fair value interest rate risk

The group and company's interest rate risk arises from interest-bearing investments, loans and advances, receivables, cash and cash equivalents, long-term borrowings and trade and other payables. Borrowings and investments issued at variable rates expose the group to cash flow interest rate risk. Borrowings and investments issued at fixed rates expose the group to fair value interest rate risk. However, where the investments are held to back linked investment contract liabilities, the risk is transferred to the policyholders through the contract terms of the policy.

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	R000	R000	**R000**	R000
40. FINANCIAL RISK MANAGEMENT *(continued)*				
Loans to associated companies				
Floating rate	**6 565**	6 086	**–**	–
Fixed rate	**1 060**	–	**–**	–
	7 625	6 086	**–**	–
Debt securities *				
Floating rate	**632 454**	–	**–**	–
Fixed rate	**1 416 288**	–	**–**	–
	2 048 742	–	**–**	–
Unit-linked investments **				
Floating rate	**5 121**	–	**–**	–
Fixed rate	**14 285**	–	**–**	–
	19 406	–	**–**	–
Loans and advances				
Floating rate	**56 346**	31 042	**89 457**	94 795
Fixed rate	**217**	312	**–**	–
	56 563	31 354	**89 457**	94 795
Receivables				
Floating rate	**–**	17 413	**–**	–
Fixed rate	**–**	–	**–**	–
	–	17 413	**–**	–
Cash and cash equivalents ***				
Floating rate	**358 508**	279 468	**10 242**	7 665
Borrowings				
Floating rate	**(84 476)**	(111 413)	**(98 700)**	(92 966)
Fixed rate	**(90 687)**	(86 355)	**(89 608)**	(84 854)
	(175 163)	(197 768)	**(188 308)**	(177 820)
Trade and other payables				
Floating rate	**(36 459)**	(70 418)	**–**	–
Fixed rate	**(20 094)**	(12 113)	**–**	–
	(56 553)	(82 531)	**–**	–
Total				
Floating rate	**938 059**	152 178	**999**	9 494
Fixed rate	**1 321 069**	(98 156)	**(89 608)**	(84 854)
	2 259 128	54 022	**(88 609)**	(75 360)

* *Debt securities of R2 001 038 000 (2011: Rnil) are linked to policyholder investments and as such do not directly expose the group to interest rate risk.*

** *Unit-linked investments only consist of shareholders' assets in PSG Asset Management Life Limited.*

*** *Cash and cash equivalents of R97 218 000 (2011: Rnil) are linked to policyholder investments and as such do not directly expose the group to interest rate risk.*

The group manages its cash flow interest rate risks by monitoring interest rates on a regular basis.

40. FINANCIAL RISK MANAGEMENT *(continued)*

Based on simulations performed, the impact on post-tax profit of a 1% (2011: 2%) shift in interest rates is analysed in the following table and includes the effect of the interest rate hedge:

GROUP	**2012 1% increase R000**	2011 2% increase R000	**2012 1% decrease R000**	2011 2% decrease R000
Impact on post-tax profit	**2 579**	2 191	**(2 579)**	(2 191)
COMPANY				
Impact on post-tax profit	**7**	137	**(7)**	(137)

Credit risk

Credit risk arises from the inability or unwillingness of a counterparty to a financial instrument to discharge its contractual obligations. Credit risk comprises default, settlement and migration risk (if credit ratings change).

Credit risk arises from cash and cash equivalents, derivative financial instruments, loans and advances, investments in debt securities, investment in investment contracts, unit-linked investments and receivables. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. In the case of loans and advances, management would take or insist on collateral or other form of securitisation as they deem fit.

The value of policy benefits on linked business is directly linked to the fair value of the supporting asset, and as such the group does not assume any credit risk on the linked policyholder assets, although it has a responsibility to manage these assets properly within set mandates.

Investments linked to guaranteed investment contracts

The group, through its subsidiary, PSG Asset Management Life Limited, sell five-year single premium policies where the company guarantees a maturity amount that will be paid out in five years' time. Assets are purchased by this company to fully match the liability that will be payable at maturity. However, the company takes credit risk in that should the counterparty not make good the amount owned at maturity of the policy, PSG Asset Management Life Limited will have to stand in for the liability guaranteed.

To manage this risk, assets purchased needs to be authorised by the investments committee and the board of PSG Asset Management Life Limited, as well as the credit committee and also the executive committee of the holding company, being PSG Konsult Limited. In order to make the decision, a report is received from an independent party setting out pertinent financial information relating to the institution to which the company will be exposed. Should the risk be too high in the judgement of these various committees, collateral will be requested from the counterparty to reduce this risk. At year-end the assets backing the guaranteed liabilities were purchased, and the underlying assets purchased were ceded to the company in order to mitigate its credit risk. The ultimate credit risk is therefore reviewed by looking through to the ceded assets. Collateral purchased in shares and guarantees provided to the value of R554 420 000 (2011: Rnil).

40. FINANCIAL RISK MANAGEMENT *(continued)*

The table below shows the group's and company's maximum exposure to credit risk by class of asset.

GROUP	2012 Balance R000	2012 Collateral fair value R000	2011 Balance R000	2011 Collateral fair value R000
Debt securities	**2 048 742**	**554 420**	–	–
Investment in investment contracts	**994 380**	**–**	–	–
Loans and advances	**67 529**	**–**	41 583	–
Unit-linked investments	**5 219 174**	**–**	–	–
Derivative financial instruments	**9 532**	**–**	6 023	–
Receivables	**2 362 824**	**–**	138 200	–
Loans to associated companies	**8 932**	**–**	6 264	–
Cash and cash equivalents	**358 637**	**–**	279 825	–
	11 069 750	**554 420**	471 895	–

COMPANY	2012 Balance R000	2012 Collateral fair value R000	2011 Balance R000	2011 Collateral fair value R000
Loans and advances	**61 545**	**–**	66 659	–
Receivables	**158 235**	**–**	116 168	–
Cash and cash equivalents	**10 242**	**–**	7 665	–
	230 022	**–**	190 492	–

Receivables are tested for impairment using a variety of techniques including assessing credit risk and monthly monitoring of individual debtors. At the reporting date, no receivables (2011: Rnil) were found to be impaired and accordingly no impairment was raised.

Investments in investment contracts are linked to investment contracts and thus credit risk is carried by the policyholders of the linked investment contracts. Debt securities of R2 001 038 000 (2011: Rnil), cash and cash equivalents of R97 218 000 (2011: Rnil) and unit-linked investments of R5 186 692 000 (2011: Rnil) are linked to investment contracts and thus credit risk is carried by the policyholders of the linked investment contracts.

The shareholders' capital in PSG Asset Management Life Limited is primarily invested in preference shares, cash or other highly liquid unit trust investments. Credit risk on these investments is limited, because the counterparties are companies with credit ratings assigned by international credit rating agencies which are not lower than an A credit rating.

Financial assets are assessed based on their credit ratings as published by Moody's. Funds are only invested with financial institutions with a minimum Moody's national rating of A3. Financial assets which fall outside this range are classified as not rated. Credit limits, for each counterparty, are set based on default probabilities that are in turn based on the ratings of the counterparty concerned.

40. FINANCIAL RISK MANAGEMENT *(continued)*

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

GROUP AND COMPANY	**2012 R000**	2011 R000	**2012 R000**	2011 R000
Government stock	**50 234**	–	**–**	–
Aaa	**3 252**	–	**–**	–
Aa2	**223 623**	–	**–**	–
Aa3	**139 960**	–	**–**	–
A1	**463 727**	–	**–**	–
A2	**729 823**	–	**–**	–
A3	**67 086**	–	**–**	–
P1	**511**	272 743	**–**	7 632
P2	**339 690**	–	**10 242**	–
Other non-rated assets	**3 459 148**	192 997	**219 780**	182 860
Unit-linked investments (including collective investment schemes) ("CIS"))	**5 588 883**	2 256	**–**	–
Past due or impaired assets	**3 586**	3 899	**–**	–
	11 069 750	471 895	**230 022**	190 492

40. FINANCIAL RISK MANAGEMENT *(continued)*

The table below analyses the group and company's external credit rating by class of asset:

GROUP	2012 R000	R000	R000	R000
	External credit rating			
	Government stock	Aaa	Aa2	Aa3
Debt securities	50 234	3 252	223 623	139 960
Investment in investment contracts	–	–	–	–
Loans and receivables	–	–	–	–
Derivative financial instruments	–	–	–	–
Receivables	–	–	–	–
Unit-linked investments	–	–	–	–
Loans to associated companies	–	–	–	–
Cash and cash equivalents	–	–	–	–
	50 234	3 252	223 623	139 960

GROUP	2011 R000	R000	R000	R000
	External credit rating			
	Government stock	Aaa	Aa2	Aa3
Loans and receivables	–	–	–	–
Derivative financial instruments	–	–	–	–
Receivables	–	–	–	–
Loans to associated companies	–	–	–	–
Cash and cash equivalents	–	–	–	–
	–	–	–	–

COMPANY	2012 R000	R000	R000	R000
	External credit rating			
	Government stock	Aaa	Aa2	Aa3
Loans and receivables	–	–	–	–
Receivables	–	–	–	–
Cash and cash equivalents	–	–	–	–
	–	–	–	–

COMPANY	2011 R000	R000	R000	R000
	External credit rating			
	Government stock	Aaa	Aa2	Aa3
Loans and receivables	–	–	–	–
Receivables	–	–	–	–
Cash and cash equivalents	–	–	–	–
	–	–	–	–

A1	A2	A3	P1	P2	Unit-linked (incl. CIS)	Other non-rated assets	Past due or impaired assets	Total
				2012				
R000	R000	R000	R000	R000	R000	R000	R000	R000
			External credit rating					
52 257	**723 231**	**67 086**	**–**	**–**	**266 333**	**522 766**	**–**	**2 048 742**
411 470	**–**	**–**	**–**	**–**	**67 100**	**515 810**	**–**	**994 380**
–	**–**	**–**	**–**	**–**	**–**	**66 280**	**1 249**	**67 529**
–	**–**	**–**	**–**	**–**	**–**	**9 532**	**–**	**9 532**
–	**6 592**	**–**	**–**	**9**	**22 366**	**2 331 520**	**2 337**	**2 362 824**
–	**–**	**–**	**–**	**–**	**5 219 174**	**–**	**–**	**5 219 174**
–	**–**	**–**	**–**	**–**	**–**	**8 932**	**–**	**8 932**
–	**–**	**–**	**511**	**339 681**	**13 910**	**4 535**	**–**	**358 637**
463 727	**729 823**	**67 086**	**511**	**339 690**	**5 588 883**	**3 459 375**	**3 586**	**11 069 750**

A1	A2	A3	P1	P2	Unit-linked (incl. CIS)	Other non-rated assets	Past due or impaired assets	Total
				2011				
R000	R000	R000	R000	R000	R000	R000	R000	R000
			External credit rating					
–	–	–	–	–	–	40 306	1 277	41 583
–	–	–	–	–	–	6 023	–	6 023
–	–	–	–	–	–	135 578	2 622	138 200
–	–	–	–	–	–	6 264	–	6 264
–	–	–	272 743	–	2 256	4 826	–	279 825
–	–	–	272 743	–	2 256	192 997	3 899	471 895

A1	A2	A3	P1	P2	Unit-linked (incl. CIS)	Other non-rated assets	Past due or impaired assets	Total
				2012				
R000	R000	R000	R000	R000	R000	R000	R000	R000
			External credit rating					
–	**–**	**–**	**–**	**–**	**–**	**61 545**	**–**	**61 545**
–	**–**	**–**	**–**	**–**	**–**	**158 235**	**–**	**158 235**
–	**–**	**–**	**–**	**10 242**	**–**	**–**	**–**	**10 242**
–	**–**	**–**	**–**	**10 242**	**–**	**219 780**	**–**	**230 022**

A1	A2	A3	P1	P2	Unit-linked (incl. CIS)	Other non-rated assets	Past due or impaired assets	Total
				2011				
R000	R000	R000	R000	R000	R000	R000	R000	R000
			External credit rating					
–	–	–	–	–	–	66 659	–	66 659
–	–	–	–	–	–	116 168	–	116 168
–	–	–	7 632	–	–	33	–	7 665
–	–	–	7 632	–	–	182 860	–	190 492

40. FINANCIAL RISK MANAGEMENT *(continued)*

The credit risk associated with 30,02% (2011: nil%) of non-rated financial assets is assessed by reference to the investment mandates of linked policyholder investments which specify what type of underlying investments can be purchased.

Non-rated financial assets relating to the group consist mainly of balances due from brokers and clearing houses and loans and advances. Balances due from brokers and clearing houses are settled within five days after the transaction occurred in terms of the clearing house rules.

Loans and advances consist mainly of amounts due from financial advisors or other group companies. Amounts due from other group companies are monitored by the holding company to ensure that adequate income is generated by the related company to repay the loan when required. Balances due from financial advisors are also monitored against the income generated by these advisors to ensure sufficient collateral for the amounts owed are available.

The table below gives an age analysis of receivables that are past due but not impaired. The other classes of financial assets do not contain assets that are past due but not impaired.

GROUP	Total R000	0 – 2 months R000	2 – 6 months R000	Over 6 months R000
At 29 February 2012	**3 586**	**1 065**	**1 203**	**1 318**
At 28 February 2011	3 899	45	1 038	2 816

With respect to receivables past due but not impaired, based on the credit history and current credit ratings, there are no indications that the debtors will not be able to meet their obligations.

Liquidity risk

Liquidity risk is the risk that the group will not be able to raise sufficient funds to meet the commitments associated with its liabilities. This risk arises when investments are not marketable and therefore cannot be realised in the short term.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, each entity aims to maintain flexibility in funding by keeping committed credit lines available.

With regard to the linked investment policy business it is the group's policy to pay a policyholder only once the amount disinvested has been collected. Accordingly, the underlying assets' maturity profile should approximate that of the investment contracts.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carry balances as the impact of discounting is not significant.

40. FINANCIAL RISK MANAGEMENT *(continued)*

GROUP	Carrying value R000	Less than 1 year R000	Between 1 and 5 years R000	Over 5 years R000
At 29 February 2012				
Borrowings	**178 678**	**100 083**	**105 362**	**–**
Derivative financial instruments	**7 831**	**7 831**	**–**	**–**
Investment contracts	**9 144 681**	**1 713 541**	**7 921 477**	**–**
Insurance contracts	**29 949**	**–**	**29 949**	**–**
Third-party liabilities arising on consolidation of mutual funds	**16 008**	**–**	**16 008**	**–**
Trade and other payables	**2 575 810**	**2 559 649**	**16 346**	**–**
	11 952 957	**4 381 104**	**8 089 142**	**–**
At 28 February 2011				
Borrowings	209 687	134 140	104 871	–
Derivative financial instruments	5 988	5 988	–	–
Trade and other payables	444 419	413 508	35 149	–
	660 094	553 636	140 020	–

The group has provided suretyship to the value of R26,6 million (2011: R25,7 million) in favour of various financial institutions for the purchase of books of business by advisors. At year-end, the fair value of the financial guarantee was Rnil (2011: Rnil). Management monitors this exposure on a monthly basis against the income generated by these advisors.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

COMPANY	Carrying value R000	Less than 1 year R000	Between 1 and 5 years R000	Over 5 years R000
At 29 February 2012				
Borrowings	**283 384**	**229 393**	**72 897**	**–**
Trade and other payables	**17 018**	**17 018**	**–**	**–**
	300 402	**246 411**	**72 897**	**–**
At 28 February 2011				
Borrowings	249 891	198 117	73 692	–
Trade and other payables	14 350	14 350	–	–
	264 241	212 467	73 692	–

Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are disclosed by level based on the following fair value measurement hierarchy:

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

40. FINANCIAL RISK MANAGEMENT *(continued)*

The following financial instruments are measured at fair value:

GROUP	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
At 29 February 2012				
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives	–	9 532	–	9 532
Equity securities	874 123	–	–	874 123
Debt securities	–	581 848	266 333	848 181
Unit-linked investments	–	3 488 535	1 716 766	5 205 301
Investment in investment contracts	–	525 880	–	525 880
Loans and advances	–	–	3 594	3 594
Available-for-sale				
Equity securities	–	–	845	845
Debt securities	17 755	–	–	17 755
Unit-linked investments	–	13 873	–	13 873
	891 878	4 619 668	1 987 538	7 499 084
Liabilities				
Financial liabilities at fair value through profit or loss				
Trading derivatives	–	7 831	–	7 831
Investment contracts	–	5 468 338	1 981 494	7 449 832
Purchase consideration payable	–	–	66 809	66 809
Insurance contracts	–	29 949	–	29 949
Third-party liabilities arising on consolidation of mutual funds	–	16 008	–	16 008
	–	5 522 126	2 048 303	7 570 429
At 28 February 2011				
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives	–	6 023	–	6 023
Available-for-sale				
Equity securities	–	–	345	345
	–	6 023	345	6 368
Liabilities				
Financial liabilities at fair value through profit or loss				
Trading derivatives	–	5 988	–	5 988
Purchase consideration payable	–	–	71 848	71 848
	–	5 988	71 848	77 836

The company did not have any financial instruments measured at fair value at the reporting date (2011: Rnil).

40. FINANCIAL RISK MANAGEMENT *(continued)*

Investment contracts

A subsidiary of the group, PSG Asset Management Life Limited, is a linked insurance company and issues linked policies to policyholders (where the value of policy benefits is directly linked to the fair value of the supporting assets), and as such does not expose the business to the market risk of fair value adjustments on the financial asset as this risk is assumed by the policyholder. Investment contracts included within financial liabilities on the statement of financial position are therefore fully matched by investments as analysed in note 19.

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

GROUP	Debt securities R000	Purchase consideration payable in debit R000	Unit-linked investments R000	Equity securities R000	Total R000
Assets					
Carrying amount at 1 March 2010	–	–	–	240	240
Additions	–	–	–	105	105
Carrying amount at 28 February 2011	–	–	–	345	345
Additions	268 995	–	2 815 099	500	3 084 594
Disposals	(19 817)	–	(1 205 913)	–	(1 225 730)
Interest accrued	–	594	–	–	594
Gains recognised in profit and loss	17 155	3 000	107 580	–	127 735
Carrying amount at 29 February 2012	**266 333**	**3 594**	**1 716 766**	**845**	**1 987 538**

GROUP	Purchase consideration payable in credit R000	Investment contracts R000	Total R000
Liabilities			
Carrying amount at 1 March 2010	–	–	–
Additions	71 848	–	71 848
Carrying amount at 28 February 2011	71 848	–	71 848
Additions	65 109	3 066 706	3 131 815
Disposals	(63 537)	(1 210 192)	(1 273 729)
Interest accrued and other movement not through profit and loss	(3 861)	–	(3 861)
Gains recognised in profit and loss	(2 750)	124 980	122 230
Carrying amount at 29 February 2012	**66 809**	**1 981 494**	**2 048 303**

Gains of R130 484 000 (2011: Rnil) was recognised in profit and loss under fair value gains on financial instruments on level 3 financial instruments held at any time during the financial year. Gains of R90 734 000 (2011: Rnil) was recognised in profit and loss under fair value gains on financial instruments on level 3 financial instruments held at the reporting date.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily JSE equity investments classified as at fair value through profit and loss or available-for-sale.

40. FINANCIAL RISK MANAGEMENT *(continued)*

Financial instruments that trade in markets that are not considered to be active but are valued (using valuation techniques) based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include over-the-counter derivatives. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 equity instruments relate to stock exchange rights and other rights owned. As these rights are unquoted, the valuation technique is based on the fact that the variability in the range of reasonable fair value estimates is not significant for this instrument and that the fair value of these rights is estimated to be equal to the guaranteed amount receivable for these rights, thus equalling the cost. Purchase consideration payable classified within level 3 have significant unobservable inputs, as the valuation technique used to determine the fair values takes into account the probability (at year-end) that the acquiree will achieve the profit guarantee as stipulated in the sale of business agreement for each business combination. Purchase consideration payable in debit relates to business combinations where the acquiree did not achieve the profit guarantee as stipulated in the sale of business agreement, and where purchase consideration paid is recovered from the acquiree. Level 3 unit-linked investments relate to 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. The group's overall profit or loss is therefore not sensitive to the inputs of the models applied to derive fair value.

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:

	Carrying value		Fair value	
	2012	2011	**2012**	2011
GROUP	**R000**	R000	**R000**	R000
Debt securities – held-to-maturity	**1 182 806**	–	**1 179 114**	–
Investment in investment contracts	**468 500**	–	**486 849**	–
	1 651 306	–	**1 665 963**	–

INSURANCE RISK

Insurance risk is the risk that future claims and expenses will exceed the allowance for expected claims and expenses in the measurement of policyholder liabilities and in product pricing.

The insurance risk that PSG Asset Management Life Limited is exposed to arises from an annuitant book with 84 (2011: nil) policies which are in the process of being run off, with a total liability value of R29 949 000. The insurance risk associated with this line of business is longevity risk, as there is a risk of loss that could arise should annuitants live longer than expected.

The loss arises as a result of the company having undertaken to make regular payments to the policyholders for their remaining lives. The most significant risk on these liabilities is continued medical advances and improvement in social conditions that lead to longevity improvements being better than expected.

The group manages the longevity risk by making use of standard mortality tables in calculating the expected life expectancy of its annuitants.

40. FINANCIAL RISK MANAGEMENT *(continued)*

The profile of annuity amounts payable per life in respect of annuities is as follows:

	2012		2011	
Annuity amount per annum – R	**Number of annuities**	**Annual annuity amount exposure R000**	Number of annuities	Annual annuity amount exposure R000
0 – 50 000	**65**	**1 420**	–	–
50 000 – 100 000	**10**	**716**	–	–
100 000 – 150 000	**8**	**1 002**	–	–
150 000 – 999 999 999	**1**	**215**	–	–

The table above shows that the concentration risk is likely to be small given the number of lives and the annuity profile being heavily weighted to lower annuity amounts per annum.

In the measurement of annuitant liabilities, a margin as described in the accounting policies is subtracted from the best estimate mortality. The best estimate mortality includes an allowance for future mortality improvements.

Significant assumptions used in determining the policyholder liability on this annuitant book were as follows:

- Mortality table: 95% of a 55, less a 3-year age adjustment
- Annuity bonus: average of 3,5% per annum on Glenrand policies and 5% on mCubed policies
- Investment returns: 9,16% per annum

The investment strategy followed for assets held to cover these liabilities is to match the liability cash flows as closely as possible, given the availability of appropriate inflation-linked bonds. The targeted return of these portfolios is to earn returns which at least match inflation and this is reviewed by the investment committee as well as the statutory actuary on at least an annual basis.

CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group monitors capital on the basis of the gearing ratio. This is also consistent with similar companies within the industry. The gearing ratio is calculated as the net debt divided by total capital. Net debt is calculated as total borrowings including purchase consideration payable less cash and cash equivalents, reduced by brokerage and third-party cash, as shown in the consolidated statement of financial position. Total capital is calculated as the total equity as shown in the consolidated statement of financial position plus the net debt.

When funding is required, management will consider the various forms of paper available for issue, taking into account current market conditions, anticipated trends in market indicators and the financial position of the group at the time. Management will consider issuing ordinary shares, short, long or medium-term borrowings with variable or fixed rates accordingly.

40. FINANCIAL RISK MANAGEMENT *(continued)*

The gearing ratios at year-end can be summarised as follows:

GROUP AND COMPANY	**2012 R000**	2011 R000	**2012 R000**	2011 R000
Total borrowings	**245 487**	281 535	**283 384**	249 891
Less: Cash and cash equivalents	**(65 823)**	(71 776)	**(10 242)**	(7 665)
Net debt position	**179 664**	209 759	**273 142**	242 226
Total equity	**744 568**	501 508	**885 453**	378 026
Total capital	**984 851**	711 267	**1 158 595**	620 252
Gearing ratio	**19,44%**	29,49%	**23,58%**	39,05%

Certain subsidiaries have regulatory capital adequacy requirements as a result of the respective industries in which they operate. PSG Asset Management Life Limited is required to hold a minimum amount of capital in order to reduce the policyholders' exposure to the company's liquidity risk. The Financial Services Board regularly reviews compliance with these minimum capital requirements as the regulatory authority. The company must maintain shareholders' funds that will be sufficient to meet obligations in the event of substantial deviations from the main assumptions affecting the company's business. Capital adequacy requirements were covered 2,17 times at 29 February 2012. This ratio is determined in accordance with regulations and the guidelines issued by the Actuarial Society of South Africa.

41. RESTATEMENT OF PRIOR YEAR FIGURES

The IFRS on business combinations (IFRS 3) does not apply to business combinations effected between parties that are ultimately controlled by the same entity (PSG Group – through PSG Investment Services – ultimately controlled both entities before the transaction), 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 for the acquisition of Online Securities during 2006 and PSG Prime in 2010. The PSG Konsult Group has therefore adopted the predecessor policy for accounting of these types of transactions.

The group applied the predecessor accounting policy retrospectively for the acquisition of Online Securities and PSG Prime which had the following implications:

- These transactions were recorded as if they 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 was thus restated to include these acquisitions for the full period.
- The assets and liabilities of the acquired businesses were recognised at the current book values, therefore no restatement of PSG Prime's and Online Securities' assets and liabilities to fair value was required.
- The difference between the consideration given and the share capital (including share premium) of the acquired entities was recorded as a separate reserve in the statement of changes in equity ("the common control reserve"). As a result, no goodwill was recognised on these acquisitions.

The group changed its accounting policy for predecessor accounting on 1 March 2011 to account for common control transactions from the date of the acquisition, therefore prospectively.

In accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the change has been made retrospectively and the comparatives have been restated accordingly.

41. RESTATEMENT OF PRIOR YEAR FIGURES *(continued)*

The table below shows the impact of the change in accounting policy:

GROUP	2011 Other reserves – common control R000	2011 Retained earnings R000
Balance at 1 March 2010 (as previously stated)	(144 518)	250 646
Restatement – predecessor accounting*	31 187	(19 738)
Balance at 1 March 2010 (restated)	(113 331)	230 908

** Restatement of common control reserve includes the common control reserve balance of R11 449 000, relating to the PSG Prime (Propriety) Limited acquisition (refer to note 36.3 for more detail), which was moved from the opening balance and accounted for on 1 March 2010, the date of the acquisition.*

The impact of the change in accounting policy on the other line items is disclosed in the notes to the annual financial statements.

42. SHARE ANALYSIS

	Shareholders Number	Shareholders %	Shares held Number	Shares held %
Range of shareholding				
1 – 50 000	367	61,7	6 509 248	0,6
50 001 – 100 000	61	10,3	4 508 815	0,4
100 001 – 500 000	89	15,0	19 232 242	1,8
500 001 – 1 000 000	20	3,3	14 790 852	1,4
Over 1 000 000	58	9,7	1 025 556 518	95,8
	595	100,0	1 070 597 675	100,0
Treasury shares	1		1 703 537	
	596		1 072 301 212	

	Shareholders Number	Shareholders %	Shares held Number	Shares held %
Public and non-public shareholding				
Non-public				
Holding company	1	0,2	764 375 481	71,4
Directors and management	41	6,9	129 631 373	12,1
Financial planners and associated professionals	256	43,0	104 952 620	9,8
Public	297	49,9	71 638 201	6,7
	595	100,0	1 070 597 675	100,0

No individual shareholders (excluding the holding company) held more than 5% of the issued shares as at 29 February 2012 (2011: Nil).

Steps for trading PSG Konsult Limited shares

Before you can trade in PSG Konsult Limited shares you must have an account with Online Securities. Should you already have an account, please refer to the procedure for existing account holders below. These steps are followed by the steps to be taken by new clients who wish to obtain an account.

EXISTING ACCOUNT HOLDER

If you are an existing account holder, visit our website (www.psgkonsult.co.za) and navigate to our trade page which is situated under the 'About' tab.

If you wish to **sell**, post the original share certificate to your broker, accompanied by a signed securities transfer form. If your shares are held in safe custody by PSG Online Securities this is not applicable.

If you wish to **purchase**, fax a copy of your deposit slip to your broker and enter your order into the market.

NEW CLIENTS

Your first port of call would be to select a broker to open an account for you. This is easily done by visiting our website (www.psgkonsult.co.za) and navigating to our stockbroking and portfolio management page situated under the 'Services' tab.

IF YOU WERE TO REQUIRE ANY ADDITIONAL INFORMATION CONTACT:

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Corporate information

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Republic of South Africa

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14 July 1993

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COMPANY SECRETARY
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BANKERS
Absa Bank Limited
Standard Bank of South Africa Limited

AUDITORS
PricewaterhouseCoopers Inc
Cape Town

ATTORNEYS
DLA Cliffe Dekker Hofmeyr
Blake Bester
Werksmans Inc

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