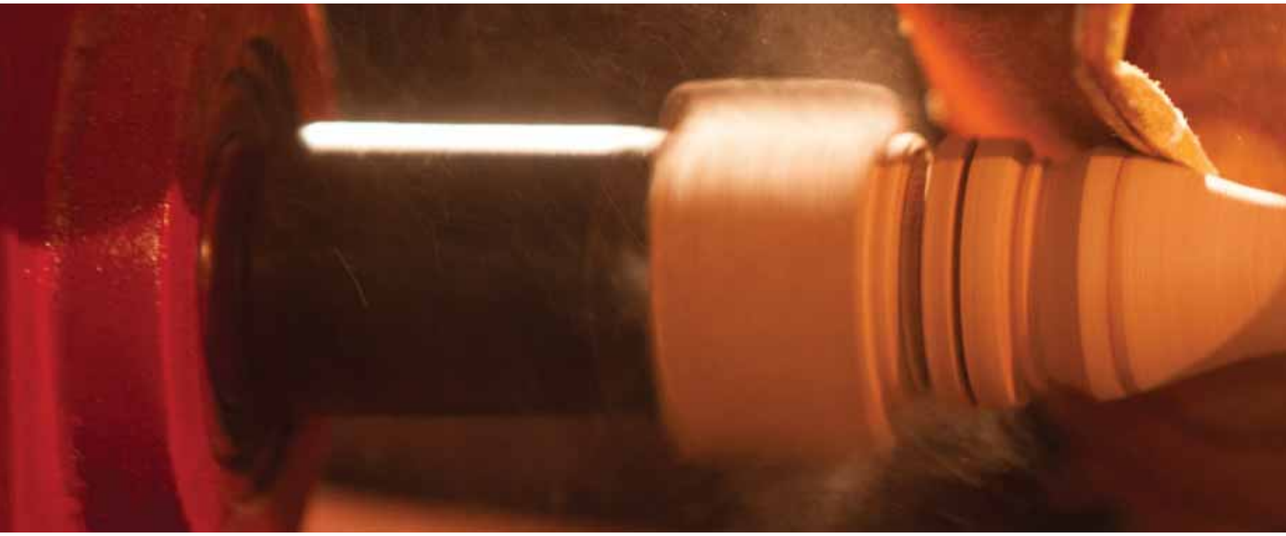
PSG KONSULT

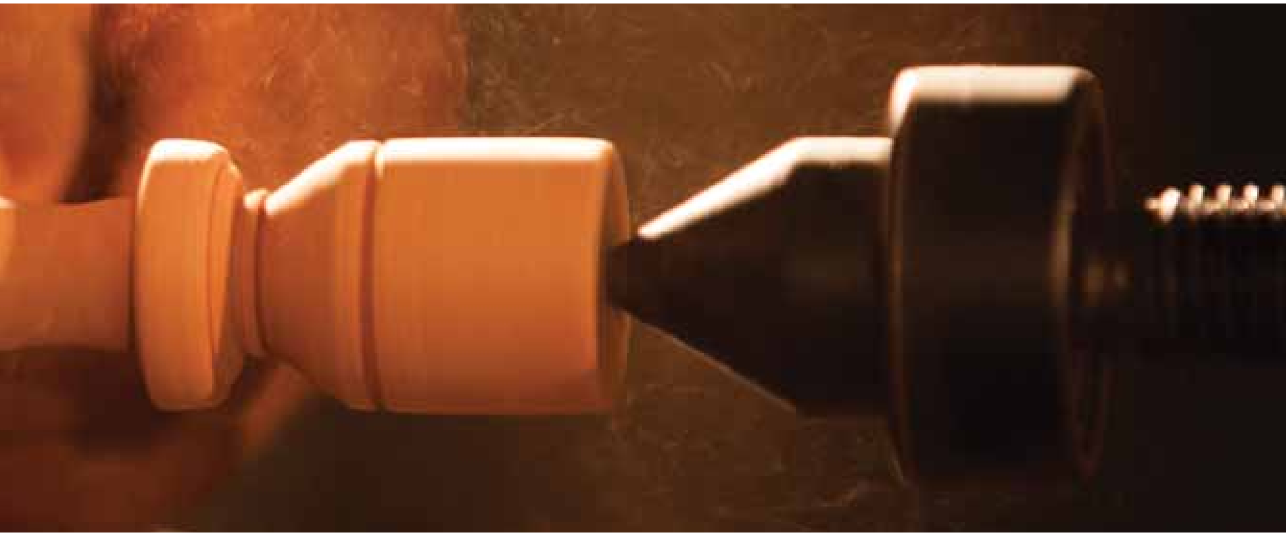
ANNUAL REPORT 2013

MISSION STATEMENT

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

What does one call those who see things before they exist?





At PSG Konsult we call them visionaries ...

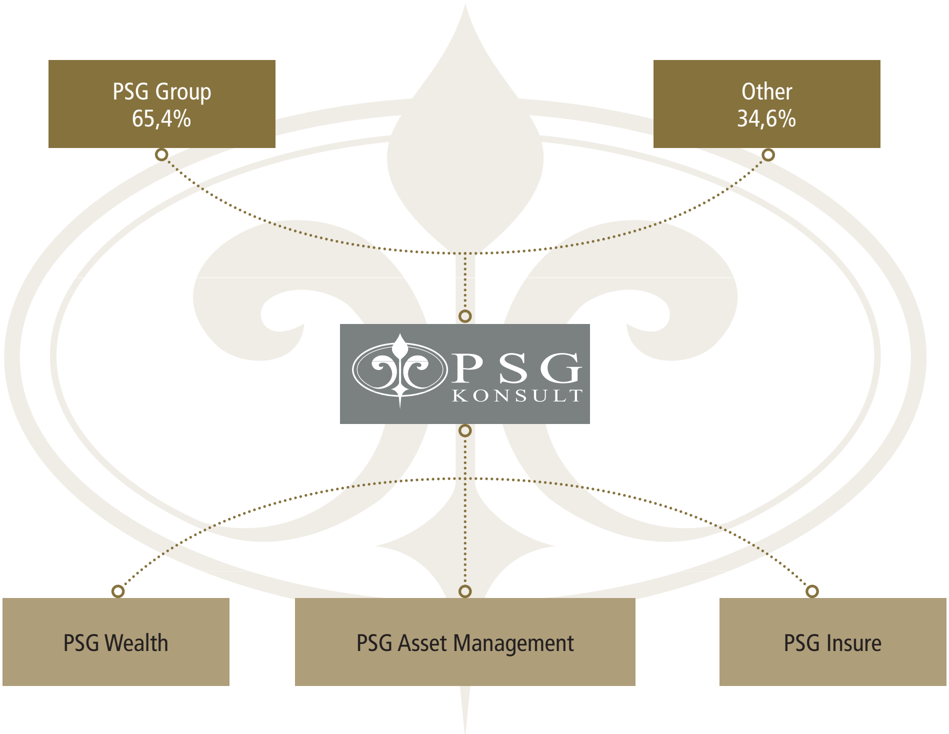
... more than mere dreamers, these are the crafters of the new reality.

PSG KONSULT

CONTENTS

PSG KONSULT LIMITED

PSG Konsult Limited 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.



BOARD OF DIRECTORS

As at 28 February 2013, the board of directors of PSG Konsult Limited consisted of the following members:

WILLEM THERON, 60
BCompt (Hons), CA(SA)
Chief executive officer

THEO WERNER BIESENBACH, 49
BCompt (Hons), CA(SA)
Chief operating officer

HELGARDT BERGH LINDES, 42
BCompt (Hons), CA(SA)
Chief financial officer

JACOB DE VOS DU TOIT (JAAP), 58
BAcc, CA(SA), CFA
Non-executive
Chairman

JOHANNES FREDERICUS MOUTON (JANNIE), 66
BCom (Hons), CA(SA)
Non-executive
Chairman: PSG Group

LEON DE WIT, 58
BCom (Hons), FIA
Non-executive

PETRUS JOHANNES MOUTON (PIET), 36
BCom (Mathematics)
Non-executive
Chief executive officer: PSG Group

EXECUTIVE COMMITTEE

As at 28 February 2013, the executive committee of PSG Konsult Limited consisted of the following members:

W THERON	CEO: PSG Konsult Group
FJ GOUWS	Deputy CEO: PSG Konsult Group (by invitation)
TW BIESENBACH	COO: PSG Konsult Group
T CLOETE	CE: Group Marketing
CA DE BRUYN	CEO: PSG Online
JP DE NYSSCHEN	CEO: PSG Konsult Corporate
N GUDKA	CE: Group Strategy (by invitation)
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

They invest in the bigger picture and understand that

wealth creation is an intellectual exercise ...

Being a visionary is about patience ...

... but masters of the game seize opportunity and minimise the risk.

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 2 of this report.

The board met four times during the past year and had a 96% attendance.

	12 April 2012	19 July 2012	4 October 2012	6 December 2012
Theo Biesenbach	•	Apologies	•	•
Leon de Wit	•	•	•	•
Jaap du Toit	•	•	•	•
Helgardt Lindes	•	•	•	•
Jannie Mouton	•	•	•	•
Piet Mouton*	n/a	n/a	n/a	•
Willem Theron	•	•	•	•

* *Appointed to the board effective 6 December 2012*

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 chairman 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 (chairman), 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 committee met three times during the past year, being 5 July 2012, 5 December 2012 and 19 February 2013. All the members were present apart from the July 2012 meeting where apologies were received from two members. The remuneration committee comprises Chris Otto (chairman), Jaap du Toit, Willem Theron and Theo Biesenbach. Chris Otto and Theo Biesenbach were replaced as committee members by Piet Mouton and Francois Gouws at the meeting of 5 December 2012.

This committee operates according to a board-approved charter and is primarily responsible for overseeing the remuneration and incentives of the executive directors and executive committee members. 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 approves the contract terms for the provision of non-audit services by the external auditors.

Members of the finance and risk committee

For the financial year ended 28 February 2013, the members of the finance and risk committee were Wynand Greeff (chairman), Theo Biesenbach, Helgardt Lindes, Willem Theron and Mike Smith.

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 (chairman), Liza Killian, Ronald King, Leon Taylor, Mike Smith, Rika Pieterse and Charl Krumm.

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. During the year ended 28 February 2013, a fully fledged risk management function was incorporated, with a group-wide focus on risk identification, quantification and management/mitigation of such risks.

Always a step ahead!

They know how to unlock potential and deliver the right results consistently.

KEY RISK SUMMARY

OUR KEY RISKS	MANAGING OUR RISK
Regulatory risk	
The risk that a change in laws and regulations will have a significant impact on the business and market environment which could increase operational costs (especially employment and information technology), reduce attractiveness of products and services and/or change the competitive landscape. Non-adherence could also result in penalties and/or loss of licences.	• A competent compliance function ("Compliance") has been established with compliance officers in each division for monitoring the adherence to regulation and legislation. • Compliance and Technical Support stay abreast and does research on the impact legislative and regulatory changes could have on the business to ensure effective and in-time implementation of changes. • Policies and procedures have been developed and implemented to establish a culture of good governance and compliance. • Standardised documentation and sophisticated IT systems are used for procedural record-keeping. • Regulatory updates are included in the quarterly training. • The business is represented at most of the major governing bodies. • The business has sufficient insurance and professional indemnity cover that is evaluated on an annual basis in conjunction with the insurance broker.
Operational risk	
Arises from the possibility that inadequate staff or information systems, operational problems, breaches in internal controls, fraud, deficiencies in the information technology infrastructure or unforeseen disruption in operations will result in unexpected losses or limited ability to provide services.	• The operational committee monitors operational matters, developments and improvements on a monthly basis. • Comprehensive manuals for key business procedures are maintained. • Sufficient segregation of duties is in place with various levels of review and approval. • Operational efficiency and business continuity are ensured by means of employing up-to-date software and hardware with daily backups made of all data, including e-mail communication. • The IT committee monitors risks and opportunities relating to IT, and significant IT projects spend, and also ensures the intended benefits are realised. • Supervisor and system controls (i.e. validation checks) are in place for all key operational system environments. • Exception reports and reconciliations are prepared and reviewed with records kept of all operational breaches to evaluate, identify and implement improved processes and controls to prevent recurrence. • A business continuity plan is in place and it is regularly assessed for suitability. Disaster recovery sites are also in place. • Insurance cover in terms of loss of income and business continuity expenses is in place.

OUR KEY RISKS	MANAGING OUR RISK
Underwriting risk	
The risk that premiums collected will not be sufficient to cover future incurred losses and claims.	• Appropriate underwriting and pricing conditions, in line with the business's risk appetite, are applied. • Consistent usage of mitigation techniques with comprehensive reinsurance arrangements, including excess of loss cover, is in place and facultative cover obtained when necessary. • Quarterly review of the Underwriting Risk Management framework, including risk mitigation and risk transfer policies and techniques. • Regular review of underwriting, pricing, claims management assessment and its consistent application across relevant distribution channels. • Sufficient capital reserves are maintained.
Credit risk	
The risk of incurring financial losses due to counterparties failing to meet their obligations.	• The credit committee determines credit limits and review exposures on a biweekly basis. • Diversified investment into cash, including money market funds, other credit components such as bonds and preferred dividend funds are limited to top rated local and international banks and corporates. • Derivative instruments are monitored on a daily basis to ensure they are within the approved trading and exposure limits. • The recoverability of loans is monitored monthly with collateral held for most loans. • To meet the guaranteed product obligation, the business is in possession of the original instrument documents, holds cession over the underlying instruments and the instrument issuers informed of the cession.

OUR KEY RISKS	MANAGING OUR RISK
Liquidity risk	
The possibility that the business will not be able to meet its obligations and commitments as and when they fall due, or that it may be forced to liquidate its asset positions under adverse conditions to meet these obligations, all which could lead to financial losses.	• The business has a strong balance sheet and applies effective cash flow management. Daily cash flow reporting is conducted according to pre-set parameters and monitored by the divisional financial directors, group financial manager and chief financial officer. • Monthly scenario-based cash flow forecasting over a period of 18 months determines future liquidity requirements and is managed by the executive committee. • Should there be a liquidity requirement over and above normal operational requirements a banking facility is available to meet those needs. • Working and regulatory capital requirements are monitored and managed separately from the rest of the business's capital with the primary focus on liquidity to ensure sufficient free capital.
Human resources risk	
The possibility that the business incur losses due to loss of personnel, deterioration of morale, inadequate development of human resources, inappropriate working schedule, inequality in human resource management or discriminatory conduct.	• Creating a positive culture is part of the business with the tone set from the top. • The remuneration policy is designed to attract and retain appropriate skills and talent. • Self-development, training and studying are encouraged, while the business also invests in training courses and work sessions for staff. • A performance management system has been implemented to assist with managing and developing staff. • An IT system is used to monitor qualifications, needs and compliance with regulatory requirements.
Reputational risk	
The risk that an event or transaction may compromise the business's reputation and credibility with resultant adverse financial implications.	• The business is committed to conducting all activities with the utmost integrity and in accordance with the highest standards of professionalism. • Policy to open communication and full disclosure is in place. • Management takes a no-tolerance view on employees operating outside the approved product range and standard operating procedures. • PSG employs experts who take responsibility for insurance, financial planning, investment and IT support. • Training is provided on a quarterly basis. • Regular compliance audits are performed on advice given. • An approval framework exists for various classes of business written. • The online compliance system assists advisors in performing their duties.

The thing you treasure, that prized possession ... it may not last forever ...

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 of incorporation 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) 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.

b) Corporate governance

Convergence is being driven by the view that boards have a fiduciary responsibility to address risks and corporate social responsibility (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.

c) 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 28 February 2013 was printed on Cocoon Offset, an 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.psg.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, investment in joint ventures and interest in subsidiaries. The PSG Konsult website also includes information about the PSG Konsult Group, its services and affiliates.

d) 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.

e) 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.

f) 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 upholding the human rights of workers and treating 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 R2,4 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 database 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 13 December 2012 as required by the Department of Labour. The workforce profile for 2012 indicates that we had a 3% decrease in staff overall, of whom 22% is black (designated employees) and 65% 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 union representatives of all workers. Freedom of association is also acknowledged in the organisation's personnel policy.

- Abolition of forced child 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 a finance and risk 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 R2,4 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

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.

Akkerdoppies Pre-Primary

Akkerdoppies Pre-Primary provides affordable, high standard preschool services in Stellenbosch to children with limited access to such services.

We believe that in order to instigate change in a community, we have to start by equipping the children with the necessary skills that will guide them on their journey to become self-affirmed adults who have the freedom to dream of a better future.

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.

But that drive you had to make it yours

is equalled by your need to protect it ...

Willem Theron
Chief executive officer

Revenue increased by **14%** to **R1,6 billion**, with recurring headline earnings per share increasing by **9%** and dividends per share by **5%**.

REVIEW OF OPERATIONS

The PSG Konsult Group returned credible results for the financial year ended 28 February 2013. Recurring headline earnings increased by 15,3% to R174,4 million. On a per share basis, recurring headline earnings increased by 9,2% to 15,4 cents.

Funds under administration increased by 24,2% to R172,6 billion and short-term insurance premiums administered amounts to R1,65 billion.

In positioning itself as a fully fledged financial services group, the group will be taken forward under three distinct business segments, being Wealth, Asset Management and Insure. As part of the positioning of the group, management has embarked on setting a comprehensive strategy for the next three financial years. This strategy encompassed certain restructuring actions and costs, to optimally align and focus the three main business divisions going forward. The restructuring costs amounted to R8,9 million. In aligning the divisions and focusing the business, impairments of intangible assets and goodwill of R124,7 million were made.

The group also embarked on a successful rights offer during September 2012, raising capital of R187,7 million, the proceeds of which were applied to capital adequacy requirements and the acquisition of Western Group Holdings Limited as detailed below.

Following the acquisition of an initial 24% stake in Western Group Holdings Limited, the group increased its stake to 75% effective November 2012. Agreement has been reached to acquire the remaining 25% stake effective 1 March 2013, subject to regulatory approval.

PSG Online has won the 2012 Business Day Investors Monthly Stockbroker of the Year award for the second consecutive year, and PSG Konsult Financial Planning won the 2012 Business Day Investors Monthly Wealth Manager of the Year award in the Up and Coming Professionals category. We are proud of these achievements.

LOOKING FORWARD

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

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

The group now has three main focus areas of business, namely Wealth, Asset Management and Insure. From a branding point of view, we will be positioning the group under the master brand PSG. This will enable us to leverage from the trust and equity in the brand, while also being consistent with colloquial language, where people simply refer to us as "PSG".

DISTRIBUTION TO SHAREHOLDERS

A dividend of 3,5 cents (2012: 3,0 cents) per share was paid to shareholders at the interim stage. The directors have declared a final dividend of 7,3 cents (2012: 7,3 cents) per share, giving a total dividend of 10,8 cents per share (2012: 10,3 cents), subsequent to year-end.

A WORD OF THANKS AND APPRECIATION

As this will be my last report as chief executive officer, I would like to thank each and every one who have worked hard and supported us in creating PSG Konsult. I am sure that Francois Gouws and his team will take PSG Konsult to great heights.

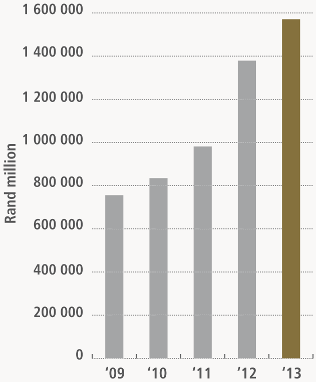
Willem Theron
Chief executive officer

Hermanus
7 June 2013

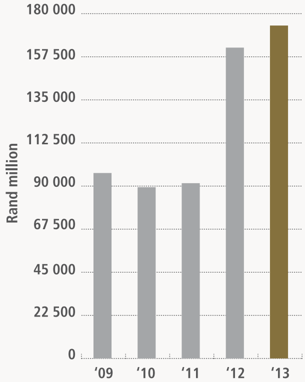
KEY FINANCIAL RESULTS 2012/2013

RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2013	2013 R000	Change %	2012 R000
Revenue*	**1 570 908**	13,9	1 378 941
Headline earnings	**173 808**	7,1	162 282
Recurring headline earnings	**174 424**	15,3	151 305
Headline earnings per share (cents)	**15,4**	1,3	15,2
Recurring headline earnings per share (cents)	**15,4**	9,2	14,1
Adjusted headline earnings per share (cents)**	**17,2**	–	17,2
Distribution to shareholders (cents)	**10,8**	4,9	10,3
Interim dividend paid 25 October 2012	**3,5**	16,7	3,0
Final dividend paid	**7,3**	–	7,3
Net asset value per share (cents)	**76,0**	11,9	67,9
Funds under administration (Rbn) *(JSE year-on-year increase 15,8%)*	**172,6**	24,2	139,0

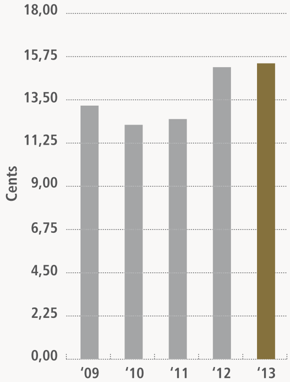
* *Revenue consists of premiums, commission and other fee income and other operating income*
** *Headline earnings adjusted for amortisation of intangibles, net of non-controlling interest and tax*



Revenue



Headline earnings



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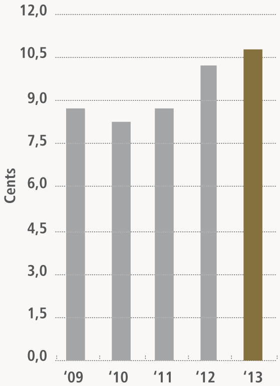
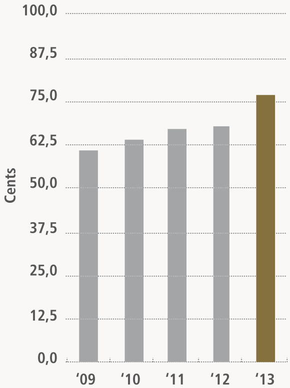
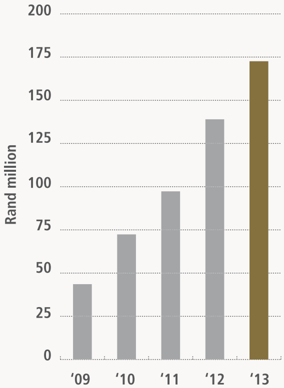


Distribution per share



Net asset value per share



Funds under administration

Naturally, trusting that your assets are protected

comes with finding the right people.

Unlock your **vision**

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 28 February 2013

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

The directors are responsible for the preparation, integrity and fair presentation of the consolidated and separate annual financial statements of PSG Konsult Limited. The financial statements presented on pages 34 to 157 have been prepared in accordance with International Financial Reporting Standards (IFRS); the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; and the manner required by the Companies Act of South Africa, and incorporate full and reasonable disclosure and included 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 directors' report and other information included in the annual report and are responsible for both its accuracy and consistency with the financial statements.

The directors' responsibility includes maintaining adequate accounting records. 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. The control environment 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 annual financial statements were prepared on a going concern basis. Based on their assessment, the directors have no reason to believe that the group or any company in the group will not continue as a going concern in the foreseeable future, based on forecasts and available cash resources. The viability of the group is supported by the annual financial statements.

The group's external auditors, PricewaterhouseCoopers Inc, audited the financial statements and their report is presented on page 33.

The financial statements were approved by the board of directors on 7 June 2013, and are signed on its behalf by:

J de V du Toit
Chairman

W Theron
Chief executive officer

TW Biesenbach
Chief operating officer

Hermanus
7 June 2013

CERTIFICATE BY THE COMPANY SECRETARY

I hereby confirm, in my capacity as company secretary of PSG Konsult Limited ("the company"), that for the year ended 28 February 2013, the company has filed all required returns and notices in terms of the Companies Act, 2008 and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.

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

Hermanus
7 June 2013

REPORT OF THE BOARD OF DIRECTORS

for the year ended 28 February 2013

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 and the issue of short-term and long-term insurance contracts.

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.

DIVIDENDS

An interim dividend of 3,5 cents per share was paid to shareholders in October 2012 (2012: 3,0 cents per share).

A final dividend of 7,3 cents per share (2012: 7,3 cents per share) was declared by PSG Konsult Limited after year-end (11 April 2013) and was payable on 6 May 2013. No provision has been included in the financial statements.

SHARE CAPITAL

Details of the authorised and issued share capital appear in note 17 to the financial statements. In total, 137 281 403 shares were issued during the year ended 28 February 2013 (2012: 339 220 300), of which 107 230 121 shares issued related to a rights issue done during August 2012, and 30 051 282 (2012: 339 213 062) shares issued related to the acquisition of subsidiaries.

A subsidiary in the group holds 399 940 PSG Konsult shares at 28 February 2013 (29 February 2012: 1 703 537 PSG Konsult shares). 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 schemes.

EVENTS AFTER THE REPORTING DATE

Other than the acquisition disclosed in note 41, no matter which is material to the financial affairs of the group and company has occurred between 28 February 2013 and the date of approval of the financial statements.

HOLDING COMPANY

The company's holding company is PSG Financial Services 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 2. Since the date of the previous report, the only changes were the appointment of Mr FJ Gouws as an executive director on 1 March 2013 and Mr PJ Mouton as non-executive director on 6 December 2012, as well as the resignation of Mr L de Wit on 12 April 2013.

DIRECTORS' AND PRESCRIBED OFFICER'S REMUNERATION AND INTERESTS IN SHARE CAPITAL

Directors' and prescribed officer's remuneration

The remuneration committee considers the remuneration of all executive directors and prescribed officers 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 28 February 2013:

Cash-based remuneration

Audited	Directors' fees R	Basic salary R	Bonuses and performance-related payments R	Expense allowances R	Company con-tributions R	**Total 2013 R**	Total 2012 R
Executive directors							
W Theron	108 000[1]	3 007 000	687 333	180 000	–	**3 982 333**	4 654 965
TW Biesenbach	–	1 881 030	543 595	60 000	305 970	**2 790 595**	3 212 000
HB Lindes	–	1 015 708	221 975	100 000	168 292	**1 505 975**	1 690 000
	108 000	5 903 738	1 452 903	340 000	474 262	**8 278 903**	9 556 965
Prescribed officer							
FJ Gouws	–	2 666 667	1 500 000	–	–	**4 166 667**	–
Non-executive directors							
J de V du Toit	563 000[2]	–	–	–	–	**563 000**	525 000
JF Mouton	216 000	2 434 000	2 000 000	–	50 000	**4 700 000**	4 000 000
PJ Mouton	–	2 304 000	2 320 000	–	16 000	**4 640 000**	–
L de Wit	320 000	–	–	–	–	**320 000**	300 000
	1 009 000	4 738 000	4 320 000	–	66 000	**10 223 000**	4 825 000
	1 207 000	13 308 405	7 272 903	340 000	540 262	**22 668 570**	14 381 965

1. Paid to PSG Konsult Management Services (Proprietary) Limited (2012: R100 000) as non-executive director of PSG Group Limited
2. R178 000 (2012: R165 000) paid as non-executive director of PSG Group Limited

Equity-based remuneration
PSG Konsult Limited shares in terms of the PSG Konsult Group Share Incentive Scheme

Audited	Number of share options as at 29 Feb 2012	Number of scheme shares during year: Granted	Vested	Average market price per share on vesting date	Vesting price per share	Date granted	**Number of share options as at 28 Feb 2013**
W Theron	5 801 231	–	–	n/a	R1,54	01/03/2011	**5 801 231**
TW Biesenbach	3 068 183	–	–	n/a	R1,54	01/03/2011	**3 068 183**
HB Lindes	1 168 831	–	–	n/a	R1,54	01/03/2011	**1 168 831**
FJ Gouws	–	10 000 000	–	n/a	R1,83	01/07/2012	**10 000 000**
PSG Group Limited shares in terms of the PSG Group Share Incentive Trust							
Non-executive							
JF Mouton	12 000	–	(12 000)	R64,60	R20,16	26/10/2006	**–**
	450 000	–	(200 000)	R56,75	R17,81	21/04/2008	**250 000**
	462 000	–	(212 000)				**250 000**
J de V du Toit	12 000	–	(12 000)	R64,60	R20,16	26/10/2006	**–**

Equity-based remuneration *(continued)*

PSG Group Limited share options in terms of the PSG Group Supplementary Share Incentive Trust

Audited	Number of share options as at 29 Feb 2012	Number of scheme shares during year Granted	Vested	Average market price per share on vesting date	Vesting price per share	Date granted	**Number of share options as at 28 Feb 2013**
Non-executive							
PJ Mouton	105 701	–	(35 234)	R56,75	R15,52	20/04/2009	**70 467**
	122 482	–	(40 827)	R66,00	R18,77	28/08/2009	**81 655**
	113 314	–	(37 772)	R61,26	R22,09	28/02/2010	**75 542**
	301 859	–	(75 465)	R61,26	R39,61	28/02/2011	**226 394**
	112 842	–	–	–	R47,39	28/02/2012	**112 842**
	–	129 052	–	–	R61,50	28/02/2013	**129 052**
	756 198	129 052	(189 298)				**695 952**
Non-executive							
JF Mouton	511 521	–	(127 880)	R56,75	R26,16	22/04/2010	**383 641**
	201 952	–	(50 488)	R61,26	R39,61	28/02/2011	**151 464**
	204 056	–	–	–	R47,39	28/02/2012	**204 056**
	–	171 164	–	–	R61,50	28/02/2013	**171 164**
	917 529	171 164	(178 368)				**910 325**

SHAREHOLDING OF DIRECTORS

The shareholding of directors in the company as at 28 February 2013 was as follows:

Audited	Beneficial Direct	Beneficial Indirect	Non-beneficial Direct	Non-beneficial Indirect	**Total shareholding 2013 Number**	**Total shareholding 2013 %**	Total shareholding 2012 Number	Total shareholding 2012 %
TW Biesenbach	3 000 000	–	–	3 215 751	**6 215 751**	**0,5**	3 132 500	0,3
J de V du Toit	–	–	–	25 112 435	**25 112 435**	**2,1**	20 000 000	1,9
L de Wit	–	19 998 257	–	–	**19 998 257**	**1,7**	18 180 234	1,7
HB Lindes	1 347 144	–	–	–	**1 347 144**	**0,1**	100 000	0,0
W Theron	–	–	–	28 050 000	**28 050 000**	**2,3**	21 500 000	2,0
	4 347 144	19 998 257	–	56 378 186	**80 723 587**	**6,7**	62 912 734	5,9

REPORT OF THE BOARD OF DIRECTORS

for the year ended 28 February 2013

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 42. The interests in associated companies and the interests in joint ventures were considered significant in the light of the group's financial results and are set out in notes 5 and 6.

SEGMENT INFORMATION

Refer to note 43 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:

- The company be authorised to remunerate its directors for their services as directors.
- The board of the company be authorised, in terms of section 45(3)(a)(ii) and 44(3)(a)(ii) of the Companies Act, 71 of 2008, to approve any direct or indirect financial assistance that the board may deem fit to any director, prescribed officer or company that is related or inter-related to the company on the terms and conditions and for amounts that the board of the company may determine.
- The company and/or its subsidiaries be authorised to repurchase its own shares upon such terms as the directors may determine, but subject to the provisions of sections 46 and 48 of the Companies Act, 71 of 2008, and the memorandum of incorporation of the company.
- The company approved and adopted, in terms of section 60(5)(a) of the Companies Act, 71 of 2008, a new memorandum of incorporation.

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

INDEPENDENT AUDITOR'S REPORT

to the shareholders of PSG Konsult Limited

PSG KONSULT

We have audited the consolidated and separate financial statements of PSG Konsult Limited set out on pages 34 to 157, which comprise the consolidated and separate statements of financial position as at 28 February 2013, and the consolidated and separate income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of PSG Konsult Limited as at 28 February 2013, 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.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 28 February 2013, we have read the report of the board of directors and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: C van den Heever
Registered Auditor

Cape Town
7 June 2013

STATEMENTS OF FINANCIAL POSITION

as at 28 February 2013

		GROUP		COMPANY	
	Notes	**2013 R000**	2012 R000	**2013 R000**	2012 R000
ASSETS					
Property and equipment	1	**27 355**	26 749	**–**	–
Investment property	2	**2 036**	–	**–**	–
Intangible assets	3	**732 524**	815 357	**–**	–
Investment in subsidiaries	4	**–**	–	**1 070 172**	954 380
Investment in associated companies	5	**43 031**	11 350	**–**	–
Investment in joint ventures	6	**8 682**	–	**–**	–
Deferred income tax	7	**29 271**	33 116	**–**	1 445
Equity securities	8	**1 012 773**	874 968	**–**	–
Debt securities	9	**2 011 484**	2 048 742	**–**	–
Unit-linked investments	10	**6 720 464**	5 219 174	**–**	–
Investment in investment contracts	11	**848 645**	994 380	**–**	–
Loans and advances	12	**119 433**	67 529	**8 140**	61 545
Derivative financial instruments	13	**15 955**	9 532	**–**	–
Reinsurance assets	14, 20	**50 883**	–	**–**	–
Deferred acquisition costs	26	**1 110**	–	**–**	–
Receivables including insurance receivables	15	**1 704 156**	2 377 207	**155 432**	158 620
Current income tax assets		**9 440**	4 125	**–**	–
Cash and cash equivalents (including money market investments)	16	**468 049**	358 637	**38 040**	10 242
Total assets		**13 805 291**	12 840 866	**1 271 784**	1 186 232
EQUITY					
Equity attributable to owners of the parent					
Share capital	17	**12 096**	10 723	**12 096**	10 723
Share premium	17	**1 093 831**	849 507	**1 093 831**	849 507
Treasury shares	17	**(620)**	(2 571)	**–**	–
Other reserves	18	**(463 262)**	(469 740)	**–**	–
Retained earnings		**276 968**	338 924	**20 910**	25 223
		919 013	726 843	**1 126 837**	885 453
Non-controlling interest	19	**34 190**	17 725	**–**	–
Total equity		**953 203**	744 568	**1 126 837**	885 453
LIABILITIES					
Insurance contracts	20	**378 084**	29 949	**–**	–
Deferred income tax	7	**58 481**	68 005	**135**	–
Borrowings	21	**222 597**	178 678	**130 908**	283 384
Derivative financial instruments	13	**17 139**	7 831	**–**	–
Investment contracts	22	**10 272 444**	9 144 681	**–**	–
Third-party liabilities arising on consolidation of mutual funds	23	**25 103**	16 008	**–**	–
Deferred reinsurance acquisition revenue	26	**2 889**	–	**–**	–
Accruals for other liabilities and charges	24	**–**	–	**–**	–
Trade and other payables	25	**1 871 629**	2 646 146	**13 834**	17 395
Current income tax liabilities		**3 722**	5 000	**70**	–
Total liabilities		**12 852 088**	12 096 298	**144 947**	300 779
Total equity and liabilities		**13 805 291**	12 840 866	**1 271 784**	1 186 232

INCOME STATEMENTS

for the year ended 28 February 2013

	Notes	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
INCOME					
Gross written premium		126 648	–	–	–
Less: Reinsurance written premium		(58 859)	–	–	–
Net premium		67 789	–	–	–
Change in unearned premium					
– Gross		(5 277)	–	–	–
– Reinsurers' share		4 053	–	–	–
Net insurance premium revenue		66 565	–	–	–
Commission and other fee income	27	1 460 872	1 336 712	–	–
Investment income	28	345 185	272 631	134 463	176 185
Net fair value gains and losses on financial instruments	29	944 726	427 846	239	64
Fair value adjustment to investment contract liabilities	22	(1 028 090)	(484 557)	–	–
Other operating income	30	42 247	42 229	20 001	15 523
Total income		1 831 505	1 594 861	154 703	191 772
EXPENSES					
Insurance claims and loss adjustment expenses	31	(93 919)	279	–	–
Insurance claims and loss adjustment expenses recovered from reinsurers	31	33 945	–	–	–
Net insurance benefits and claims		(59 974)	279	–	–
Marketing, administration and other expenses	32	(1 450 393)	(1 190 276)	(18 340)	(96 881)
Total expenses		(1 510 367)	(1 189 997)	(18 340)	(96 881)
PROFIT/(LOSS) FROM ASSOCIATED COMPANIES AND JOINT VENTURES					
Share of profit/(loss) of associated companies	5	4 157	(38)	–	–
Loss on impairment of associated companies	5	(51)	–	–	–
Share of profit of joint ventures	6	158	–	–	–
Total profit/(loss) from associated companies and joint ventures		4 264	(38)	–	–
Profit before finance costs and taxation		325 402	404 826	136 363	94 891
Finance costs	33	(189 398)	(169 631)	(18 534)	(17 422)
Profit before taxation		136 004	235 195	117 829	77 469
Taxation	34	(82 633)	(73 516)	(2 582)	(755)
Profit for the year		53 371	161 679	115 247	76 714
Profit attributable to:					
Owners of the parent		58 131	154 322	115 247	76 714
Non-controlling interest		(4 760)	7 357	–	–
		53 371	161 679	115 247	76 714
Earnings per share (cents)					
Basic and diluted	35	5,10	14,40		

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 28 February 2013

		GROUP		COMPANY	
	Notes	**2013 R000**	2012 R000	**2013 R000**	2012 R000
Profit for the year		**53 371**	161 679	**115 247**	76 714
Other comprehensive income for the year, net of taxation	34	**408**	824	**–**	–
Currency translation adjustments		**892**	340	**–**	–
Fair value gains/(losses) on available-for-sale financial assets		**625**	(942)	**–**	–
Recycling adjustment on available-for-sale financial assets		**(1 109)**	1 426	**–**	–
Total comprehensive income for the year		**53 779**	162 503	**115 247**	76 714
Attributable to:					
Owners of the parent		**58 539**	155 146	**115 247**	76 714
Non-controlling interest		**(4 760)**	7 357	**–**	–
		53 779	162 503	**115 247**	76 714

STATEMENTS OF CHANGES IN EQUITY

for the year ended 28 February 2013

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

** Refer to note 18 for detail of the other reserves.*

STATEMENTS OF CHANGES IN EQUITY

for the year ended 28 February 2013

COMPANY	Share capital and premium R000	Retained earnings R000	Total R000
Balance at 1 March 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
Comprehensive income			
Profit for the year	**–**	**115 247**	**115 247**
Transactions with owners	**245 697**	**(119 560)**	**126 137**
Issue of ordinary shares	**58 600**	**–**	**58 600**
Rights issue	**187 097**	**–**	**187 097**
Dividend paid	**–**	**(119 560)**	**(119 560)**
Balance at 28 February 2013	**1 105 927**	**20 910**	**1 126 837**

STATEMENTS OF CASH FLOWS

for the year ended 28 February 2013

	Notes	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
Cash flows from operating activities					
Cash utilised in operating activities *	40.1	**(180 740)**	(57 762)	**(22 075)**	(20 175)
Interest income		**246 976**	194 036	**4 886**	5 724
Dividend income		**98 077**	78 595	**111 943**	170 461
Finance costs		**(30 870)**	(30 085)	**(18 534)**	(17 422)
Taxation paid	40.2	**(84 981)**	(82 470)	**(932)**	(30)
Operating cash flows before policyholder cash movement		**48 462**	102 314	**75 288**	138 558
Policyholder cash movement *		**(32 122)**	(126 810)	**–**	–
Net cash flow from operating activities		**16 340**	(24 496)	**75 288**	138 558
Cash flows from investing activities					
Acquisition of subsidiaries/books of business	40.3	**60 623**	248 097	**(53 600)**	(94 409)
Acquisition of associated companies	40.5	**(19 362)**	–	**(19 340)**	–
Loans advanced to associated companies		**(281)**	–	**–**	–
Proceeds from disposal of associated companies		**167**	–	**–**	1 090
Repayment of loans by associated companies		**9 116**	–	**–**	–
Acquisition of intangible assets		**(42 887)**	(45 459)	**–**	–
Proceeds from disposal of books of business		**31 884**	39 607	**–**	–
Proceeds from disposal of subsidiaries	40.4	**2 955**	5 457	**–**	–
Proceeds from disposal of property and equipment		**939**	1 519	**–**	–
Purchases of property and equipment		**(9 247)**	(12 768)	**–**	–
Deferred consideration paid for acquisition of books of business	40.3	**(51 781)**	(33 071)	**–**	–
Additional payment on subsidiary disposed of		**(555)**	–	**–**	–
Loans advanced to joint ventures		**(236)**	–	**–**	–
Net cash flow from investing activities		**(18 665)**	203 382	**(72 940)**	(93 319)
Cash flows from financing activities					
Dividends paid		**(119 427)**	(76 127)	**(119 560)**	(76 154)
Dividends paid to non-controlling interest		**(824)**	(4 202)	**–**	–
Acquired from non-controlling interest		**(1 750)**	(6 655)	**–**	–
Disposal to non-controlling interest		**–**	308	**–**	–
Net proceeds from/(repayments of) borrowings		**43 232**	(10 807)	**(42 087)**	33 492
Purchase of treasury shares by subsidiary company		**(25 398)**	(2 571)	**–**	–
Holding company's treasury shares sold by subsidiary company		**28 710**	–	**–**	–
Rights issue		**187 097**	–	**187 097**	–
Net cash flow from financing activities		**111 640**	(100 054)	**25 450**	(42 662)
Net increase in cash and cash equivalents		**109 315**	78 832	**27 798**	2 577
Cash and cash equivalents at beginning of year		**358 592**	279 676	**10 242**	7 665
Exchange gains on cash and cash equivalents		**101**	84	**–**	–
Cash and cash equivalents at end of year	40.6	**468 008**	358 592	**38 040**	10 242

* *The comparative figures were changed to show the policyholder cash movement separately from cash utilised in operating activities.*

ACCOUNTING POLICIES

for the year ended 28 February 2013

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

1. BASIS OF PREPARATION

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

2. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS AND AMENDMENTS THAT ARE EFFECTIVE FOR THE FIRST TIME IN 2013

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

- Amendments to IAS 12 Income Taxes (effective 1 January 2012)

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 2011)
- Amendments to IFRS 7 Financial Instruments: Disclosures (effective 1 July 2011)

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 2013 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 2013) *
- Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013) *
- IFRS 9 Financial Instruments (to be determined) ^
  New standard that is the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard replaces the multiple classification and measurement models in IAS 39 with a single model that has only two categories: amortised cost and fair value.
- 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. The 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.
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities (effective 1 January 2014) ^
  The amendments will exempt many funds and similar entities from consolidating or equity accounting investees, with these investments rather being accounted for at fair value.

- IFRS 11 Joint Arrangements (effective 1 January 2013) ^
  New standard reducing the types of joint arrangements to two: joint ventures and joint operations. Equity accounting is mandatory for participants in joint ventures, while an entity will account for its share of assets, liabilities, income and expenses emanating from its interest in a joint operation.
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013) ^
  New standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special-purpose vehicles and other off statement of financial position vehicles.
- IFRS 13 Fair Value Measurement (effective 1 January 2013) ^
  New standard on how to measure fair value and aim to enhance fair value disclosures.
- Amendments to IAS 1 Presentation of Financial Statements: Items of Other Comprehensive Income (effective 1 July 2012) +
  The amendments require the separation of other comprehensive income items into two groups, based on whether or not they may be recycled to profit or loss in the future.
- 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) *
- Amendment to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014) *
- Improvements to IFRSs 2011 *
- 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 do 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.*

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

4. GROUP FINANCIAL STATEMENTS

The group annual financial statements comprise those of the company, its subsidiaries, associated companies, joint ventures and the share incentive trusts ("share trusts"). 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, collective investment schemes and hedge funds) 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.

Shares in the company held by the share trusts have been consolidated into the financial results of the group, as the group effectively controls these shares.

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 group has elected to apply the principle of "predecessor accounting", as determined by the generally accepted accounting principles in the United States of America, to such transactions.

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

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

4.5 Associated companies

Associated companies are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for 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 to note 5), 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. The equity method of accounting involves recognising the group's share of its associated companies' post-acquisition profits or losses in the income statement, and its share of post-acquisition movements in other comprehensive income and movements in other reserves, in the statement of comprehensive income and statement of changes in equity respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred 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.

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

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

4.6 Joint ventures

A joint venture is a contractual agreement whereby the group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

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

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 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 entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The consolidated and standalone 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. Exchange differences are recognised in the statement of comprehensive income.

7. PROPERTY AND EQUIPMENT

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

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

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

Owner-occupied buildings	10 to 50 years
Leasehold improvements	over the remaining lease period
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. INVESTMENT PROPERTY

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

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

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

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

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

9. INTANGIBLE ASSETS

9.1 Goodwill

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

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

An excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities arises where the net assets of a subsidiary 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.

9.2 Trademarks and licences

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

9.3 Customer relationships

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

9.4 Deferred acquisition costs (DAC)

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

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

9.5 Other intangible assets

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

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

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

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

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

10. IMPAIRMENT OF NON-FINANCIAL ASSETS

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.

11. FINANCIAL INSTRUMENTS

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

12. OFFSETTING FINANCIAL INSTRUMENTS

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

13. FINANCIAL ASSETS

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

13.1 Classification

a) Financial assets at fair value through profit or loss

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

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

b) Held-to-maturity financial assets

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

c) Loans and receivables

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

d) Available-for-sale financial assets

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

13.2 Recognition and measurement of financial assets

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

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of 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 and dividend income arising on financial assets at fair value through profit or loss are recognised and disclosed separately under investment income in the income statement.

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

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

The group does not apply hedge accounting.

13.3 Impairment of financial assets

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

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

Loans and receivables are considered impaired if, and only if, there is objective evidence of impairment as a result of events that occurred after initial asset recognition (known as loss events) and these loss events have an adverse impact on the asset's 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.

13.4 Investment in investment contracts

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

14. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

15. RECEIVABLES

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

15.1 Insurance receivables

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

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

16. CONTRACTS FOR DIFFERENCE (CFD)

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

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

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

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

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

18. INSURANCE AND INVESTMENT CONTRACTS – CLASSIFICATION

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

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

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

A subsidiary of the group, PSG 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).

19. INSURANCE CONTRACTS

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

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

a) Short-term insurance

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

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

Recognition and measurement

i) Gross written premium

Gross premiums exclude VAT. Premiums are accounted for as income when the risk related to the insurance policy incepts and are spread over the risk period of the contract by using an unearned premium provision. All premiums are shown before deduction of commission payable to intermediaries.

ii) Claims incurred

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

iii) *Provision for unearned premium*

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

iv) *Provision for unexpired risk*

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

v) *Provision for claims*

Provision is made on a prudent basis for the estimated final cost of all claims that have not been settled on the reporting date, less amounts already paid. Claims and loss adjustment expenses are charged to income as incurred, based on the estimated liability for compensation owed to the beneficiaries (contract holders or third parties damaged by the contract holders) of the insurance contracts. The group's own assessors or external assessors individually assess claims. The claims provision includes an estimated portion of the direct expenses of the claims and assessment charges. Claims provisions are not discounted.

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

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

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

vii) *Deferred acquisition costs (DAC)*

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

viii) *Liability for insurance contracts*

At each reporting date, the group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts.

Claims and loss adjustment expenses are charged to income as incurred, based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the group. The group does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

ix) *Reinsurance contracts held*

Contracts entered into by the group with reinsurers under which the group is compensated for losses on one or more contracts issued by the group and that meet the classification requirements for insurance contracts, are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits to which the group is entitled under its reinsurance contracts held are classified as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within trade and other receivables) as well as longer-term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Receivables are classified as short term if the group is aware of claims which will be submitted within the next 12 months.

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

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

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

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

x) *Receivables and payables related to insurance contracts*

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

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

xi) *Salvage reimbursements*

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

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

(b) Long-term insurance

These contracts are valued in terms of the financial soundness valuation (FSV) basis contained in 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 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.

20. FINANCIAL LIABILITIES

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

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

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

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

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

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

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

20.1 Investment contracts

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

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

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

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

20.2 Borrowings

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

20.3 Trade and other payables

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

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

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

21. DEFERRED REVENUE LIABILITY (DRL)

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

22. SHARE CAPITAL AND TREASURY SHARES

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.

23. CURRENT AND DEFERRED INCOME TAX

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

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

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

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

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

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

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

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

Prior to 1 April 2012

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

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

After 1 April 2012

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

The deferred tax asset is not raised on unutilised STC credits as the STC credits are now available for the benefit of the group's shareholders and not the group.

24. TRUST AND FIDUCIARY ACTIVITIES

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

25. EMPLOYEE BENEFITS

25.1 Pension obligations

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

25.2 Other post-retirement benefits

The group offers no other post-retirement benefits.

25.3 Share-based compensation

The group 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.

25.4 Annual leave

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

25.5 Profit sharing and bonus plans

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

25.6 Termination benefits

Termination benefits are employee benefits payable as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits. The group recognises these termination benefits when the group is demonstrably committed either to terminate the employment of an employee or group of employees before the normal retirement date, or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The group is demonstrably committed to a termination when the group has a detailed formal plan (with specified minimum contents) for the termination and it is without realistic possibility of withdrawal. Where termination benefits fall due more than 12 months after the reporting period, they are discounted. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Termination benefits are immediately recognised as an expense.

26. PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

26.1 Provisions

Provisions are recognised when:

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

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

26.2 Onerous contracts

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

26.3 Contingent liabilities and assets

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

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

27. LEASES

27.1 Operating leases

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

27.2 Finance leases

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

28. DIVIDEND DISTRIBUTIONS

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

29. REVENUE RECOGNITION

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

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

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

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

29.1 Rendering of services

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

Commissions, dealings and structuring

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

Investment management fees and initial fees

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

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

29.2 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.

29.3 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.

30. SOLVENCY MARGIN

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

31. CLAIMS

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

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

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

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

32. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

32.1 Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy on goodwill. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (see note 3).

32.2 Fair value of derivatives and other unlisted financial instruments

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

The carry amount of the unlisted financial instruments are R4 760 000 (2012: R5 176 000) and would be an estimated R952 000 (2012: R1 035 000) lower/higher were the discount rate used in the discount cash flow analysis to differ by 20% from management's estimates.

32.3 Investment contracts

The group issues a significant number of investment contracts that are designated as at fair value through profit or loss. These financial instruments are not quoted in active markets, and their fair values are determined by using valuation techniques. Such techniques (for example, valuation models) are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are validated before they are used and calibrated to ensure that outputs reflect actual experience and comparable market prices. The investment contract liabilities held at fair value are fully matched with the underlying assets. As such the fair value of the investment contract liabilities is determined with reference to the fair value of the underlying asset. The carrying amount of the investment contract liabilities is R10 272 444 000 (2012: R9 144 681 000).

32.4 Recognition of intangible assets

With a business combination all identifiable assets are recognised at their respective fair values in the consolidated financial statements. The fair values of intangible assets acquired through business combinations are determined by using a discounted cash flow valuation method. The discount rate is based on the long-term risk-free rate with risk premiums added for market and other company and asset-specific risks. Intangible assets acquired through business combinations were valued using a discount rate of 17,87% (2012: between 17,5% and 23,0%).

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

The main assumptions used in the valuation of key customer relationships are the useful lives of these assets and the future profitability and cancellation rate of the underlying revenue streams. The useful life of key customer relationships is estimated based on the cancellation experience of the existing business and the useful life of customer relationships of other players in the market. For the key customer relationships recognised at 28 February 2013 a useful life of 20 years (2012: 20 years) and an average cancellation rate of 10% (2012: 11%) were assumed.

If a useful life of 15 years were applied, the asset value would have been R60 000 (2012: R406 000) lower and if a useful life of 25 years were applied, the asset would have been R36 000 (2012: R252 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 3 for further detail.

32.5 Short-term insurance liabilities

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

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

Process to determine significant assumptions

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

i) *Unearned premiums*

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

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

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

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

ii) *Unexpired risk provision*

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

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

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

iii) *Outstanding claims*

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

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

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

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

iv) *Claims incurred but not reported (IBNR)*

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

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

GROUP	Owner-occupied buildings R000	Motor vehicles R000	Office equipment R000	Computer equipment R000	Total R000
1. PROPERTY AND EQUIPMENT					
As at 28 February 2013					
Cost	**4 313**	**759**	**38 092**	**40 244**	**83 408**
Accumulated depreciation and impairment	**(158)**	**(534)**	**(25 216)**	**(30 145)**	**(56 053)**
Balance at end of year	**4 155**	**225**	**12 876**	**10 099**	**27 355**
Reconciliation					
Balance at beginning of year	**–**	**316**	**15 911**	**10 522**	**26 749**
Additions	**–**	**92**	**2 942**	**6 213**	**9 247**
Disposals	**–**	**(22)**	**(739)**	**(456)**	**(1 217)**
Depreciation	**(44)**	**(161)**	**(5 811)**	**(7 160)**	**(13 176)**
Acquisition of subsidiaries	**4 199**	**–**	**739**	**1 328**	**6 266**
Disposal of subsidiaries and books of business	**–**	**–**	**(91)**	**(337)**	**(428)**
Exchange differences	**–**	**–**	**(1)**	**2**	**1**
Impairment	**–**	**–**	**(74)**	**(13)**	**(87)**
Balance at end of year	**4 155**	**225**	**12 876**	**10 099**	**27 355**
As at 29 February 2012					
Cost	–	702	38 385	41 807	80 894
Accumulated depreciation and impairment	–	(386)	(22 474)	(31 285)	(54 145)
Balance at end of year	–	316	15 911	10 522	26 749
Reconciliation					
Balance at beginning of year	–	556	15 916	9 453	25 925
Additions	–	50	5 292	7 424	12 766
Disposals	–	(126)	(961)	(165)	(1 252)
Depreciation	–	(164)	(5 451)	(7 220)	(12 835)
Acquisition of subsidiaries and books of business	–	–	1 303	1 117	2 420
Disposal of subsidiaries	–	–	(188)	(87)	(275)
Balance at end of year	–	316	15 911	10 522	26 749

Depreciation expense of R13 176 000 (2012: R12 835 000) has been charged as part of marketing, administration and other expenses as disclosed in note 32.

Included in office equipment are assets held under finance leases (note 21):

	GROUP 2013 R000	GROUP 2012 R000
Cost	**1 688**	1 688
Accumulated depreciation and impairment	**(1 360)**	(797)
Net carrying value at end of year	**328**	891

	GROUP 2013 R000	GROUP 2012 R000
2. INVESTMENT PROPERTY		
As at 28 February 2013		
Cost	2 036	–
Fair value adjustments	–	–
Balance at end of year	2 036	–
Reconciliation		
Balance at beginning of year	–	–
Acquisition of subsidiaries	2 036	–
Balance at end of year	2 036	–

Investment property comprises the following

The group invested in an office building, which includes Unit 210 of a sectional title development, known as The Cliffs. The building is situated on Erf 39279, Bellville, Cape Town. The directors' valuation indicated that the market value of the property is not materially different from the purchase price. The market value was confirmed with an external property valuer.

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

Rental income and direct operating expenditure relating to the building are included in profit and loss and were:	GROUP 2013 R000	GROUP 2012 R000
Rental income	96	–
Direct operating expenditure	(90)	–
	6	–

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

Included in other intangibles is computer software to the value of R22 744 000 (2012: R20 717 000).

3. INTANGIBLE ASSETS (continued)

Included in customer relationships are the following material individual intangible assets and their respective remaining amortisation period:	GROUP Remaining amortisation period 2013	2012	Carrying value 2013 R000	2012 R000
Multinet Makelaars	**13 years and 1 month**	14 years and 1 month	**51 655**	55 591
Diagonal Street Financial Services	**17 years and 6 months**	18 years and 6 months	**20 625**	21 803
Tlotlisa Securities (T-Sec)	**16 years and 2 months**	17 years and 2 months	**19 400**	20 600
PSG Konsult Short-Term Administration (Topexec)	**13 years and 2 months**	14 years and 2 months	**17 656**	18 995
PSG Konsult Insurance Solutions	**17 years**	18 years	**14 960**	15 840
			124 296	132 829

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 2013 R000	2012 R000
PSG Konsult Financial Planning (Proprietary) Limited	**246 661**	149 446
PSG Konsult Academy (Proprietary) Limited	**–**	1 691
PSG Konsult Securities (Proprietary) Limited	**–**	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
Topexec Management Bureau (Proprietary) Limited	**–**	68 699
PSG Konsult Brokers UK Limited	**–**	44
Online Securities Limited	**23 684**	23 684
PSG Konsult Insurance Solutions (Proprietary) Limited	**7 618**	14 462
PSG Konsult Corporate Limited	**27 765**	41 983
PSG Online Solutions (Proprietary) Limited	**1 912**	1 912
iHound (Proprietary) Limited	**–**	1 134
PSG Asset Management Administration Services (Proprietary) Limited	**9 801**	9 801
PSG Asset Management (Proprietary) Limited	**8 719**	8 719
PSG Asset Management Life Limited	**7 832**	7 832
Western Group Holdings Limited	**66 577**	–
	402 971	445 583

3. INTANGIBLE ASSETS (continued)

Details on impairment tests performed

When goodwill is evaluated for impairment on an annual basis, the carrying value is assessed using a price/earnings ratio basis whereby the price/earnings ratio is multiplied by the current year earnings of the CGU to which the goodwill can be allocated on a reasonable basis. Price/earnings ratios used by management are determined with reference to similar listed companies as well as recent transactions that occurred within the PSG Konsult Group. The range of price/earnings ratios used varied from 5,0 to 7,5 (2012: 7,5).

Trademarks were evaluated for impairment using the most recent price/earnings ratios for similar transactions in the market. The price/earnings ratios used vary from 2,0 to 10,0 with an average of 7,5 (2012: 2,0 to 10,0 with an average of 7,5).

Customer relationships were evaluated for impairment using the most recent price/earnings ratios for similar transactions in the market. The range of price/earnings ratios used vary from 5,0 to 10,0 with an average of 7,5 (2012: 2,0 to 10,0 with an average of 7,5).

Critical accounting estimates and judgements

Based on the impairment indicator tests described above, where impairment indicators were identified, management assessed the recoverable amount of the cash generating units (CGUs) based on value-in-use calculations of the various CGUs. These calculations use cash flow projections based on financial budgets approved by management covering not longer than a five-year planning period. Where appropriate, cash flows were extrapolated into perpetuity by using a terminal growth rate model.

A key input used in the models to determine the value-in-use of the CGUs is the discount rate applied to management's forecast cash flows. The assumptions have been disclosed below:

	2013 %	2012 %
Risk-free rate (2013: R207, 2012: R157)	6,92	6,60
Tax rate	28,00	28,00
Growth rate	3,00	6,00
Terminal growth rate	3,00	4,00
Discount rate	18,32	16,48

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

Key input	Base assumption %	Scenario 1 (decrease) %	Scenario 2 (increase) %	Scenario 3 (decrease) %	Scenario 4 (increase) %
Growth rate	3,00	4,00	2,00	3,00	3,00
Terminal growth rate	3,00	4,00	2,00	3,00	3,00
Discount rate	18,32	18,32	18,32	17,32	19,32

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

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

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

3. INTANGIBLE ASSETS (continued)

Included under the impairment charge for the current financial year was the following:

- Amounts of R6 043 000 (customer relationships) and R4 379 000 (goodwill), included in the PSG Konsult Corporate segment, relating to the close-down of a CGU and the significant reduction in the future revenue projections in the insurance industry respectively.
- Amounts of R326 000 (customer relationships), R36 000 (customer relationships) and R1 566 000 (customer relationships), included in the PSG Konsult Financial Planning segment, relating to the significant reduction in the future revenue projections of these CGUs and sustained loss of income during the year on these books of business.
- Amounts of R3 816 000 (customer relationships), R2 308 000 (customer relationships), R488 000 (customer relationships), R1 167 000 (goodwill) and R13 000 000 (goodwill), included in PSG Konsult Financial Planning segment, relating to the significant reduction in the future revenue projections in the insurance industry and the subsequent closure of one of the CGUs.
- Amounts of R5 245 000 (customer relationships) and R60 731 000 (goodwill), included in the PSG Konsult Financial Planning segment, relating to the group's short-term administration platform which has been experiencing increased pressure on operating margins in a very competitive insurance industry.
- Amounts of R5 096 000 (customer relationships) and R1 134 000 (goodwill), included in the PSG Online segment, relating to the lead-generating business which was closed down during this financial year.
- Amounts of R6 843 000 (goodwill), included in the unallocated segment, relating to the group's short-term underwriting business, which has not produced any profits for the group in the current financial year and expected to maintain this low underwriting margins in the foreseen future.
- Amounts of R1 689 000 (intellectual property), R1 690 000 (goodwill), R41 000 (goodwill) and R1 734 000 (goodwill) included in the unallocated segment, relating to non-core CGUs within the group which will not form part of the group's three main business divisions in the future.
- An amount of R7 326 000 (trademarks), included in the PSG Konsult Financial Planning segment, relating to a trademark/brand name acquired in the past as part of a business combination which will not be used in the future under the "PSG" master brand.

These impairments have been charged as part of marketing, administration and other expenses as disclosed under note 32.

The carrying value of the remaining customer relationships and goodwill were carefully assessed and management does not expect any further impairments.

Included under the impairment charge for the previous financial year was an amount of R2 084 000 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 previous financial 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, Unallocated and PSG Konsult Financial Planning segments respectively as per note 43.

Critical accounting estimates and judgements

Customer relationships are amortised over a period of 20 years which represents management's best estimate of period over which economic benefits are expected to be derived. The amortisation charge on the customer relationships for the year ending 28 February 2013 was R20 606 000. The amortisation charge of intangible assets is sensitive to the useful life, which is illustrated in the table below:

Assumption	Years	Scenario 1 Years	Scenario 2 Years	Scenario 1 Amortisation charge on customer relationships would have increased to R000	Scenario 2 Amortisation charge on customer relationships would have increased to R000
Amortisation period	20	15	10	**27 011**	**40 516**

		COMPANY	
		2013 R000	2012 R000
4.	**INVESTMENT IN SUBSIDIARIES**		
	Unlisted shares at cost less provision for impairment	**1 070 172**	954 380

Effective 1 March 2012, PSG Konsult Limited acquired a 24% interest in Western Group Holdings Limited ("Western") for R19 340 000, a holding company based in Namibia with two short-term insurance licences, one in South Africa and the other in Namibia. Negotiations were concluded to increase the stake held in Western, which was subject to regulatory approvals. The regulatory approvals were obtained on 6 November 2012, on which date PSG Konsult Limited obtained an additional 51% interest in this company, raising its effective interest to 75%. Western was accounted for as an investment in associated company up to 31 October 2012. From 1 November 2012, the company was accounted for as a subsidiary of PSG Konsult Limited. This step acquisition resulted in a non-headline loss of R959 000. The consideration was paid with the issue of PSG Konsult Limited shares (30 051 282 shares at R1,95 per share) and the remaining R53 600 000 paid in cash on the effective date. Refer to note 40.3 for the detail of the transaction.

During the year, PSG Konsult Financial Planning (Proprietary) Limited amalgamated the business of PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited, PSG Konsult Nucleus (Proprietary) Limited, PSG Konsult Securities (Proprietary) Limited and Topexec Management Bureau (Proprietary) Limited with its own.

At year-end management decided to impair the investment in PSG Konsult Academy (Proprietary) Limited as it was no longer profit orientated and, following the restructuring that took place during the financial year, was no longer seen as part of the core business of the group.

During the previous financial year 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.

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 between 5,0 and 7,5 (2012: 7,5).

Refer to note 42 for a schedule of interests in subsidiaries.

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
5. INVESTMENT IN ASSOCIATED COMPANIES				
Carrying value of ordinary share investments				
Unlisted	**43 031**	11 350	**–**	–
	43 031	11 350	**–**	–
Reconciliation				
Balance at beginning of year	**11 350**	13 492	**–**	2 000
Share of profit/(loss) after taxation	**4 157**	(38)	**–**	–
Impairment charges	**(51)**	–	**–**	–
Movement in investment value	**27 575**	(2 104)	**–**	(2 000)
Dividends received	**(919)**	(293)	**–**	–
Acquisitions of subsidiaries	**37 187**	500	**–**	–
Acquisitions	**19 362**	–	**19 340**	–
Disposal of associated companies	**(7 362)**	(500)	**(19 340)**	(2 000)
Step acquisition from investment in associated companies to subsidiary	**(21 674)**	(2 090)	**–**	–
Impairments against loans granted to associated companies	**325**	–	**–**	–
Exchange differences	**656**	279	**–**	–
Carrying value at end of year	**43 031**	11 350	**–**	–
At cost	**43 031**	6 609	**–**	–
Goodwill included in carrying value	**–**	4 741	**–**	–

Acquisitions

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

The group, through its subsidiary Abrafield (Proprietary) Limited, obtained an additional interest of 5% in Cinetaur (Proprietary) Limited on 1 March 2012 for a consideration of R21 900, increasing its interest in the company from 35% to 40%.

During the previous financial year, the group acquired a 30% shareholding in Woodwind (Proprietary) Limited. Refer to note 40.5 for detail of this acquisition.

During the previous financial year, the group acquired a 10% shareholding in Finplanning (Proprietary) Limited through the investment in PSG Asset Management Holdings (Proprietary) Limited. However, the shareholding was disposed of during the previous year for a consideration of R500 000.

Disposals

The group, through its subsidiary PSG Konsult Brokers UK Limited, sold the 50% interest held in PSG Consult Limited on 2 January 2013, resulting in a non-headline loss of R6 433 000.

Effective 1 October 2012 and 28 February 2013, the group, through its subsidiary Abrafield (Proprietary) Limited, sold its 30% interest held in Karana Property Investments (Proprietary) Limited and its 30% interest held in Jamwa Beleggings (Proprietary) Limited, resulting in a non-headline loss of R1 105 000 and a non-headline profit of R342 000 respectively.

5. INVESTMENT IN ASSOCIATED COMPANIES (continued)

Disposals *(continued)*

During the previous financial year, 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 484 000. 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.

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:

	2013	2012
Price/earnings ratios	5,0 – 7,5	7,5

Investment in associated companies to the value of R51 000 (2012: Rnil) was impaired during the year.

Financial information in respect of associated companies

				GROUP Carrying value	
Name of associated company	Interest held %	Country of incorporation	Nature of business	2013 R000	2012 R000
Make-a-Million (Proprietary) Limited	33	South Africa	Financial intermediation	131	272
Cinetaur (Proprietary) Limited	40	South Africa	Property investment	–	152
Karana Property Investments (Proprietary) Limited	–	South Africa	Property investment	–	1 145
Jamwa Beleggings (Proprietary) Limited	–	South Africa	Property investment	–	(187)
Woodwind (Proprietary) Limited	30	South Africa	Property investment	–	(274)
Axon Xchange (Proprietary) Limited	38	South Africa	Currency trading	4 461	4 371
PSG Consult Limited	–	United Kingdom	UK-based financial services	–	5 871
Xinergistics (Proprietary) Limited	23	South Africa	Transport business	36 295	–
Purple Line Plastics (Proprietary) Limited	25	South Africa	Manufacturing	1 497	–
JWR Holdings (Proprietary) Limited	26	South Africa	Financial services	137	–
Excluwin Traders (Proprietary) Limited	34	South Africa	Retail	475	–
Prexision Asset Finance (Proprietary) Limited	38	South Africa	Asset finance	–	–
Tradesure Marine (Proprietary) Limited	20	South Africa	Underwriting manager	35	–
				43 031	11 350

5. INVESTMENT IN ASSOCIATED COMPANIES (continued)

Aggregate associated companies' assets, liabilities, revenue and profit	**Assets R000**	**Liabilities R000**	**Revenue R000**	**Profit R000**
For the year ended 28 February 2013	**489 843**	**316 493**	**469 511**	**15 195**
For the year ended 29 February 2012	45 731	45 213	16 054	94

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 **2013 R000**	2012 000
Cinetaur (Proprietary) Limited	No	Prime less 1%	No repayment terms	**1 172**	891
Woodwind (Proprietary) Limited	No	Interest-free	No repayment terms	**1 257**	1 307
Prexision Asset Finance (Proprietary) Limited	No	Prime	No repayment terms	**1 056**	–
Excluwin Traders (Proprietary) Limited	No	Prime	No repayment terms	**694**	–
PSG Consult Limited	–	–	–	**–**	4 266
Jamwa Beleggings (Proprietary) Limited	–	–	–	**–**	1 222
Karana Property Investments (Proprietary) Limited	–	–	–	**–**	1 246
				4 179	8 932

	GROUP 2013 R000	GROUP 2012 R000
6. INVESTMENT IN JOINT VENTURES		
Carrying value of ordinary share investments		
Unlisted	8 682	–
	8 682	–
Reconciliation		
Carrying value at beginning of year	–	–
Share of profit after taxation	158	–
Movement in investment value		
Acquisition of subsidiaries	8 524	
Carrying value at end of year	8 682	–
As at 28 February 2013		
Shares at cost	8 524	
Share of profits and reserves since acquisition	158	
Balance at end of year	8 682	–
Loans granted to joint ventures	3 160	–
Jan Jonker Property Investment Trust		
Unsecured loan bearing interest at 9,25% and has no repayment terms.	3 160	–

Acquisitions

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

Impairments

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

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

Refer to note 3 for detail of key assumptions used.

No investments in joint ventures are considered to be impaired (2012: Rnil).

6. INVESTMENT IN JOINT VENTURES (continued)

		Proportion held directly or indirectly by holding companies		GROUP Carrying value	
Name of joint venture	Nature of business	2013 %	2012 %	2013 R000	2012 R000
Unlisted					
Jan Jonker Property Investment Trust	Property investment	50	–	8 682	–
				8 682	–

Jan Jonker Property Investment Trust is incorporated in Namibia.

Financial information in respect of principal joint ventures	Assets R000	Liabilities R000	Revenue R000	Profit R000
2013				
Jan Jonker Property Investment Trust	38 047	24 876	2 956	1 529

	GROUP		COMPANY	
	2013 R000	2012 R000	2013 R000	2012 R000
7. DEFERRED INCOME TAX				
Deferred income tax assets	29 271	33 116	75	1 635
Deferred income tax liabilities	(58 481)	(68 005)	(210)	(190)
Net deferred income tax (liabilities)/assets	(29 210)	(34 889)	(135)	1 445
Deferred income tax assets				
To be recovered within 12 months	11 598	14 440	75	1 635
To be recovered after 12 months	17 673	18 676	–	–
	29 271	33 116	75	1 635
Deferred income tax liabilities				
To be recovered within 12 months	(1 234)	(5 322)	(210)	(190)
To be recovered after 12 months	(57 247)	(62 683)	–	–
	(58 481)	(68 005)	(210)	(190)

7. DEFERRED INCOME TAX (continued)

The movement in the deferred tax assets and liabilities during the year was 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
As at 1 March 2011	982	–	1 655	1 859	5 421	9 917
(Charges)/credit to profit and loss	(53)	(893)	(2 245)	1 999	2 991	1 799
Other movements	–	–	(30)	–	–	(30)
Acquisition of businesses	45	16 606	1 742	7 693	21 217	47 303
Disposal of businesses	(45)	–	(101)	(1 752)	–	(1 898)
As at 29 February 2012	929	15 713	1 021	9 799	29 629	57 091
(Charges)/credit to profit and loss	(929)	(4 838)	(616)	1 942	2 766	(1 675)
Credit to equity	–	–	3 294	–	–	3 294
Other movements *	–	–	–	11	–	11
Disposal of subsidiaries	–	–	(59)	–	–	(59)
Acquisition of subsidiaries	–	–	857	8 124	(49)	8 932
As at 28 February 2013	–	10 875	4 497	19 876	32 346	67 594
To be recovered within 12 months	–	2 175	3 697	5 568	9 620	21 060
To be recovered after more than 12 months	–	8 700	800	14 308	22 726	46 534
	–	10 875	4 497	19 876	32 346	67 594

* *Represent movement through income statement.*

7. 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**
As at 1 March 2011	–	(280)	–	(72 543)	(118)	(72 941)
(Charges)/credit to profit and loss	(14)	(122)	(1 886)	6 489	(4 530)	(63)
Charges to other comprehensive income	–	–	(49)	–	–	(49)
Disposal of subsidiaries	–	65	–	167	–	232
Acquisition of subsidiaries	(256)	(110)	(4 963)	(10 007)	(6 270)	(21 606)
Other movements	–	(355)	–	2 803	–	2 448
As at 29 February 2012	(270)	(802)	(6 898)	(73 091)	(10 918)	(91 979)
Credit/(charges) to profit and loss	**270**	**(222)**	**(7 840)**	**1 956**	**(4 804)**	**(10 640)**
Credit to other comprehensive income	**–**	**–**	**110**	**–**	**–**	**110**
Disposal of subsidiaries	**–**	**11**	**–**	**–**	**–**	**11**
Acquisition of subsidiaries	**–**	**–**	**(231)**	**(3 008)**	**–**	**(3 239)**
Disposal of books of business *	**–**	**–**	**–**	**1 852**	**–**	**1 852**
Other movements *	**–**	**(40)**	**–**	**7 121**	**–**	**7 081**
As at 28 February 2013	**–**	**(1 053)**	**(14 859)**	**(65 170)**	**(15 722)**	**(96 804)**
To be recovered within 12 months	**–**	**(1 053)**	**(1 700)**	**(7 590)**	**(4 513)**	**(14 856)**
To be recovered after more than 12 months	**–**	**–**	**(13 159)**	**(57 580)**	**(11 209)**	**(81 948)**
	–	**(1 053)**	**(14 859)**	**(65 170)**	**(15 722)**	**(96 804)**

* *Represent movements through income statement.*

	GROUP		COMPANY	
	2013 **R000**	2012 R000	**2013** **R000**	2012 R000
Total accumulated losses available for which no deferred tax asset has been raised:	**–**	61	**–**	–
	–	61	**–**	–

7. DEFERRED INCOME TAX (continued)

COMPANY **Deferred tax assets**	**STC credits** **R000**	**Provisions** **R000**	**Tax losses carried forward** **R000**	**Total** **R000**
As at 1 March 2011	982	150	1 169	2 301
Charges to profit and loss	(53)	(24)	(589)	(666)
As at 29 February 2012	929	126	580	1 635
Charges to profit and loss	**(929)**	**(51)**	**(580)**	**(1 560)**
As at 28 February 2013	**–**	**75**	**–**	**75**
To be recovered within 12 months	**–**	**75**	**–**	**75**
To be recovered after more than 12 months	**–**	**–**	**–**	**–**
	–	**75**	**–**	**75**

COMPANY **Deferred tax liabilities**	**Prepaid expenses** **R000**	**Unrealised foreign exchange differences** **R000**	**Total** **R000**
As at 1 March 2011	(81)	(50)	(131)
Charges to profit and loss	(27)	(32)	(59)
As at 29 February 2012	(108)	(82)	(190)
Credit/(charges) to profit and loss	**29**	**(49)**	**(20)**
As at 28 February 2013	**(79)**	**(131)**	**(210)**
To be recovered within 12 months	**(79)**	**(131)**	**(210)**
To be recovered after more than 12 months	**–**	**–**	**–**
	(79)	**(131)**	**(210)**

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

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

	GROUP 2013 R000	GROUP 2012 R000
8. EQUITY SECURITIES		
Direct equity investments	**31 629**	9 615
Quoted – Listed	**30 784**	8 770
Unquoted – Unlisted	**845**	845
Investments linked to investment contracts (refer to note 22)	**981 144**	865 353
Quoted – Listed	**585 304**	865 353
Quoted – Unlisted	**395 840**	–
	1 012 773	874 968

Included in quoted equity securities are listed investments to the value of R616 088 000 (2012: R874 123 000). Quoted securities were valued based on the quoted bid prices as listed on the Johannesburg Stock Exchange (JSE).

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

* *Refer to page 149 for details of the reallocation from listed to unlisted.*

8. EQUITY SECURITIES (continued)

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

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

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

	GROUP	
	2013 R000	2012 R000
Current portion	**519 094**	511 930
Non-current portion	**493 679**	363 038
	1 012 773	874 968

	GROUP	
	2013 R000	2012 R000
9. DEBT SECURITIES		
Direct investments	**127 038**	47 704
Quoted – Listed	**43 524**	17 755
Quoted – Unlisted	**80 098**	29 949
Unquoted	**3 416**	–
Investments linked to investment contracts (refer to note 22)	**1 884 446**	2 001 038
Quoted – Listed	**53 790**	82 721
Quoted – Unlisted	**1 583 935**	1 651 984
Unquoted	**246 721**	266 333
	2 011 484	2 048 742

Included in quoted debt securities are listed investments to the value of R97 314 000 (2012: R100 476 000).

9. DEBT SECURITIES (continued)

GROUP	Held-to-maturity R000	Available-for-sale R000	Fair value through profit or loss R000	Total R000
Quoted – Listed				
Reconciliation				
Carrying amount at 1 March 2011	–	–	–	–
Additions	–	–	17 948	17 948
Acquisition of subsidiaries	–	17 323	92 204	109 527
Disposals	–	–	(34 466)	(34 466)
Consolidation of mutual funds	–	–	602	602
Unrealised fair value net gains and reinvestments	–	432	6 433	6 865
Carrying amount at 29 February 2012	–	17 755	82 721	100 476
Additions	**–**	**–**	**49 803**	**49 803**
Acquisition of subsidiaries	**–**	**–**	**8 342**	**8 342**
Disposals	**–**	**(17 987)**	**(57 314)**	**(75 301)**
Unrealised fair value net gains and reinvestments	**–**	**775**	**13 762**	**14 537**
Realised losses	**–**	**(543)**	**–**	**(543)**
Carrying amount at 28 February 2013	**–**	**–**	**97 314**	**97 314**
Quoted – Unlisted				
Reconciliation				
Carrying amount at 1 March 2011	–	–	–	–
Additions	155 182	–	110 662	265 844
Acquisition of subsidiaries	909 314	–	982 367	1 891 681
Disposals	–	–	(657 000)	(657 000)
Maturities	(1 204)	–	–	(1 204)
Consolidation of mutual funds	–	–	11 024	11 024
Unrealised fair value net gains and reinvestments	–	–	52 074	52 074
Finance income	119 514	–	–	119 514
Carrying amount at 29 February 2012	1 182 806	–	499 127	1 681 933
Additions	**–**	**–**	**161 474**	**161 474**
Acquisition of subsidiaries	**–**	**–**	**8 408**	**8 408**
Disposals	**–**	**–**	**(356 296)**	**(356 296)**
Unrealised fair value net gains and reinvestments	**–**	**–**	**67 161**	**67 161**
Finance income	**101 353**	**–**	**–**	**101 353**
Carrying amount at 28 February 2013	**1 284 159**	**–**	**379 874**	**1 664 033**

9. DEBT SECURITIES (continued)

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

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 2013 R000	GROUP 2012 R000
Current portion	**640 714**	111 058
Non-current portion	**1 370 770**	1 937 684
	2 011 484	2 048 742

	GROUP 2013 R000	GROUP 2012 R000
10. UNIT-LINKED INVESTMENTS		
Direct investments	**227 351**	32 482
Quoted – Unlisted	**227 340**	30 877
Unquoted	**11**	1 605
Investments linked to investment contracts (refer to note 22)	**6 493 113**	5 186 692
Quoted – Unlisted	**4 473 311**	3 471 531
Unquoted	**2 019 802**	1 715 161
	6 720 464	5 219 174

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

GROUP	Available-for-sale R000	Fair value through profit or loss R000	Total R000
Quoted – Unlisted			
Reconciliation			
Carrying amount at 1 March 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
Additions	**9 161**	**3 569 846**	**3 579 007**
Acquisition of subsidiaries	**–**	**145 048**	**145 048**
Disposals	**(23 358)**	**(3 039 575)**	**(3 062 933)**
Deconsolidation of mutual funds	**–**	**15 951**	**15 951**
Unrealised fair value net gains and reinvestments	**(5)**	**520 156**	**520 151**
Realised profits	**329**	**160**	**489**
Interest and dividends accrued	**–**	**530**	**530**
Carrying amount at 28 February 2013	**–**	**4 700 651**	**4 700 651**

10. UNIT-LINKED INVESTMENTS (continued)

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

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	
	2013 R000	2012 R000
Current portion	**1 383 569**	1 679 428
Non-current portion	**5 336 895**	3 539 746
	6 720 464	5 219 174

	GROUP 2013 R000	GROUP 2012 R000
11. INVESTMENT IN INVESTMENT CONTRACTS		
Reconciliation		
Balance at beginning of year	**994 380**	–
Investment contract premiums paid	**219 025**	65 829
Investment contracts benefits received	**(500 854)**	(267 085)
Interest charge	**53 636**	21 612
Fair value adjustment/reinvestments to investment contracts	**82 458**	65 338
Acquisition of subsidiaries	**–**	1 108 686
Balance at end of year	**848 645**	994 380
Current portion	**510 505**	408 838
Non-current portion	**338 140**	585 542
	848 645	994 380
Held at fair value through profit or loss	**326 508**	525 880
Held-to-maturity	**522 137**	468 500
	848 645	994 380

Fair value of the investment in investment contracts is determined by reference to the underlying assets and all these investments are linked to investment contract liabilities (refer to note 22).

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
12. LOANS AND ADVANCES				
Secured loans	**37 114**	–	**–**	–
Unsecured loans	**81 851**	67 061	**2 093**	–
Loans with non-controlling interest	**468**	468	**–**	–
Intergroup loans and advances (refer to note 39)	**–**	–	**6 047**	61 545
	119 433	67 529	**8 140**	61 545
Current portion	**62 113**	29 644	**8 140**	61 545
Non-current portion	**57 320**	37 885	**–**	–
	119 433	67 529	**8 140**	61 545

The secured loans and a portion of the unsecured loans (R6 522 000) consist of loans to short-term insurance clients mainly through Hi-Five Corporate Finance (Proprietary) Limited, a subsidiary of Western Group Holdings Limited. These loans to clients accrue interest at rates ranging between 0% and 15,25%. The repayment terms and conditions of the loans are negotiated on a case-by-case basis. Early settlement of loans is permitted, in which case the amount will be calculated as the outstanding capital plus any interest accrued until that date. The loan account can also be used as a draw-down facility whereby clients are allowed, subsequent to early settlement of the outstanding balance or a portion thereof, to require an additional advance, limited to a maximum of the original capital of the loan or the guarantee in place.

12. LOANS AND ADVANCES (continued)

In order to manage credit risk arising on these loans and advances, loans are only made against fair valued securities. The terms and conditions of the securities allows Hi-Five Corporate Finance (Proprietary) Limited to execute its security in case of default on the repayment terms and is entitled to the majority of the increase in the market value of the underlying 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 value of the advances. The fair value of the collateral held in the form of warranties and guarantees was R42 032 000 (2012: Rnil) on 28 February 2013. With respect to these loans where no collateral is held (2013: R1 614 000; 2012: Rnil), there are no indications as at the reporting date that these debtors will not meet their payment obligations.

Included under unsecured loans are balances of R8 119 000 that accrue interest and are repayable on demand. The effective interest rates applied to R4 855 000 of these balances range between 4,88% and 7,82%. The remaining amount of R3 264 000 carries interest at the UK prime rate. These loans originated from the sale of the following associated companies: Karana Property Investments (Proprietary) Limited, Jamwa Beleggings (Proprietary) Limited and PSG Consult Limited. These loans were included under receivables due from related parties under note 15 in the previous financial year.

An amount of R1 480 000 (2012: R3 776 000) 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 591 000 (2012: R51 878 000) is repayable by monthly instalments and the effective interest rates applied range between 7,67% and 10,67% (2012: 7,00% and 11,00%), R116 000 (2012: R217 000) is repayable by monthly instalments with a fixed interest of 10,50% and R13 658 000 (2012: R11 190 000) 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. A provision for the impairment of unsecured loans of R1 449 000 (2012: Rnil) was raised on 28 February 2013 and included under other expenses as per note 32.

As at 28 February 2013, loans and advances of R24 540 000 (2012: Rnil) were past due but not impaired. This include balances of R23 429 000 which relate to a number of independent clients for whom there are no recent history of default. Remaining balance represents amounts owing from financial advisors. The ageing analysis of these trade receivables is as follows:

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
Up to 2 months	**2 258**	–	**–**	–
2 to 6 months	**–**	–	**–**	–
6 to 12 months	**22 282**	–	**–**	–
1 to 2 years	**–**	–	**–**	–
	24 540	–	**–**	–

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

	GROUP	
	2013 R000	2012 R000
13. DERIVATIVE FINANCIAL INSTRUMENTS		
Derivative financial assets	**15 955**	9 532
Derivative financial liabilities	**(17 139)**	(7 831)
Net derivative financial instruments	**(1 184)**	1 701
Derivative financial assets		
Current portion	**15 955**	9 532
Non-current portion	**–**	–
Derivative financial liabilities		
Current portion	**(17 139)**	(7 831)
Non-current portion	**–**	–
	(1 184)	1 701
Analysis of net derivative balance		
Equity contracts		
Contracts for difference ("CFD")	**(1 184)**	1 701
	(1 184)	1 701
Reconciliation of net derivative balance		
Carrying amount at the beginning of period	**1 701**	35
Additions	**–**	68 362
Disposals	**(2 885)**	–
Unrealised fair value losses – held-for-trading	**–**	(66 696)
Carrying amount at the end of period	**(1 184)**	1 701

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

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

The notional principal amounts of the outstanding contracts for difference at 28 February 2013 were R326 882 000 (2012: R253 677 000).

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	
	2013 R000	2012 R000
14. REINSURANCE ASSETS		
Reinsurers' share of insurance liabilities	**50 883**	–
Total assets arising from reinsurance contracts	**50 883**	–
Current portion	**50 883**	–
Non-current portion	**–**	–
	50 883	–

Amounts due from reinsurers in respect of claims already paid by the group on the contracts that are reinsured, are included in receivables including insurance receivables (Note 15).

No reinsurance assets (2012: Rnil) were considered to be impaired.

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
15. RECEIVABLES INCLUDING INSURANCE RECEIVABLES				
Trade receivables	**57 714**	64 146	**1 388**	10
Receivables due from related parties (refer to note 39)	**36 029**	31 079	**153 761**	158 225
Prepayments	**7 425**	5 145	**283**	385
Brokers and clearing houses and client accounts	**1 557 765**	2 252 659	**–**	–
Rental and other deposits	**4 039**	1 663	**–**	–
VAT receivable	**1 200**	306	**–**	–
Contracts for difference	**25 548**	21 469	**–**	–
Sundry debtors	**1 252**	740	**–**	–
	1 690 972	2 377 207	**155 432**	158 620
Insurance receivables				
Due from contract holders	**13 184**	–	**–**	–
Total receivables including insurance receivables *	**1 704 156**	2 377 207	**155 432**	158 620
* *Includes non-financial assets of R8 624 000 (2012: R5 451 000).*				
Current portion	**1 703 741**	2 374 531	**155 432**	158 620
Non-current portion	**415**	2 676	**–**	–
	1 704 156	2 377 207	**155 432**	158 620

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

Receivables are assessed individually for any indications that the counterparty might not be able to honour its commitments. 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.

15. RECEIVABLES INCLUDING INSURANCE RECEIVABLES (continued)

Broker and clearing accounts represent amounts owing by the JSE for trades in the last few days before year-end. These amounts fluctuate on a daily basis depending on the activity in the markets. Included in client accounts are balances of R82 897 000 (2012: Rnil) which accrue interest at prime.

Included in receivables due from related parties are balances of R6 082 000 (2012: R7 625 000) that accrue interest. The effective interest rates applied to these balances (2012: R4 780 000) range between 5,57% and 9,42% (2012: 5,00% and 8,15%). The previous year include an amount of R2 845 000 which carried 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 28 February 2013 only represents the margin receivable at year-end from the financial institutions and accrue interest at SAFEX plus 2%.

As of 28 February 2013, receivables of R287 000 (2012: R3 586 000) 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		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
Up to 2 months	**–**	1 065	**–**	–
2 to 6 months	**2**	1 203	**–**	–
6 to 12 months	**285**	1 318	**–**	–
	287	3 586	**–**	–

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

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
16. CASH AND CASH EQUIVALENTS (INCLUDING MONEY MARKET INVESTMENTS)				
Cash at bank and in hand	**373 646**	341 959	**6 362**	10 242
Money market investments	**86 122**	16 678	**31 678**	–
Short-term deposits	**8 281**	–	**–**	–
	468 049	358 637	**38 040**	10 242

The effective interest rate on the cash and cash equivalents (including money market investments) was 3,13% (2012: 3,46%). The money market investments and the short-term deposits have an average maturity of 30 days or less.

Cash and cash equivalents included above relating to investment contract liabilities amounted to R65 096 000 (2012: R97 218 000). Refer to note 22.

PSG KONSULT

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
17. SHARE CAPITAL				
Authorised				
1 500 000 000 shares with a par value of 1 cent each (2012: 1 500 000 000 shares with a par value of 1 cent each)	**15 000**	15 000	**15 000**	15 000

	GROUP			COMPANY		
	Number of shares (thousands)	**Share capital R000**	**Share premium R000**	**Number of shares (thousands)**	**Share capital R000**	**Share premium R000**
Issued						
As at 1 March 2011	733 081	7 331	346 032	733 081	7 331	346 032
Issue of ordinary shares	339 220	3 392	503 475	339 220	3 392	503 475
As at 29 February 2012	1 072 301	10 723	849 507	1 072 301	10 723	849 507
Issue of ordinary shares	**30 051**	**301**	**58 299**	**30 051**	**301**	**58 299**
Rights issue	**107 230**	**1 072**	**186 025**	**107 230**	**1 072**	**186 025**
As at 28 February 2013	**1 209 582**	**12 096**	**1 093 831**	**1 209 582**	**12 096**	**1 093 831**

The group undertook a non-renounceable transferable rights offer of 107 230 121 ordinary shares, in the ratio of 1 rights offer share per every 10 ordinary shares held in PSG Konsult, and issued these rights at 175 cents per rights offer share to the ordinary shareholders of PSG Konsult, registered in the share register of the company as such at the close of business on Wednesday, 22 August 2012. The group was successful in raising capital of R187 652 000 with this rights issue, with costs of R555 000 incurred.

The shares issued during the financial year was as a result of the acquisition of a further 51% share in Western Group Holdings Limited on 1 November 2012. Refer to note 40.3 for the detail of the transaction.

The shares issued during the previous financial year was as a result of the amalgamation of PSG Asset Management Holdings (Proprietary) Limited on 1 March 2011, as the transaction was structured in the form of a share swop. Refer to note 40.3 for the detail of the transaction.

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

The shares bought back as treasury shares during the current and prior financial years by PSG Konsult Management Services (Proprietary) Limited are reflected as a deduction against equity. Refer to note 45 for the share analysis.

Analysis of treasury shares:

	GROUP	
	Treasury shares	
	Number of shares (thousands)	**R000**
As at 1 March 2011	7	–
Purchase of treasury shares	2 970	4 610
Reissue of treasury shares	(1 273)	(2 039)
As at 29 February 2012	1 704	2 571
Purchase of treasury shares	**17 493**	**25 398**
Reissue of treasury shares	**(18 797)**	**(29 003)**
Release of profits to retained earnings	**–**	**1 654**
As at 28 February 2013	**400**	**620**

17. SHARE CAPITAL (continued)

Share incentive scheme – Grant 1

Effective 1 March 2011, the group granted share options to executive directors and executive management, replacing the phantom share incentive scheme as per note 24.

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.

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

The total share-based payment costs recognised in the income statement for this scheme was R2 394 000 (2012: 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	Strike 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

17. SHARE CAPITAL (continued)

Share incentive scheme – Grant 2

Effective 1 July 2012, the group granted share options to executive directors and executive management (who did not form part of grant 1).

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.

The assumptions made regarding share options issued are set out below.

The total share-based payment costs recognised in the income statement for this scheme was R47 000. The scheme vests over a five-year period commencing 1 July 2014. The share-based payment cost expensed during the year will be recognised as part of equity.

The total fair value of the 11 753 248 share options granted is R1 144 162 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	Strike price R	Volatility used %	Dividend yield %	Risk-free rate %	Fair value R
1 July 2012	11 753 248	1,83	2,93	5,85	7,38	1,85

Analysis of outstanding share options by year of maturity:	Weighted average strike price R	Number
Financial year-end		
2014/15	**1,83**	**2 938 312**
2015/16	**1,83**	**2 938 312**
2016/17	**1,83**	**2 938 312**
2017/18	**1,83**	**2 938 312**
		11 753 248

18. OTHER RESERVES

GROUP	Available-for-sale R000	Foreign currency translation R000	Share-based payment R000	Common control R000	Total R000
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 subsidiaries	–	–	–	(344 122)	(344 122)
Disposal of subsidiaries	–	–	–	(2 218)	(2 218)
Balance as at 1 March 2012	484	(1 388)	2 284	(471 120)	(469 740)
Share-based payment costs – employees	–	–	2 441	–	2 441
Currency translation adjustments	–	892	–	–	892
Fair value gains on available-for-sale financial assets	625	–	–	–	625
Recycling adjustment on available-for-sale financial assets	(1 109)	–	–	–	(1 109)
Disposal of subsidiaries	–	–	–	335	335
Deferred tax on equity-settled share-based payments	–	–	3 294	–	3 294
Balance as at 28 February 2013	–	(496)	8 019	(470 785)	(463 262)

COMPANY					
Balance as at 1 March 2011	–	–	–	–	–
Balance as at 1 March 2012	–	–	–	–	–
Balance as at 28 February 2013	–	–	–	–	–

GROUP		GROUP 2013 R000	2012 R000
19.	**NON-CONTROLLING INTEREST**		
	Balance at beginning of year	**17 725**	10 787
	(Loss)/profit for the year	**(4 760)**	7 357
	Dividends paid	**(824)**	(4 202)
	Acquisition of subsidiaries	**–**	7 176
	Disposal of subsidiaries	**–**	(5 327)
	Transactions with non-controlling interest	**–**	110
	Additional interest acquired from non-controlling interest	**(64)**	(1 104)
	Non-controlling interest arising on business combinations	**22 113**	2 928
	Balance at end of year	**34 190**	17 725
20.	**INSURANCE CONTRACTS AND REINSURANCE ASSETS**		
	Gross		
	Long-term insurance contracts (refer to a)	**30 419**	29 949
	Short-term insurance contracts		
	– claims reported and loss adjustment expenses and unexpired risk provision (refer to b)	**307 174**	–
	– claims incurred but not reported (IBNR) (refer to c)	**25 641**	–
	– unearned premiums (refer to d)	**14 850**	–
	Total insurance liabilities – Gross	**378 084**	29 949
	Recoverable from reinsurers		
	Long-term insurance contracts (refer to a)	**–**	–
	Short-term insurance contracts		
	– claims reported and loss adjustment expenses and unexpired risk provision (refer to b)	**26 001**	–
	– claims incurred but not reported (IBNR) (refer to c)	**12 762**	–
	– unearned premiums (refer to d)	**12 120**	–
	Total reinsurers' share of insurance liabilities	**50 883**	–
	Net		
	Long-term insurance contracts (refer to a)	**30 419**	29 949
	Short-term insurance contracts		
	– claims reported and loss adjustment expenses and unexpired risk provision (refer to b)	**281 173**	–
	– claims incurred but not reported (IBNR) (refer to c)	**12 879**	–
	– unearned premiums (refer to d)	**2 730**	–
	Total insurance liabilities – Net	**327 201**	29 949

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

	GROUP 2013 R000	GROUP 2012 R000
20. INSURANCE CONTRACTS AND REINSURANCE ASSETS (continued)		
Movements in insurance contracts and reinsurance assets:		
a) Long-term insurance contracts		
Balance at beginning of year	29 949	–
Liabilities released for payments on death, surrender and other terminations for the year	(3 381)	(3 277)
Fees deducted from account balances	(227)	(226)
Acquisition of subsidiaries	–	29 896
Changes in unit prices	4 078	3 556
Balance at end of year	30 419	29 949

Refer to page 154 for the significant assumptions used in the long-term insurance contract liabilities.

GROUP	2013 Gross R000	2013 Reinsurance R000	2013 Net R000	2012 Gross R000	2012 Reinsurance R000	2012 Net R000
b) Claims reported and loss adjustment expenses and unexpired risk provision						
Total at the beginning of the year	–	–	–	–	–	–
Cash paid for claims settled in the year	(82 998)	30 303	(52 695)	–	–	–
Increase in liabilities – arising from current year claims	101 398	(34 292)	67 106	–	–	–
Acquisition of subsidiaries	288 774	(22 012)	266 762	–	–	–
Total at the end of the year	307 174	(26 001)	281 173	–	–	–
c) Provision for IBNR						
Total at the beginning of the year	–	–	–	–	–	–
Charged to the income statement	727	(569)	158	–	–	–
Acquisition of subsidiaries	24 914	(12 193)	12 721	–	–	–
Total at the end of the year	25 641	(12 762)	12 879	–	–	–

	2013			2012		
GROUP	Gross R000	Reinsurance R000	Net R000	Gross R000	Reinsurance R000	Net R000
20. INSURANCE CONTRACTS AND REINSURANCE ASSETS (continued)						
d) Provision for unearned premiums						
Total at the beginning of the year	–	–	–	–	–	–
Charged to the income statement	5 277	(4 053)	1 224	–	–	–
Acquisition of subsidiaries	9 573	(8 067)	1 506	–	–	–
Total at the end of the year	**14 850**	**(12 120)**	**2 730**	–	–	–

Claims development tables

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

Liability adequacy test

An unexpired risk reserve (URR) is required if the group believes that its URR will prove insufficient to cover the unexpired risk on its books at the valuation date. No provision was required at the reporting date.

	GROUP		COMPANY	
	2013 R000	2012 R000	2013 R000	2012 R000
21. BORROWINGS				
Non-current				
Secured loans	96 872	89 485	70 284	62 214
Finance leases	–	583	–	–
Total non-current borrowings	96 872	90 068	70 284	62 214
Current				
Secured loans	121 356	25 953	27 716	19 270
Finance leases	583	496	–	–
Promissory notes	–	58 602	–	58 602
Bank overdrafts	41	45	–	–
Bank borrowings	–	1	–	1
Related-party loans (refer to note 39)	251	539	32 908	143 297
Other short-term loans	3 494	2 974	–	–
Total current borrowings	125 725	88 610	60 624	221 170
Total borrowings	222 597	178 678	130 908	283 384

21. BORROWINGS (continued)

The secured loans consist of loans with Rand Merchant Bank, Investec Bank Limited and Societe Generale. The loan with Rand Merchant Bank of R97 999 000 (2012: R81 484 000) is secured by the investment in Online Securities Limited. The loan consist of three separate loans, of which R22 467 000 (2012: R30 070 000) accrues interest at JIBAR plus 4,30% and is repayable in quarterly instalments of R2 535 000, with the final instalment on 12 August 2015, a second loan of R52 157 000 (2012: R20 408 000) which accrues interest at JIBAR plus 4,20% and is repayable in quarterly instalments R3 869 000, with the final instalment on 16 December 2016, and another of R23 375 000 (2012: R31 006 000) 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.

The loan with Investec Bank Limited is secured by the irrevocable, unconditional guarantee from PSG Konsult Limited for all the obligations of Delerus (Proprietary) Limited under the facility together with cession and pledge of all present and future right, title, benefit and interest to the loan book by Delerus (Proprietary) Limited. The loan, to the amount of R37 332 000 (2012: R33 954 000), is secured by advisor loans of R35 997 000 (2012: R32 655 000). The loan consist of two separate loans, one of R23 130 000 (2012: R16 894 000) which accrues interest at prime and is repayable in monthly instalments of R778 000, with the final instalment on 1 December 2015 and another of R14 202 000 (2012: R17 060 000) which accrues interest at prime and is repayable in monthly instalments of R348 000, with the final instalment on 1 February 2017.

The loan with Societe Generale, which is secured by the underlying ALSI 100 equity securities, South African Government Bonds Securities and cash held off statement of financial position by the clients in their BDA accounts in terms of the scrip lending facility entered into with Online Securities Limited, is available for a 12-month period and will be renegotiated at each period. The collateralised revolving facility with a balance of R82 897 000, secured by the off statement of financial position assets with a market value of R1 522 576 000 at 28 February 2013, accrues interest at the repo rate plus 1,30% and is settled on a daily basis depending on the value of the security.

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.

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

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

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

	GROUP 2013 R000	GROUP 2012 R000
22. INVESTMENT CONTRACTS		
Balance at beginning of year	**9 144 681**	–
Investment contract receipts	**2 868 109**	1 291 953
Investment contract benefits paid	**(2 884 673)**	(1 838 620)
Acquisition of subsidiaries	**–**	9 112 357
Interest charge	**158 528**	139 546
Commission and administration expenses	**(42 291)**	(45 112)
Fair value adjustment to investment contract liability	**1 028 090**	484 557
Balance at end of year	**10 272 444**	9 144 681
Current portion	**2 816 614**	1 713 541
Non-current portion	**7 455 830**	7 431 140
	10 272 444	9 144 681
Held at fair value through profit or loss	**8 419 067**	7 479 781
At amortised cost	**1 853 377**	1 664 900
	10 272 444	9 144 681
Investment contracts are represented by the following investments		
Equity securities	**981 144**	865 353
Debt securities	**1 884 446**	2 001 038
Unit-linked investments	**6 493 113**	5 186 692
Investment in investment contracts	**848 645**	994 380
Cash and cash equivalents	**65 096**	97 218
	10 272 444	9 144 681
23. THIRD-PARTY LIABILITIES ARISING ON CONSOLIDATION OF MUTUAL FUNDS		
Balance at beginning of year	**16 008**	–
Capital contributions received	**22 991**	–
Fair value adjustment to third-party liabilities	**1 646**	–
Acquisition of subsidiaries	**–**	37 016
Consolidation of mutual fund	**–**	16 008
Deconsolidation of mutual fund	**(15 542)**	(37 016)
Balance at end of year	**25 103**	16 008
Current portion	**–**	–
Non-current portion	**25 103**	16 008
	25 103	16 008

24. ACCRUALS FOR OTHER LIABILITIES AND CHARGES

	GROUP	
	Employee benefits R000	**Total R000**
As at 28 February 2013		
Balance at beginning of year	–	–
	–	–
As at 29 February 2012		
Balance at beginning of year	5 945	5 945
Utilised during the year	(5 945)	(5 945)
	–	–

	GROUP	
	2013 R000	2012 R000
Current portion	–	–
Non-current portion	–	–
	–	–

The employee benefits accrual related to performance-based remuneration. The provision consisted of a management bonus scheme as approved by the remuneration committee during 2006. The bonus scheme was terminated in the year ending 28 February 2011 and management participating in the scheme received final settlement in the 2012 financial year. A second, third and fourth scheme commenced 1 March 2007, 1 March 2008 and 1 March 2009 respectively for additional management members added to the scheme. The bonus provision was determined annually based on the headline earnings per share adjusted for the amortisation of intangibles and short-term incentives payable. The total provision was also adjusted for any resignations or cancellations of benefits as agreed with the remuneration committee on an annual basis. The management bonus scheme was replaced by the share incentive schemes. Refer to note 17.

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	R000	R000	**R000**	R000
25. TRADE AND OTHER PAYABLES				
Trade payables	**72 761**	107 382	**13 560**	16 796
Accruals	**83 286**	67 257	**40**	222
Contracts for difference	**39 829**	31 336	**–**	–
Deferred revenue	**4 658**	5 203	**–**	–
Purchase consideration payable	**6 288**	66 809	**–**	–
VAT payable	**10 705**	10 078	**234**	377
Unallocated premiums	**41 878**	15 907	**–**	–
Short-term claim creditors	**23 834**	20 676	**–**	–
Settlement control account	**1 542 115**	2 316 768	**–**	–
Other payables	**355**	2 850	**–**	–
Amounts due to intermediaries	**4 490**	–	**–**	–
Amounts due to reinsurers	**22 652**	–	**–**	–
Foreign reinsurers' reserve deposits	**18 778**	–	**–**	–
Investment policy benefits payable	**–**	1 880	**–**	–
Total trade and other payables *	**1 871 629**	2 646 146	**13 834**	17 395
** Includes non-financial liabilities of R44 490 000 (2012: R17 682 000).*				
Current portion	**1 871 629**	2 629 023	**13 834**	17 395
Non-current portion	**–**	17 123	**–**	–
	1 871 629	2 646 146	**13 834**	17 395

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

The contracts for difference balance at 28 February 2013 represents the margin payable at year-end by the group to clients and accrues interest at SAFEX plus 0,75%.

Included in purchase consideration payable are balances of R2 482 000 (2012: R56 553 000) that accrue interest. The effective interest rates applied range between 6,7% and 8,7% (2012: 6,5% and 9,0%).

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	
		2013 R000	2012 R000
26.	**DEFERRED ACQUISITION COSTS AND DEFERRED REINSURANCE ACQUISITION REVENUE**		
	a) Deferred acquisition costs		
	At the beginning of the year	**–**	–
	Movement for the period	**(178)**	–
	Acquisition of subsidiaries	**1 288**	–
	Total at the end of the year	**1 110**	–
	b) Deferred reinsurance acquisition revenue		
	At the beginning of the year	**–**	–
	Movement for the period	**975**	–
	Acquisition of subsidiaries	**1 914**	–
	Total at the end of the year	**2 889**	–

		GROUP	
		2013 R000	2012 R000
27.	**COMMISSION AND OTHER FEE INCOME**		
	Commissions and other policy administration fees *	**1 252 146**	1 134 171
	Dealing and structuring	**208 331**	201 611
	Trading profits	**395**	930
		1 460 872	1 336 712

* *Includes management fees received from related-party hedge funds, offshore unit trusts and local investment schemes of R299 572 000 (2012: R231 647 000). Refer to note 39.*

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
28. INVESTMENT INCOME				
Interest income *				
Loans and advances	**7 219**	4 166	**–**	–
Contracts for difference – Interest received on margin	**39 703**	16 777	**–**	–
Debt securities – At fair value through profit or loss	**33 330**	36 165	**–**	–
Unit-linked investments – At fair value through profit or loss	**148 439**	121 867	**–**	–
Interest received from related parties (refer to note 39)	**417**	296	**2 067**	5 281
Cash and short-term funds	**17 868**	14 765	**2 819**	443
	246 976	194 036	**4 886**	5 724
Dividend income				
Equity securities – At fair value through profit or loss	**21 274**	53 138	**–**	–
Debt securities – Preference shares	**13 791**	12 411	**–**	–
Unit-linked investments – Available-for-sale	**–**	2 059	**–**	–
Unit-linked investments – At fair value through profit or loss	**62 639**	–	**–**	–
Dividend income from related parties (refer to note 39)	**373**	1 412	**–**	–
Dividend from associated companies (refer to note 39)	**–**	–	**140**	–
Dividend income from subsidiaries (refer to note 39)	**–**	–	**129 437**	170 461
Dividend income	**–**	9 575	**–**	–
	98 077	78 595	**129 577**	170 461
Rental income	**132**	–	**–**	–
Investment income	**345 185**	272 631	**134 463**	176 185

* *Includes interest received of R15 616 000 (2012: R16 259 000) and dividends received of R4 600 000 (2012: R3 536 000) from related-party local investment schemes. Refer to note 39.*

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
29. NET FAIR VALUE GAINS AND LOSSES ON FINANCIAL INSTRUMENTS				
Foreign exchange gains	**1 457**	1 505	**239**	64
Foreign exchange losses	**(372)**	(689)	**–**	–
Net fair value gains on held-to-maturity financial assets	**154 989**	141 126	**–**	–
Net fair value gains/(losses) on financial assets and financial liabilities at fair value through profit or loss:				
Unrealised fair value gains/(losses) – Designated items	**410 843**	(90 441)	**–**	–
Realised fair value gains – Designated items	**376 446**	378 003	**–**	–
Net realised gains/(losses) on available-for-sale financial assets:				
Unit-linked investments	**118**	(1 658)	**–**	–
Debt securities	**1 245**	–	**–**	–
	944 726	427 846	**239**	64

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
30. OTHER OPERATING INCOME				
Extinguishment of obligations	**10 193**	19 056	**–**	–
Profit on disposal of subsidiaries	**5 160**	1 131	**–**	–
Profit on disposal of property and equipment	**119**	267	**–**	–
Profit on disposal of intangible assets	**885**	5 650	**–**	–
Profit on disposal of associated companies	**342**	–	**–**	–
Management and other fees received from related parties (refer to note 39)	**–**	–	**20 001**	15 523
Income from related parties (refer to note 39)	**557**	863	**–**	–
Training income	**7 462**	9 692	**–**	–
JSE settlement cost recoveries	**4 214**	3 202	**–**	–
Sundry income	**13 315**	2 368	**–**	–
	42 247	42 229	**20 001**	15 523

	GROUP		
	Gross R000	**Reinsurance R000**	**Net R000**
31. INSURANCE BENEFITS AND CLAIMS			
2013			
Short-term insurance contracts			
Claims paid	**82 998**	**(30 303)**	**52 695**
Movement in the expected cost of outstanding claims	**19 127**	**(4 558)**	**14 569**
Salvages	**(7 745)**	**916**	**(6 829)**
Individual life long-term insurance contracts – death, maturity, surrender and sick leave benefits and transfers to policyholder liabilities			
Insurance policy benefits paid	**3 617**	**–**	**3 617**
Movement to insurance policy liabilities (refer to note 20)	**(4 078)**	**–**	**(4 078)**
Total claims and loss adjustment expense	**93 919**	**(33 945)**	**59 974**
2012			
Short-term insurance contracts			
Claims paid	–	–	–
Movement in the expected cost of outstanding claims	–	–	–
Salvages	–	–	–
Individual life long-term insurance contracts – death, maturity, surrender and sick leave benefits and transfers to policyholder liabilities			
Insurance policy benefits paid	3 277	–	3 277
Movement to insurance policy liabilities (refer to note 20)	(3 556)	–	(3 556)
Total claims and loss adjustment expense	(279)	–	(279)

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
32. MARKETING, ADMINISTRATION AND OTHER EXPENSES				
Depreciation	**13 176**	12 835	**–**	–
Owner-occupied buildings	**44**	–	**–**	–
Motor vehicles	**161**	164	**–**	–
Office equipment	**5 811**	5 451	**–**	–
Computer equipment	**7 160**	7 220	**–**	–
Amortisation of intangible assets	**28 346**	30 844	**–**	
Operating lease rentals	**46 759**	45 884	**–**	–
Properties	**42 377**	42 404	**–**	–
Equipment and other	**4 382**	3 480	**–**	–
Auditor's remuneration	**7 349**	8 829	**40**	240
Audit services				
– current year	**7 207**	8 629	**40**	240
– prior year	**(76)**	25	**–**	–
Tax services	**42**	40	**–**	–
Other services	**176**	135	**–**	–
Employee benefit expenses	**382 257**	354 943	**–**	–
Salaries, wages, allowances and terminations	**343 148**	319 965	**–**	–
Social security costs (e.g. UIF, medical benefits)	**16 576**	14 250	**–**	–
Equity-settled share-based payment costs	**2 441**	2 284	**–**	–
Pension costs – defined contribution plans	**20 092**	18 444	**–**	–
Commission paid to brokers and financial planners	**605 771**	491 055	**–**	–
Management fees paid	**49 345**	66 204	**–**	–
Marketing costs	**21 095**	19 318	**–**	–
Professional fees	**7 436**	7 459	**16**	94
Administration costs	**296**	350	**595**	463
Other administration costs	**146 957**	138 908	**189**	765
JSE and STRATE expenses	**29 427**	29 470	**–**	–
Research and administration systems	**19 107**	19 631	**–**	–
Information technology expenses	**19 212**	16 554	**–**	–
Office expenses	**13 208**	12 995	**–**	–
Telephone expenses	**10 721**	11 984	**–**	–
Other expenses	**55 282**	48 274	**189**	765
Impairment of investments	**–**	–	**17 500**	94 409
Impairment of intangible assets	**124 657**	11 519	**–**	–
Fair value adjustment to third-party liabilities	**1 646**	–	**–**	–
Loss on disposal of associated companies	**7 538**	–	**–**	910
Loss on disposal of books of business	**5 064**	–	**–**	–
Loss on disposal of property and equipment	**397**	–	**–**	–
Loss on remeasurement of previous equity interest	**959**	895	**–**	–
Loss on disposal of intangible assets	**790**	373	**–**	–
Loss on disposal of subsidiaries	**555**	860	**–**	–
	1 450 393	1 190 276	**18 340**	96 881

Refer to pages 30 and 31 for the detail of the audited directors' and prescribed officer's remuneration.

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
33. FINANCE COSTS				
Redeemable preference shares	**–**	144	**–**	–
Contracts for difference – Interest paid on margin	**9 746**	8 360	**–**	–
Debt securities: Held-to-maturity	**158 528**	139 546	**–**	–
Loans from related parties (refer to note 39)	**–**	1 053	**3 412**	4 486
Other borrowings	**21 124**	20 528	**15 122**	12 936
	189 398	169 631	**18 534**	17 422
34. TAXATION				
Current taxation				
Current year	**77 405**	67 060	**959**	–
Prior year	**(4 996)**	959	**–**	–
	72 409	68 019	**959**	–
Deferred taxation				
Current year	**3 207**	372	**1 580**	725
Prior year	**164**	(2 109)	**–**	–
	3 371	(1 737)	**1 580**	725
Foreign taxation				
Current year	**43**	30	**43**	30
	43	30	**43**	30
Secondary tax on companies				
Current taxation	**6 810**	7 204	**–**	–
	6 810	7 204	**–**	–
Total income statement charge	**82 633**	73 516	**2 582**	755

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	%	%	**%**	%
34. 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	**(8,4)**	(5,4)	**(30,8)**	(61,6)
Capital gains tax differential in rates	**(1,3)**	1,3	**–**	–
Non-deductible charges	**29,2**	3,2	**4,2**	34,5
Prior year (underprovision)/overprovision	**(3,7)**	0,3	**–**	–
Income from associated companies	**(0,8)**	–	**–**	–
Prior year deferred tax adjustments	**0,2**	(1,2)	**–**	–
Deferred tax movement on acquisition of business	**–**	(1,1)	**–**	–
Foreign tax rate differential	**(1,2)**	(0,4)	**–**	–
Secondary tax on companies (STC) and other withholding tax	**5,7**	3,1	**0,8**	0,1
Tax in policyholder funds	**19,8**	3,7	**–**	–
S12H allowance	**–**	(0,2)	**–**	–
Realisation of deferred tax on disposal of intangible asset	**(1,8)**	–	**–**	–
Realisation of deferred tax on impairment of intangible asset	**(4,9)**	–	**–**	–
Effective rate of taxation	**60,8**	31,3	**2,2**	1,0
Unutilised STC credits				
STC credits available within the group	**–**	1 013	**–**	929
Deferred tax asset provided for	**–**	(929)	**–**	(929)
Available for future utilisation	**–**	84	**–**	–
Unutilised tax losses				
Gross calculated tax losses at the end of the year available for utilisation against future taxable income	**70 987**	35 057	**–**	2 072
Deferred tax asset provided on	**(70 987)**	(34 996)	**–**	(2 072)
Available for future utilisation	**–**	61	**–**	–
The tax credit relating to components of other comprehensive income is as follows:				
Before tax				
Currency translation adjustments	**892**	340	**–**	–
Fair value gains/(losses) on available-for-sale investments	**769**	(1 223)	**–**	–
Reclassification adjustment on available-for-sale financial assets	**(1 363)**	1 658	**–**	–
	298	775	**–**	–
Tax credit				
Fair value gains/(losses) on available-for-sale investments	**(144)**	281	**–**	–
Reclassification adjustment on available-for-sale financial assets	**254**	(232)	**–**	–
	110	49	**–**	–
After tax				
Currency translation adjustments	**892**	340	**–**	–
Fair value gains/(losses) on available-for-sale investments	**625**	(942)	**–**	–
Reclassification adjustment on available-for-sale financial assets	**(1 109)**	1 426	**–**	–
Other comprehensive income for the year, net of tax	**408**	824	**–**	–

	GROUP 2013 R000	GROUP 2012 R000
35. EARNINGS PER SHARE		
The calculation of earnings per share is based on the following:		
Total earnings attributable to ordinary shareholders	**58 131**	154 322
Headline earnings adjustments (net of tax and non-controlling interest):		
Net loss on disposal of associated companies	**7 196**	–
Gross amount	**7 196**	–
Non-controlling interest	**–**	–
Tax effect	**–**	–
Loss on remeasurement of previous equity interest	**959**	895
Gross amount	**959**	895
Non-controlling interest	**–**	–
Tax effect	**–**	–
Loss on disposal of books of business	**3 212**	–
Gross amount	**5 064**	–
Non-controlling interest	**–**	–
Tax effect	**(1 852)**	–
Net profit on disposal of intangible assets	**(1 049)**	(3 690)
Gross amount	**(95)**	(5 277)
Non-controlling interest	**(373)**	942
Tax effect	**(581)**	645
Impairment of intangible assets (including goodwill)	**110 999**	9 756
Gross amount	**124 657**	11 519
Non-controlling interest	**(7 019)**	(389)
Tax effect	**(6 639)**	(1 374)
Impairment of associated companies	**51**	–
Gross amount	**51**	–
Non-controlling interest	**–**	–
Tax effect	**–**	–
Loss/(profit) on disposal of property and equipment	**311**	(213)
Gross amount	**278**	(267)
Non-controlling interest	**–**	4
Tax effect	**33**	50
Non-headline items of associated companies	**(323)**	83
Gross amount	**(286)**	79
Non-controlling interest	**–**	–
Tax effect	**(37)**	4
(Profit)/loss on disposal of available-for-sale financial assets	**(1 109)**	1 426
Gross amount	**(1 363)**	1 658
Non-controlling interest	**–**	–
Tax effect	**254**	(232)
Net profit on sale of investment in subsidiaries	**(4 570)**	(297)
Gross amount	**(4 605)**	(271)
Non-controlling interest	**–**	–
Tax effect	**35**	(26)
Headline earnings	**173 808**	162 282

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

	GROUP	
	2013 R000	2012 R000
Basic and diluted		
Earnings attributable to ordinary shareholders	**58 131**	154 322
Headline earnings	**173 808**	162 282
Weighted average number of ordinary shares in issue (000)	**1 131 880**	1 070 689
Basic and diluted earnings per share (cents)	**5,10**	14,40
Headline earnings per share (cents)	**15,40**	15,20

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
36. DIVIDEND PER SHARE				
Normal dividend	**119 427**	76 127	**119 560**	76 154

Interim

3,5 cents per share (2012: 3,0 cents)

Final

7,3 cents per share (2012: 7,3 cents)

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

37. CAPITAL COMMITMENTS AND CONTINGENCIES

Other than operating lease obligations (disclosed below), the group had the following capital commitment and contingencies as at 28 February 2013:

- Capital expenditure in terms of computer hardware and software and development costs for administration systems – R11,1 million (2012: R12,2 million).
- At 28 February 2013, the group had R1 252 000 (2012: R67 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 R10 million (2012: R50 million) is unutilised at 28 February 2013.
- 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 28 February 2013 was R37,332 million (2012: R33,954 million).
- The group also provided suretyships to the value of R21,1 million (2012: R26,6 million) in favour of various financial institutions for the purchase of books of business by advisors.

	GROUP	
	2013	2012
	R000	R000
Operating lease commitments		
Future minimum lease commitments in terms of:		
Operating leases – equipment		
Due within one year	**2 459**	2 032
Due after one year but not more than five years	**1 950**	3 897
	4 409	5 929
Operating leases – premises		
Due within one year	**25 432**	30 610
Due after one year but not more than five years	**33 461**	30 333
Due after five years	**1 451**	–
	60 344	60 943

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 4% to 11% (2012: 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.

38. BORROWING POWERS

In terms of the company's memorandum of incorporation ("MOI"), borrowing powers are unlimited. Details of actual borrowings of the group and company are disclosed in note 21 to the financial statements.

39. RELATED-PARTY TRANSACTIONS

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

The related-party transactions are similar to those disclosed in the prior financial year, except for transactions, receivables and payables with Western Group Holdings Limited, which were eliminated on consolidation from 1 November 2012 or shown as related-party transactions.

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 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
Abrafield (Proprietary) Limited	**–**	–	**6 047**	5 130
Topexec Management Bureau (Proprietary) Limited	**–**	–	**–**	53 371
PSG Consult Limited	**–**	–	**–**	1 606
	–	–	**6 047**	61 545
Included in receivables from companies in the PSG Konsult Limited Group				
PSG Konsult Financial Planning (Proprietary) Limited	**–**	–	**117 275**	88 666
PSG Konsult Corporate Limited	**–**	–	**34 995**	14 506
PSG Konsult Corporate Financial Planning (Proprietary) Limited	**–**	–	**–**	2 995
PSG Konsult Insurance Solutions (Proprietary) Limited	**–**	–	**11**	3 480
PSG Konsult Optimum (Proprietary) Limited	**–**	–	**1 480**	1 476
PSG Konsult Nucleus (Proprietary) Limited	**–**	–	**–**	12
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	**–**	–	**–**	47 090
PSG Consult Limited	**–**	4 266	**–**	–
Cinetaur (Proprietary) Limited	**1 172**	891	**–**	–
Jamwa Beleggings (Proprietary) Limited	**–**	1 222	**–**	–
Karana Property Investments (Proprietary) Limited	**–**	1 246	**–**	–
Woodwind Trading (Proprietary) Limited	**1 257**	1 307	**–**	–
Make-a-Million (Proprietary) Limited	**8**	–	**–**	–
Excluwin Traders (Proprietary) Limited	**694**	–	**–**	–
Prexision Asset Finance (Proprietary) Limited	**1 056**	–	**–**	–
Jan Jonker Property Investment Trust	**3 160**	–	**–**	–
Included in receivables from companies in the PSG Group				
PSG Corporate Services (Proprietary) Limited	**34**	139	**–**	–
PSG Capital (Proprietary) Limited	**2**	–	**–**	–
Balances due from hedge funds, offshore unit trusts and local unit trusts:				
Related-party receivables				
Local unit trusts	**23 776**	18 098	**–**	–
Offshore unit trusts	**4 870**	3 647	**–**	–
Hedge funds	**–**	263	**–**	–
	36 029	31 079	**153 761**	158 225

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
39. RELATED-PARTY TRANSACTIONS (continued)				
Included in amounts receivable by the company from related parties are balances of R34 995 000 (2012: R89 457 000) that accrue interest and are repayable on demand. The effective interest rates applied to these balances is 9,17% (2012: on R88 212 000 of these balances the effective interest rate ranged between 5,2% and 9,5%). The remaining balance in the previous financial year of R1 245 000 carried 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	94	350	–	–
PSG Consult Limited	–	4	–	–
PSG Konsult Namibia (Proprietary) Limited	–	–	879	822
Delerus (Proprietary) Limited	–	–	1 233	1 214
PSG Konsult Management Services (Proprietary) Limited	–	–	13 353	2 388
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	–	–	–	16 015
PSG Konsult Academy (Proprietary) Limited	–	–	560	542
Online Securities Limited	–	–	–	17 340
PSG Prime (Proprietary) Limited	–	–	65	21
PSG Konsult Corporate Limited	–	–	6 881	6 956
PSG Konsult Securities (Proprietary) Limited	–	–	–	43 781
PSG Scripfin (Proprietary) Limited (previously Crest Constantia Management Services (Proprietary) Limited)	–	–	6 842	24 613
PSG Konsult Trust (Proprietary) Limited	–	–	215	–
PSG Online Solutions (Proprietary) Limited	–	–	380	380
PSG Asset Management Group Services (Proprietary) Limited	–	–	2 500	–
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	157	173	–	–
Zeder Financial Services Limited	–	12	–	–
	251	539	32 908	143 297

Included in amounts payable by the company to related parties are balances of R11 493 000 (2012: R48 222 000) that accrue interest and are repayable on demand. The effective interest rates applied to these balances range between 4,91% and 10,17% (2012: 4,08% and 10,50%). The remaining amounts payable by the company to related parties is interest-free and repayable on demand.

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
39. 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	**2 930**	17 756		
Investments in hedge funds	**–**	5 176		
Investments in unit trusts	**1 963 908**	923 537		
	1 966 838	946 469		

Other related balances

As at 29 February 2012, promissory notes to the value of R58 602 000 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. As at 28 February 2013, these promissory notes were repaid in full.

The following significant related-party transactions occurred during the year:

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
Income received from companies in the PSG Group				
PSG Konsult Limited and its subsidiaries				
PSG Konsult Financial Planning (Proprietary) Limited	**–**	–	**19 726**	15 150
PSG Konsult Management Services (Proprietary) Limited	**–**	–	**34**	32
PSG Konsult Securities (Proprietary) Limited	**–**	–	**–**	97
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	**–**	–	**–**	42
PSG Konsult Trust (Proprietary) Limited	**–**	–	**81**	75
PSG Konsult Corporate (Proprietary) Limited	**–**	–	**36**	–
PSG Konsult Nucleus (Proprietary) Limited	**–**	–	**11**	21
PSG Konsult Optimum (Proprietary) Limited	**–**	–	**113**	106
Management and other fees received	**–**	–	**20 001**	15 523
Commission and other fees received from companies in the PSG Group				
PSG Group Limited and its subsidiaries				
PSG Financial Services Limited	**–**	244	**–**	–
PSG Capital (Proprietary) Limited	**20**	19	**–**	–
PSG Corporate Services (Proprietary) Limited	**537**	600	**–**	–
	557	863	**–**	–
	557	863	**20 001**	15 523
Management fees from related-party funds:				
Local unit trusts	**251 393**	196 168		
Offshore unit trusts	**43 626**	32 601		
Hedge funds	**4 553**	2 878		
	299 572	231 647		

	GROUP		COMPANY	
	2013 **R000**	2012 R000	**2013** **R000**	2012 R000
39. RELATED-PARTY TRANSACTIONS (continued)				
Fees paid to companies in the PSG Group				
PSG Group Limited and its subsidiaries				
PSG Corporate Services (Proprietary) Limited	**276**	250	**–**	–
Zeder Financial Services Limited	**20**	99	**–**	–
PSG Konsult Limited and its subsidiaries and associates				
PSG Prime (Proprietary) Limited	**–**	–	**76**	81
Make-a-Million (Proprietary) Limited	**–**	1 211	**–**	–
PSG Konsult Financial Planning (Proprietary) Limited	**–**	–	**–**	577
PSG Konsult Management Services (Proprietary) Limited	**–**	–	**113**	106
	296	1 560	**189**	764
Interest received from PSG Konsult Limited Group companies				
Topexec Management Bureau (Proprietary) Limited	**–**	–	**–**	916
PSG Konsult Corporate Limited	**–**	–	**1 918**	1 384
PSG Consult Limited	**104**	40	**35**	25
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	**–**	–	**–**	2 764
Cinetaur (Proprietary) Limited	**85**	66	**–**	–
Jamwa Beleggings (Proprietary) Limited	**107**	88	**–**	–
Delerus (Proprietary) Limited	**–**	–	**114**	192
Karana Property Investments (Proprietary) Limited	**62**	102	**–**	–
Excluwin Traders (Proprietary) Limited	**23**	–	**–**	–
Jan Jonker Property Investment Trust	**36**	–	**–**	–
	417	296	**2 067**	5 281
Transaction with hedge funds, offshore unit trusts and local unit trusts:				
Related-party interest received				
Local unit trusts	**15 616**	16 259		
Interest paid to PSG Group companies				
PSG Group Limited and its subsidiaries				
PSG Corporate Services (Proprietary) Limited	**–**	1 053	**–**	1 053
PSG Konsult Limited and its subsidiaries and associates				
Online Securities Limited	**–**	–	**809**	220
PSG Konsult Namibia (Proprietary) Limited	**–**	–	**57**	56
PSG Konsult Corporate Financial Planning (Proprietary) Limited	**–**	–	**–**	286
PSG Konsult Corporate Limited	**–**	–	**576**	–
Topexec Management Bureau (Proprietary) Limited	**–**	–	**–**	80
PSG Asset Management (Proprietary) Limited	**–**	–	**99**	225
PSG Asset Management Group Services (Proprietary) Limited	**–**	–	**271**	–
PSG Asset Management Life Limited	**–**	–	**1 573**	2 065
Delerus (Proprietary) Limited	**–**	–	**27**	501
	–	1 053	**3 412**	4 486

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
39. RELATED-PARTY TRANSACTIONS (continued)				
Dividends received from companies in the PSG Konsult Limited Group				
PSG Konsult Namibia (Proprietary) Limited	–	–	857	602
Online Securities Limited	–	–	20 570	18 486
PSG Konsult Financial Planning (Proprietary) Limited	–	–	46 276	11 228
PSG Asset Management Holdings (Proprietary) Limited	–	–	44 100	12 500
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	–	–	–	26 999
PSG Konsult Insurance Solutions (Proprietary) Limited	–	–	–	6 224
PSG Scripfin (Proprietary) Limited (previously Crest Constantia Management Services (Proprietary) Limited)	–	–	17 634	–
PSG Konsult Commercial (Proprietary) Limited	–	–	–	12
PSG Fund Management Holdings (Proprietary) Limited	–	–	–	94 409
			129 437	170 461
Dividends received from associated companies				
Make-a-Million (Proprietary) Limited	–	–	140	–
			140	–
Dividends received from PSG Group				
PSG Group Limited and its subsidiaries				
PSG Financial Services Limited	373	1 412		
Transaction with hedge funds, offshore unit trusts and local unit trusts:				
Related-party dividends received				
Local unit trusts	4 600	3 536	–	–

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 and the prescribed officer. For the compensation detail, refer to the report of the board of directors. For the detail of the audited directors' and prescribed officer's remuneration, refer to pages 30 and 31.

During the current financial year, preference share funding of R61 250 000 was advanced to a related party of FJ Gouws, a prescribed officer of PSG Konsult, by a subsidiary of PSG Group Limited. The proceeds from the preference share funding were utilised to acquire 35 million shares in PSG Konsult Limited ("the PSG Konsult shares"). The preference share funding is repayable after seven years, carrying a fixed dividend rate of 8,5%, and the PSG Konsult shares serve as security. At the redemption date, should the market value of the PSG Konsult shares be less than the preference share funding redemption amount, the counterparty has an option to put the PSG Konsult shares to PSG Group Limited at an amount equal to the preference share funding redemption amount.

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
40. NOTES TO THE STATEMENTS OF CASH FLOWS				
40.1 Cash utilised in operating activities				
Profit before finance costs and taxation	**325 402**	404 826	**136 363**	94 891
Adjustment for non-cash items and other:				
Depreciation of property and equipment	**13 176**	12 835	**–**	–
Impairment of investments	**–**	–	**17 500**	94 409
Impairment of intangible assets and property and equipment	**124 744**	11 519	**–**	–
Amortisation of intangible assets	**28 346**	30 844	**–**	–
Interest received	**(246 976)**	(194 036)	**(4 886)**	(5 724)
Dividends received	**(98 077)**	(78 595)	**(129 577)**	(170 461)
Share of (profits)/losses of associated companies, net of dividend received and impairment	**(3 187)**	331	**–**	–
Share of profits of joint ventures, net of dividend received	**(158)**	–	**–**	–
Profit on disposal of property and equipment	**(119)**	(267)	**–**	–
Profit on disposal of intangible assets	**(885)**	(5 650)	**–**	–
Profit on disposal of subsidiaries	**(5 161)**	(1 131)	**–**	–
Profit on disposal of associated companies	**(342)**	–	**–**	–
Loss on disposal of books of business	**5 064**	–	**–**	–
Loss on disposal of subsidiaries	**555**	860	**–**	–
Loss on disposal of associated companies	**7 538**	–	**–**	910
Loss on disposal of intangible assets	**790**	373	**–**	–
Loss on disposal of property and equipment	**397**	–	**–**	–
Net fair value gains on financial instruments	**(943 641)**	(427 030)	**–**	–
Fair value adjustment to investment contracts policyholder liabilities	**1 060 212**	611 367	**–**	–
Fair value adjustment to third-party liabilities	**1 646**	–	**–**	–
Equity-settled share-based payment costs	**2 441**	2 284	**–**	–
Loss on remeasurement of previous equity interest	**959**	895	**–**	–
	272 724	369 425	**19 400**	14 026
Changes in working capital				
Receivables including insurance receivables	**694 957**	(2 181 985)	**(1 276)**	(96)
Reinsurance assets	**(8 610)**	–	**–**	–
Deferred acquisition costs	**178**	–	**–**	–
Deferred reinsurance acquisition revenue	**975**	–	**–**	–
Intergroup loans obtained	**157**	185	**59 962**	(28 584)
Intergroup loans repaid	**(221)**	(13 984)	**(94 507)**	(13 490)
Loans and advances	**(21 795)**	(27 678)	**(2 093)**	5 114
Provisions for other liabilities and charges	**–**	(5 945)	**–**	–
Trade and other payables	**(757 851)**	2 075 307	**(3 561)**	2 855
Other financial instruments	**(409 118)**	(273 140)	**–**	–
Third-party liabilities on consolidation of mutual funds	**22 991**	–	**–**	–
Insurance contracts	**24 873**	53	**–**	–
	(180 740)	(57 762)	**(22 075)**	(20 175)

40. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

40.2 Taxation paid

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
Charge to profit and loss	**(82 633)**	(73 516)	**(2 582)**	(755)
Movement in deferred taxation	**3 371**	(1 737)	**1 580**	725
Acquisition of subsidiaries	**873**	(5 969)	**–**	–
Movement in net taxation liability/asset	**(6 592)**	(1 248)	**70**	–
	(84 981)	(82 470)	**(932)**	(30)

40.3 Subsidiaries acquired

Acquisition of subsidiary concluded during the financial year ended 28 February 2013

Western Group Holdings Limited

Effective 1 March 2012, the group acquired a 24% interest in Western Group Holdings Limited ("Western") for R19 340 000, a Namibia-based holding company with two short-term insurance licences, one in South Africa and the other in Namibia. Negotiations were concluded to increase the stake held in Western, which was subject to regulatory approvals. The regulatory approvals was obtained on 6 November 2012, on which date PSG Konsult obtained a additional 51% interest in this company, raising its effective interest to 75%. Western was accounted for as an investment in associated company up to 31 October 2012. From 1 November 2012, the company was accounted for as a subsidiary of the group. This step acquisition resulted in a non-headline loss of R959 000. The consideration was paid with the issue of PSG Konsult shares (30 051 282 shares at R1,95 per share) and the remaining R53 600 000 paid in cash on the effective date.

	GROUP 2013 R000
Details of the net assets acquired and goodwill are as follows:	
Cash paid on effective date	**53 600**
PSG Konsult Limited ordinary shares issued (30 051 282 at R1,95 per share)	**58 600**
Total purchase consideration	**112 200**
Non-controlling interest	**22 113**
Less: Net assets acquired at carry value	**(88 451)**
Loss on remeasurement of previous equity interest	**(959)**
Derecognition of investment in associated companies	**21 674**
Goodwill recognised on acquisition	**66 577**
Cash consideration paid	**53 600**
Cash and cash equivalents acquired	**(114 223)**
Net cash flow	**(60 623)**

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition. The group recognised the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. As a result of the transaction, a loss of R959 000 was recognised in "marketing, administration and other expenses". Refer to note 32.

40. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

40.3 Subsidiaries acquired (continued)

	Fair value R000	Acquiree's carry amount R000
The assets and liabilities arising from the acquisition are as follows:		
Property and equipment	6 266	6 266
Intangible assets	10 744	–
Investment property	2 036	2 036
Investments in associated companies	37 187	37 187
Investments in joint ventures	8 524	8 524
Equity securities	12 988	12 988
Debt securities	16 750	16 750
Unit-linked investments	145 048	145 048
Loans and receivables	37 310	37 310
Reinsurance assets	42 272	42 272
Receivables including insurance receivables	24 624	24 624
Cash and cash equivalents	114 223	114 223
Deferred income tax	8 701	8 701
Deferred income tax liability raised on intangible assets	(3 008)	–
Current income tax asset	263	263
Insurance contracts	(323 261)	(323 261)
Deferred acquisition revenue relating to reinsurance contracts	(1 914)	(1 914)
Deferred acquisition costs relating to insurance contracts	1 288	1 288
Borrowings	(618)	(618)
Trade and other payables	(50 972)	(50 972)
Total identifiable net assets	**88 451**	**80 715**

The net insurance premium revenue included in the consolidated income statement since 1 November 2012, contributed by Western Group Holdings Limited was R66 565 000. Western Group Holdings Limited also contributed profit after taxation of R4 161 000 (before amortisation, release of deferred tax on intangible assets and non-controlling interest) over the same period.

Had Western Group Holdings Limited been consolidated from 1 March 2012, the consolidated income statement would have shown net insurance premium revenue of R197 323 000 and profit after taxation of R13 884 000 (before amortisation, release of deferred tax on intangible assets and non-controlling interest).

40. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

40.3 Subsidiaries acquired (continued)

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

i) PSG Asset Management Holdings (Proprietary) Limited

On 1 March 2011, the operations of PSG Fund Management, PSG Alphen, PSG Tanzanite, PSG Absolute Investments and PSG 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".

	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 in the 2012 financial year	(256 249)

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

	Acquiree's carrying amount R000
The assets and liabilities arising from the acquisition are as follows:	
Property and equipment	2 070
Intangible assets	34 289
Investments in associated companies	500
Equity securities	921 321
Unit-linked investments	4 858 659
Debt securities	2 214 032
Investments in investment contracts	1 108 686
Receivables	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

40. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

40.3 Subsidiaries acquired (continued)

The income included in the consolidated income statement since 1 March 2011, contributed by PSG Asset Management Holdings (Proprietary) Limited was R549 541 000 for the 2012 financial year. 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
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 paid	1 484
Cash and cash equivalents acquired	(231)
Net cash flow in the 2012 financial year	1 253

The goodwill is attributable to the synergies unlocked after acquisition and the expected cost savings of the acquisition. The group recognised the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets. As a result of the transaction, a loss of 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 income, included in the consolidated income statement since 1 March 2011, contributed by iHound (Proprietary) Limited was R5 201 000 for the 2012 financial year. iHound (Proprietary) Limited also contributed profit after taxation of R699 000 over the same period.

40. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

40.3 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% was payable on 1 May 2012 and the remaining 25% on 1 October 2012 and carried interest at prime interest rate less 2,5%.

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

	GROUP 2012 R000
Details of net assets acquired and goodwill are as follows:	
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 in the 2012 financial year	15 500
Cash consideration paid	15 226
Cash consideration paid – Interest	99
Net cash flow in the 2013 financial year	15 325

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

	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 income, included in the consolidated income statement, contributed by Pleroma Insurance Brokers Group was R15 834 000 for the 2012 financial year. 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 income of R19 062 000 and profit (before amortisation, finance cost and corporate expenses) of R3 935 000 for the 2012 financial year.

40. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

40.3 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 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 in the 2012 financial year	23 162

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

	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 income, included in the consolidated income statement, contributed by Equinox was R29 034 000 for the 2012 financial year. 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 income of R34 840 000 and profit after taxation of R8 782 000 for the 2012 financial year.

40. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

40.3 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) was payable on 31 May 2012 and carried interest at prime from the effective date.

	GROUP
	2012 R000
Details of the net assets acquired and goodwill are as follows:	
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 in the 2012 financial year	508
Cash consideration expected to be paid	1 526
Adjustment to purchase consideration	(1 120)
Net cash flow in the 2013 financial year	406

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

	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 income, included in the consolidated income statement, contributed by Triumviri Financial Advisors (Proprietary) Limited was R1 151 000 for the 2012 financial year. 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 income of R1 535 000 and profit (before amortisation, finance cost and corporate expenses) of R147 000 for the 2012 financial year.

40. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

40.3 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) was payable on 31 May 2012 and carried 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 in the 2012 financial year	1 889
Cash consideration paid	1 260
Cash consideration paid – interest	–
Net cash flow in the 2013 financial year	1 260

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

	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 income, included in the consolidated income statement, contributed by Agri Wilson Makelaars BK was R1 081 000 for the 2012 financial year. 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 income of R1 466 000 and profit (before amortisation, finance cost and corporate expenses) of R351 000 for the 2012 financial year.

40. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

40.3 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)

		GROUP 2013 R000	GROUP 2012 R000
Summary of cash flows for the year ending 28 February:			
Acquisitions in 2013			
i)	Western Group Holdings Limited	**(60 623)**	–
Acquisitions in 2012			
i)	PSG Asset Management Holdings (Proprietary) Limited	**–**	(256 249)
ii)	iHound (Proprietary) Limited	**–**	1 253
iii)	Pleroma Insurance Brokers Group	**15 325**	15 500
iv)	EFS Investment Solutions (Proprietary) Limited (Equinox)	**–**	23 162
v)	Triumviri Financial Advisors (Proprietary) Limited	**406**	508
vi)	Agri Wilson Makelaars BK	**1 260**	1 889
vii)	Acquisition of hedge funds and unit trusts	**–**	(43 437)
viii)	Various books of business acquired	**–**	12 000
Acquisitions in 2011			
i)	Bouwer Collins Insurance Brokers (Proprietary) Limited	**–**	8 896
ii)	Diagonal Street Financial Services (Proprietary) Limited	**11 102**	18 237
iii)	AdviceAtWork (Proprietary) Limited	**20 185**	–
iv)	NNB Financial Services (Proprietary) Limited	**3 503**	3 214
		(8 842)	(215 026)

40. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

40.4 Disposal of subsidiaries

Disposal of subsidiaries or books of business concluded during the financial year ended 28 February 2013

i) PSG South Easter Fund Management (Proprietary) Limited

The group, through its subsidiary PSG Asset Management Holdings (Proprietary) Limited, sold its interest in PSG South Easter Fund Management (Proprietary) Limited on 1 December 2012 for a consideration of R8 054 000. First instalment was based on the tangible net asset value of PSG South Easter Fund Management (Proprietary) Limited at 30 November 2012 plus 0,5% of AUM at the date of disposal. The deferred payments are based on 0,5% of AUM at 30 November 2013 and 30 November 2014 respectively. The company was derecognised as a subsidiary from this date.

	GROUP 2013 R000
Net assets of subsidiary sold	
Property and equipment	38
Unit-linked investments	3 695
Receivables	479
Cash and cash equivalents	1 768
Deferred income tax	48
Current income tax liabilities	(610)
Trade and other payables	(2 525)
Net assets of subsidiary sold	2 893
Profit on disposal of subsidiary	5 161
Total cash consideration received	8 054
Deferred consideration	(3 331)
Cash and cash equivalents of subsidiary	(1 768)
Net cash flow on disposal of subsidiary	2 955

ii) Disposal of books of business

The group, through its subsidiary Topexec Management Bureau (Proprietary) Limited, sold its third-party short-term administration business (Riscor) on 1 September 2012 to a third party for a consideration of R13 557 000. The consideration was received in full on the effective date.

	GROUP 2013 R000
Net assets of books of business sold	
Property and equipment	390
Intangible assets	18 231
Net assets of books of business sold	18 621
Loss on disposal of books of business	(5 064)
Total cash consideration received	13 557
Cash and cash equivalents of books of business	–
Net cash flow on disposal of books of business	13 557

40. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

40.4 Disposal of subsidiaries (continued)

iii) Disposal of hedge fund

The Group deconsolidated the Orange Prime Fund during the current financial year as the percentage interest held in this fund fell below the 25% threshold.

	GROUP 2013 R000
Net assets of subsidiaries sold	
Equity securities	**30 467**
Receivables	**1 111**
Third-party liabilities arising on consolidation of mutual funds	**(15 542)**
Trade and other payables	**(85)**
Net asset value	**15 951**
Transfer to investments in unit-linked investments	**(15 951)**
Total cash consideration received	**–**

Disposal of subsidiaries or books of business concluded during the financial year ended 29 February 2012

i) PSG Active Fund Services Limited (Guernsey)

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

	GROUP 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 in the 2012 financial year	(953)

The group made a payment of R555 000 during the current financial year relating to the sale of this subsidiary, driven by the settlement of a contingent legacy claim. This resulted in a further loss on disposal of subsidiary of R555 000.

40. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

40.4 Disposal of subsidiaries (continued)

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 had a 100% interest in PSG South Easter Fund Management (Proprietary) Limited. Refer to disposal of PSG South Easter Fund Management (Proprietary) Limited during the 2013 financial year.

	GROUP 2012 R000
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 in the 2012 financial year	6 537

iii) Disposal of hedge funds and unit trusts

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

	GROUP 2012 R000
Net assets of subsidiary sold	
Equity securities	64 799
Unit-linked investments	10 670
Receivables	4 083
Cash and cash equivalents	127
Trade and other payables	(37 016)
Deferred income tax	(4 529)
Net asset value	38 134
Transfer to investments in unit-linked investments	(38 134)
Total cash consideration received	–
Cash and cash equivalents of subsidiaries	(127)
Net cash flow on disposal of subsidiary in the 2012 financial year	(127)

40. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

40.5 Acquisition of investments in associated companies

Acquisition of investments in associated companies for the year ended 28 February 2013

i) Cinetaur (Proprietary) Limited

The group, through its subsidiary Abrafield (Proprietary) Limited, obtained an additional interest of 5% in Cinetaur (Proprietary) Limited on 1 March 2012 for a consideration of R21 900, increasing its interest in the company from 35% to 40%.

ii) Western Group Holdings Limited

The group acquired a 24% shareholding in Western Group Holdings Limited on 1 March 2012 for a consideration of R19 340 000. An additional interest of 51% was obtained in November 2012 and the investment in this associated company was derecognised on 31 October 2012 as the group obtained control over this company.

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

i) Woodwind (Proprietary) Limited

The group, through its subsidiary Abrafield (Proprietary) Limited, acquired a 30% shareholding in Woodwind (Proprietary) Limited 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 previous financial year for a consideration of R500 000.

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
40.6 Cash and cash equivalents at end of year				
Cash and cash equivalents (including money market investments)	**468 049**	358 637	**38 040**	10 242
Bank overdrafts	**(41)**	(45)	**–**	–
	468 008	358 592	**38 040**	10 242

41. 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:

Agreement has been reached between PSG Konsult Limited and the minority shareholders of Western Group Holdings Limited, whereby PSG Konsult Limited will acquire the remaining 25% interest in Western Group Holdings Limited effective 1 March 2013 for a cash consideration of R55,0 million. The transaction is subject to regulatory approval.

42. INTERESTS IN SUBSIDIARIES

	Proportion held directly or indirectly by holding company		Issued share capital		Cost of investment	
COMPANY	**2013 %**	2012 %	**2013 R**	2012 R	**2013 R000**	2012 R000
PSG Konsult Financial Planning (Proprietary) Limited	**100**	100	**105**	101	**216 175**	29 294
(Financial and investment planning and advice and stockbroking)						
PSG Konsult Securities (Proprietary) Limited	**–**	100	**–**	200 001	**–**	–
(Financial and investment planning and advice and stockbroking)						
PSG Konsult Trust (Proprietary) Limited	**100**	100	**111**	111	**714**	714
(Provision of corporate and financial administrative and advisory services)						
PSG Konsult Academy (Proprietary) Limited	**100**	100	**120**	120	**–**	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	**–**	200	**–**	43 781
(Administrative services and short-term insurance)						
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	**–**	100	**–**	201	**–**	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)						
PSG Scripfin (Proprietary) Limited (previously Crest Constantia Management Services (Proprietary) Limited)	**100**	100	**200**	200	**6 896**	22 488
(Investment holding company)						
PSG Konsult Nucleus (Proprietary) Limited	**–**	60	**–**	54 000	**–**	923
(Investment management, insurance and investment brokers, financial planning and advice)						

42. INTERESTS IN SUBSIDIARIES (continued)

COMPANY	Proportion held directly or indirectly by holding company 2013 %	2012 %	Issued share capital 2013 R	2012 R	Cost of investment 2013 R000	2012 R000
PSG Konsult Optimum (Proprietary) Limited *(Investment management, insurance and investment brokers, financial planning and advice)*	**51**	51	**200**	200	**2 599**	2 599
PSG Konsult Brokers UK Limited *(Investment management, insurance and investment brokers, financial planning and advice)*	**100**	100	**198**	198	**9 599**	9 599
Online Securities Limited *(Stockbroking)*	**100**	100	**100**	100	**180 106**	180 106
Abrafield (Proprietary) Limited *(Property management)*	**100**	100	**100**	100	**–**	–
PSG Nominees (Proprietary) Limited *(Nominee company)*	**100**	100	**100**	100	**–**	–
PSG Konsult Nylstroom (Proprietary) Limited *(Investment management, insurance and investment brokers, financial planning and advice)*	**51**	51	**200**	200	**–**	–
PSG Konsult Warmbad (Proprietary) Limited *(Investment management, insurance and investment brokers, financial planning and advice)*	**51**	51	**100**	100	**–**	–
PSG Konsult Ellisras (Proprietary) Limited *(Investment management, insurance and investment brokers, financial planning and advice)*	**51**	51	**500**	500	**–**	–
PSG Konsult Potgietersrus (Proprietary) Limited *(Investment management, insurance and investment brokers, financial planning and advice)*	**71**	71	**116 500**	116 500	**–**	–
PSG Konsult Corporate Limited *(Healthcare, brokerage and administration)*	**74**	74	**1 000**	1 000	**1 101**	1 101
PSG Konsult Corporate Financial Planning (Proprietary) Limited *(Healthcare, brokerage and employee benefits)*	**100**	100	**100**	100	**–**	–
Nhluvuko Risk Administration (Proprietary) Limited *(Administration)*	**100**	100	**100**	100	**–**	–

42. INTERESTS IN SUBSIDIARIES (continued)

COMPANY	Proportion held directly or indirectly by holding company 2013 %	2012 %	Issued share capital 2013 R	2012 R	Cost of investment 2013 R000	2012 R000
PSG Konsult Insurance Solutions (Proprietary) Limited *(Short-term underwriting business)*	**65**	65	**300**	300	**12 174**	12 174
Delerus (Proprietary) Limited *(Debtor financing)*	**100**	100	**100**	100	**–**	–
PSG Asset Management Holdings (Proprietary) Limited *(Investment holding company)*	**100**	100	**120**	120	**506 867**	506 867
PSG Asset Management (Proprietary) Limited *(Local management company)*	**100**	100	**2 797 121**	2 797 121	**–**	–
PSG South Easter Fund Management (Proprietary) Limited *(Hedge fund business)*	**–**	100	**–**	128	**–**	–
PSG Asset Management Group Services (Proprietary) Limited *(Provision of corporate and financial administrative and advisory services)*	**100**	100	**1 351**	1 351	**–**	–
PSG Collective Investments Limited *(Local unit trusts)*	**100**	100	**50 099**	50 099	**–**	–
PSG Fund Management (CI) Limited (Guernsey) *(Offshore unit trusts)*	**100**	100	**102 824**	102 824	**–**	–
PSG Asset Management Life Limited *(Linked insurance company)*	**100**	100	**300 000**	300 000	**–**	–
PSG Wealth Nominees (Proprietary) Limited *(Nominee company)*	**100**	100	**100**	100	**–**	–
PSG Asset Management Administration Services (Proprietary) Limited *(LISP functionality)*	**100**	100	**100**	100	**–**	–
PSG Asset Management Nominees (Proprietary) Limited *(Nominee company)*	**100**	100	**100**	100	**–**	–
PSG Konsult Group Share Incentive Trust *(Share Trust) **	**–**	–	**–**	–	**1**	–
Western Group Holdings Limited *(Investment holding company with investment in two short-term insurance companies)*	**75**	–	**24 234**	–	**131 540**	–
Western National Insurance Company Limited (Namibia) *(Short-term insurance company focusing on commercial and agricultural markets)*	**100**	–	**126 000**	–	**–**	–

42. INTERESTS IN SUBSIDIARIES (continued)

COMPANY	Proportion held directly or indirectly by holding company 2013 %	2012 %	Issued share capital 2013 R	2012 R	Cost of investment 2013 R000	2012 R000
Hi-Five Corporation Finance (Proprietary) Limited *(Debtor financing)*	100	–	100	–	–	–
Born Free Investments 487 (Proprietary) Limited *(Property investment company)*	100	–	100	–	–	–
Western National Administration Services (Proprietary) Limited *(Group administration services)*	100	–	100	–	–	–
Western National Insurance Company Limited (South Africa) *(Short-term insurance company focusing on commercial and agricultural markets)*	100	–	100	–	–	–
					1 070 172	954 380

** PSG Konsult Group Share Incentive Trust consolidated in terms of the requirements of SIC 12 (Special purpose entities).*

The company's interest in attributable income and losses of subsidiaries amounts to R207 727 000 (2012: R177 985 000) and R30 193 000 (2012: R9 319 000) respectively.

All of the above companies are incorporated in the Republic of South Africa, except for PSG Konsult Namibia (Proprietary) Limited, Western Group Holdings Limited, Western National Insurance Company Limited and Hi-Five Corporate Finance (Proprietary) Limited, which are 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.

43. 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 representative 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 of the group and the monthly reporting to the EXCO.

The five reportable segments identified up to 29 February 2012, as disclosed previously:

- PSG Konsult Financial Planning
- PSG Konsult Corporate
- PSG Online
- PSG Asset Management
- PSG Insure

The group is now organised into four reportable segments, namely:

- PSG Konsult Financial Planning
- PSG Konsult Corporate
- PSG Online
- PSG Asset Management

43. SEGMENT REPORTING (continued)

With the restructuring process in the 2013 financial year, by positioning itself as a fully fledged financial services group, the group will be taken forward under three distinct reportable segments:

- PSG Wealth
- PSG Insure
- PSG Asset Management

This reporting structure will be effective 1 March 2013.

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 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 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 business:

- Online Securities Limited, a member of the JSE, provides all stockbroking and related investment services

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

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 28 February 2013 is as follows:

GROUP **Income**	**PSG Konsult Financial Planning* R000**	**PSG Konsult Corporate R000**	**PSG Online R000**	**PSG Asset Management R000**	**Total R000**
Total segment income	932 983	111 624	318 090	650 613	2 013 310
Inter-segment income	(2 865)	(769)	(206 255)	(109 304)	(319 193)
Income from external customers	930 118	110 855	111 835	541 309	1 694 117
Unallocated segments					137 388
Total income					1 831 505
Headline earnings					
Headline earnings per segment	86 174	7 663	33 994	74 401	202 232
Unallocated segments					(28 424)
Total headline earnings					173 808
Recurring headline earnings					
Recurring headline earnings per segment	89 852	9 132	34 249	67 696	200 929
Unallocated segments					(26 505)
Total recurring headline earnings					174 424

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

43. SEGMENT REPORTING (continued)

GROUP **Income**	**PSG Konsult Financial Planning R000**	**PSG Konsult Corporate R000**	**PSG Online R000**	**PSG Asset Management R000**	**Total R000**
Total segment income	802 161	114 867	289 090	549 541	1 755 659
Inter-segment income	(4 955)	(349)	(185 549)	(95 492)	(286 345)
Income from external customers	797 206	114 518	103 541	454 049	1 469 314
Unallocated segments					125 547
Total income					1 594 861
Headline earnings					
Headline earnings per segment	82 856	11 716	29 648	54 371	178 591
Unallocated segments					(16 309)
Total headline earnings					162 282
Recurring headline earnings					
Recurring headline earnings per segment	84 953	8 608	29 648	41 750	164 959
Unallocated segments					(13 654)
Total recurring headline earnings					151 305

* *Included in the 2013 figures for PSG Konsult Financial Planning are the results of PSG Konsult Short-Term Administration, the remaining portion of Topexec Management Bureau after the sale of the third-party short-term administration book of business. Topexec Management Bureau was included in the unallocated segments for 2012.*

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, income from associated companies and the results of the group's interest in smaller entities. The unallocated segment also includes the results of the newly acquired company, Western Group Holdings Limited. The comparative figures have been adjusted to reflect the new reportable segments applicable for the 2013 financial year.

The group mainly operates in the Republic of South Africa, with 95,9% (2012: 98,7%) of the total income from external customers generated in the Republic of South Africa.

44. 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.

44. FINANCIAL RISK MANAGEMENT (continued)

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.

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. 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.

	GROUP	
	2013 R000	2012 R000
CLASSES OF FINANCIAL AND INSURANCE ASSETS		
Direct equity securities – quoted	**30 784**	8 770
Investments linked to investment contracts – quoted	**981 144**	865 353
Total quoted equity securities	**1 011 928**	874 123
Direct equity securities – unquoted	**845**	845
Total unquoted equity securities	**845**	845
Total equity securities	**1 012 773**	874 968
Direct debt securities – quoted	**123 622**	47 704
Investments linked to investment contracts – quoted	**1 637 725**	1 734 705
Total quoted debt securities	**1 761 347**	1 782 409
Direct debt securities – unquoted	**3 416**	–
Investments linked to investment contracts – unquoted	**246 721**	266 333
Total unquoted debt securities	**250 137**	266 333
Total debt securities	**2 011 484**	2 048 742
Direct unit-linked investments – quoted	**227 340**	30 877
Investments linked to investment contracts – quoted	**4 473 311**	3 471 531
Total quoted unit-linked investments	**4 700 651**	3 502 408
Direct unit-linked investments – unquoted	**11**	1 605
Investments linked to investment contracts – unquoted	**2 019 802**	1 715 161
Total unquoted unit-linked investments	**2 019 813**	1 716 766
Total unit-linked investments	**6 720 464**	5 219 174
Investment in investment contracts	**848 645**	994 380

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
44. FINANCIAL RISK MANAGEMENT (continued)				
CLASSES OF FINANCIAL AND INSURANCE ASSETS				
Secured loans	**37 114**	–	**–**	–
Unsecured loans	**82 319**	67 529	**2 093**	–
Unsecured loans to related parties	**–**	–	**6 047**	61 545
Total loans and advances	**119 433**	67 529	**8 140**	61 545
Equity traded derivatives	**15 955**	9 532		
Total derivative financial assets	**15 955**	9 532		
Reinsurance assets	**50 883**	–		
Deferred acquisition costs	**1 110**	–		
Trade receivables (other than insurance receivables)	**57 714**	64 146	**1 388**	10
Receivables due from contract holders	**13 184**	–	**–**	–
Brokers and clearing houses and client accounts	**1 557 765**	2 252 659	**–**	–
Contracts for difference	**25 548**	21 469	**–**	–
Receivables due from related parties	**31 850**	22 147	**153 761**	158 225
Rental and other deposits and sundry debtors	**5 291**	2 403	**–**	–
Total receivables including insurance receivables	**1 691 352**	2 362 824	**155 149**	158 235
Loans to associated companies	**4 179**	8 932		
Cash and cash equivalents	**468 049**	358 637	**38 040**	10 242
Total financial and insurance assets	**12 944 327**	11 944 718	**201 329**	230 022
CLASSES OF FINANCIAL AND INSURANCE LIABILITIES				
Bank borrowings and overdrafts	**41**	46	**–**	1
Secured loans	**218 228**	115 438	**98 000**	81 484
Finance leases	**583**	1 079	**–**	–
Promissory notes	**–**	58 602	**–**	58 602
Related-party loans	**251**	539	**32 908**	143 297
Other short-term loans	**3 494**	2 974	**–**	–
Total borrowings	**222 597**	178 678	**130 908**	283 384
Equity traded derivatives	**17 139**	7 831		
Total derivative financial instruments	**17 139**	7 831		
Investment contracts	**10 272 444**	9 144 681		
Insurance contracts	**378 084**	29 949		
Deferred reinsurance acquisition revenue	**2 889**	–		
Third-party liabilities arising on consolidation of mutual funds	**25 103**	16 008		

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
44. FINANCIAL RISK MANAGEMENT (continued)				
Accounts payable, accruals and settlement control accounts	1 735 102	2 475 785	13 600	17 018
Amounts due to intermediaries	4 490	–	–	–
Amounts due to reinsurers	41 430	–	–	–
Contracts for difference	39 829	31 336	–	–
Purchase consideration payable	6 288	66 809	–	–
Other payables	–	1 880	–	–
Total trade and other payables	1 827 139	2 575 810	13 600	17 018
Total financial and insurance liabilities	12 745 395	11 952 957	144 508	300 402

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 28 February 2013						
Equity securities	–	–	1 011 928	–	845	1 012 773
Debt securities	1 284 159	–	727 325	–	–	2 011 484
Unit-linked investments	–	–	6 720 464	–	–	6 720 464
Investment in investment contracts	522 137	–	326 508	–	–	848 645
Loans and advances *	–	119 433	–	–	–	119 433
Loans to associated companies *	–	4 179	–	–	–	4 179
Derivative financial instruments	–	–	–	15 955	–	15 955
Reinsurance assets *	–	50 883	–	–	–	50 883
Deferred acquisition costs *	–	1 110	–	–	–	1 110
Receivables including insurance receivables *	–	1 691 352	–	–	–	1 691 352
Cash and cash equivalents *	–	468 049	–	–	–	468 049
	1 806 296	2 335 006	8 786 225	15 955	845	12 944 327
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 including insurance 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

* *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 to 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		Liabilities measured at amortised cost	Total
	Designated R000	Held for trading R000	R000	R000
44. FINANCIAL RISK MANAGEMENT (continued)				
Liabilities as per statement of financial position 28 February 2013				
Borrowings *	–	–	222 597	222 597
Derivative financial instruments	–	17 139	–	17 139
Investment contracts	8 419 067	–	1 853 377	10 272 444
Insurance contracts	–	–	378 084	378 084
Deferred reinsurance acquisition revenue *	–	–	2 889	2 889
Third-party liabilities arising on consolidation of mutual funds	25 103	–	–	25 103
Trade and other payables *	6 288	–	1 820 851	1 827 139
	8 450 458	17 139	4 277 798	12 745 395
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

COMPANY	Loans and receivables 2013 R000	Loans and receivables 2012 R000
FINANCIAL INSTRUMENTS BY CATEGORY		
Assets as per statement of financial position		
Loans and advances *	8 140	61 545
Receivables *	155 149	158 235
Cash and cash equivalents *	38 040	10 242
	201 329	230 022

COMPANY	Liabilities measured at amortised cost 2013 R000	Liabilities measured at amortised cost 2012 R000
Liabilities as per statement of financial position		
Borrowings *	130 908	283 384
Trade and other payables *	13 600	17 018
	144 508	300 402

** Carrying value approximates fair value.*

44. 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 22.

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.

A portion of the policyholders' and shareholders' investments are valued at fair value and are therefore susceptible to market fluctuations.

With regard to the subsidiary, PSG 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 fluctuate, but cannot be less than nil.

Price risk

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

GROUP **Sector composition of quoted equity securities**	**Equity securities relating to investment contract policyholders** **2013** **R000**	 2012 R000	**Direct equity investments** **2013** **R000**	 2012 R000
Banks	**46 405**	36 825	**910**	–
Basic resources	**119 972**	117 917	**902**	455
Chemicals	**7 987**	7 664	**434**	–
Construction & materials	**3 423**	804	**2 056**	–
Financial services	**48 515**	28 986	**7 465**	1 172
Food & beverages	**25 050**	20 474	**3 645**	2 731
Healthcare	**14 746**	9 803	**1 748**	–
Industrial goods & services	**39 421**	31 452	**4 935**	1 426
Insurance	**34 197**	27 450	**–**	–
Media	**305**	214	**480**	360
Oil & gas	**30 554**	31 377	**1 483**	441
Personal & household goods	**42 071**	46 214	**1 708**	508
Property	**69 251**	61 719	**513**	317
Retail	**40 367**	44 377	**1 027**	486
Satrix 40	**395 840**	345 085	**–**	–
Technology	**8 668**	4 888	**2 237**	–
Telecommunications	**39 775**	39 920	**1 241**	874
Travel & leisure	**14 597**	10 184	**–**	–
	981 144	865 353	**30 784**	8 770

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

- investments in linked investment contracts amounting to R981 144 000 (2012: R865 353 000); and
- equity securities relating to third-party liabilities arising on consolidation of mutual funds amounting to R16 876 000 (2012: R6 598 000).

44. 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 R6 493 113 000 (2012: R5 186 692 000) 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. Included in the unit-linked investments are liabilities relating to third-party liabilities relating to the consolidation of mutual funds of R25 103 000 (2012: R16 008 000).

Short-term insurance liabilities are not directly sensitive to equity price risk. Long-term investment contract liabilities are sensitive to price risk of linked assets.

The table below summarises the sensitivity of the group's post-tax net profit for the year as a result of market price fluctuations. The analysis is based on the assumption that marked-to-market prices increase/decrease by 20% (2012: 20%) with all other variables held constant.

GROUP	2013 20% increase R000	2012 20% increase R000	2013 20% decrease R000	2012 20% decrease R000
Impact on post-tax profit	11 759	2 814	(11 759)	(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.

44. FINANCIAL RISK MANAGEMENT (continued)

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:

GROUP	Africa R000	UK R000	US R000	Europe R000	Asia R000	Total R000
At 28 February 2013						
Financial assets						
Equity securities *	–	3 483	8 019	4 727	–	16 229
Debt securities *	–	–	19	4	–	23
Unit-linked investments *	5 535	23 182	330 294	27 390	14	386 415
Investment in investment contracts *	–	5 065	53 527	3 110	–	61 702
Loans and advances	239	6 451	–	–	–	6 690
Receivables including insurance receivables	336	1 818	3 976	489	–	6 619
Cash and cash equivalents	–	30	1 239	1 798	1	3 068
Financial liabilities						
Trade and other payables	(33)	–	(2 352)	(500)	–	(2 885)
Borrowings	(2 610)	–	–	–	–	(2 610)
	3 467	40 029	394 722	37 018	15	475 251
At 29 February 2012						
Financial assets						
Equity securities *	–	1 624	1 157	1 067	–	3 848
Debt securities *	–	–	1 459	332	12 305	14 096
Unit-linked investments *	338	14 419	120 496	21 271	5 326	161 850
Investment in investment contracts *	–	6 200	57 715	3 185	–	67 100
Loans and advances	–	2 021	–	–	–	2 021
Receivables including insurance receivables	–	9 662	2 805	305	–	12 772
Cash and cash equivalents	–	175	789	276	–	1 240
Financial liabilities						
Trade and other payables	(15)	(169)	(1 651)	(250)	–	(2 085)
Borrowings	(1 002)	–	–	–	–	(1 002)
	(679)	33 932	182 770	26 186	17 631	259 840

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

COMPANY	Africa R000	UK R000	US R000	Europe R000	Asia R000	Total R000
At 28 February 2013						
Financial assets						
Loans and advances	–	1 491	–	–	–	1 491
At 29 February 2012						
Financial assets						
Loans and advances	–	1 245	–	–	–	1 245

44 FINANCIAL RISK MANAGEMENT (continued)

The table below shows the sensitivity of post-tax profits of the group and company to a 20% (2012: 20%) move in the functional currency.

GROUP	**2013 20% appreciation R000**	2012 20% appreciation R000	**2013 20% depreciation R000**	2012 20% depreciation R000
Impact on post-tax profit	**(861)**	(2 919)	**861**	2 919
COMPANY				
Impact on post-tax profit	**(215)**	(179)	**215**	179

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.

Short-term insurance liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually non-interest-bearing.

	GROUP 2013 R000	GROUP 2012 R000	COMPANY 2013 R000	COMPANY 2012 R000
44. FINANCIAL RISK MANAGEMENT (continued)				
Loans to associated companies				
Floating rate	**2 922**	6 565	**–**	–
Fixed rate	**–**	1 060	**–**	–
Interest free	**1 257**	1 307	**–**	–
	4 179	8 932	**–**	–
Debt securities *				
Floating rate	**231 931**	632 454	**–**	–
Fixed rate	**1 779 553**	1 416 288	**–**	–
Interest free	**–**	–	**–**	–
	2 011 484	2 048 742	**–**	–
Unit-linked investments **				
Floating rate	**165 350**	5 121	**–**	–
Fixed rate	**30 388**	14 285	**–**	–
Interest free	**11**	–	**–**	–
	195 749	19 406	**–**	–
Loans and advances				
Floating rate	**108 489**	56 346	**2 093**	26 254
Fixed rate	**1 545**	217	**–**	–
Interest free	**9 399**	10 966	**6 047**	35 291
	119 433	67 529	**8 140**	61 545
Receivables including insurance receivables				
Floating rate	**108 445**	–	**34 995**	63 203
Fixed rate	**252**	–	**–**	–
Interest free	**1 582 655**	2 362 824	**120 154**	95 032
	1 691 352	2 362 824	**155 149**	158 235
Cash and cash equivalents ***				
Floating rate	**462 637**	358 508	**38 040**	10 242
Fixed rate	**5 270**	–	**–**	–
Interest free	**142**	129	**–**	–
	468 049	358 637	**38 040**	10 242
Borrowings				
Floating rate	**(195 523)**	(84 476)	**(86 117)**	(98 700)
Fixed rate	**(23 957)**	(90 687)	**(23 375)**	(89 608)
Interest free	**(3 117)**	(3 515)	**(21 416)**	(95 076)
	(222 597)	(178 678)	**(130 908)**	(283 384)
Trade and other payables				
Floating rate	**(43 067)**	(36 459)	**–**	–
Fixed rate	**–**	(20 094)	**–**	–
Interest free	**(1 784 072)**	(2 519 257)	**(13 600)**	(17 018)
	(1 827 139)	(2 575 810)	**(13 600)**	(17 018)
Total				
Floating rate	**841 184**	938 059	**(10 989)**	999
Fixed rate	**1 793 051**	1 321 069	**(23 375)**	(89 608)
Interest free	**(193 725)**	(147 546)	**91 185**	18 229
	2 440 510	2 111 582	**56 821**	(70 380)

* *Debt securities of R1 884 446 000 (2012: R2 001 038 000) 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 and Western Group Holdings Limited.*

*** *Cash and cash equivalents of R65 096 000 (2012: R97 218 000) are linked to policyholder investments and as such do not directly expose the group to interest rate risk.*

The group manages its cash flow and fair value interest rate risk by monitoring interest rates on a regular basis.

44. FINANCIAL RISK MANAGEMENT (continued)

Based on simulations performed, the impact on post-tax profit of a 1% (2012: 1%) shift in interest rates is analysed in the following table and includes the effect of the interest rate hedge:

GROUP	**2013 1% increase R000**	2012 1% increase R000	**2013 1% decrease R000**	2012 1% decrease R000
Impact on post-tax profit	**4 156**	2 579	**(4 156)**	(2 579)
COMPANY				
Impact on post-tax profit	**(79)**	7	**79**	(7)

Credit risk

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

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

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

Investments linked to guaranteed investment contracts

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

To manage this risk, assets purchased need to be authorised by the 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, cash and guarantees provided to the value of R1 034 904 000 (2012: R554 420 000).

44. FINANCIAL RISK MANAGEMENT (continued)

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

GROUP	2013 Balance R000	2013 Collateral fair value R000	2012 Balance R000	2012 Collateral fair value R000
Debt securities	2 011 484	1 034 904	2 048 742	554 420
Investment in investment contracts	848 645	–	994 380	–
Loans and advances	119 433	42 023	67 529	–
Unit-linked investments	6 720 464	–	5 219 174	–
Derivative financial instruments	15 955	–	9 532	–
Reinsurance assets	50 883	18 778	–	–
Deferred acquisition costs	1 110	–	–	–
Receivables including insurance receivables	1 691 352	–	2 362 824	–
Loans to associated companies	4 179	–	8 932	–
Cash and cash equivalents	468 049	–	358 637	–
	11 931 554	1 095 705	11 069 750	554 420

COMPANY	2013 Balance R000	2013 Collateral fair value R000	2012 Balance R000	2012 Collateral fair value R000
Loans and advances	8 140	–	61 545	–
Receivables	155 149	–	158 235	–
Cash and cash equivalents	38 040	–	10 242	–
	201 329	–	230 022	–

Receivables are tested for impairment using a variety of techniques including assessing credit risk and monthly monitoring of individual debtors. At the reporting date, R670 000 (2012: Rnil) were found to be impaired.

Investments in investment contracts are linked to investment contracts and thus credit risk is carried by the policyholders of the linked investment contracts. Debt securities of R1 884 446 000 (2012: R2 001 038 000), cash and cash equivalents of R65 096 000 (2012: R97 218 000) and unit-linked investments of R6 493 113 000 (2012: R5 186 692 000) 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 cash or other highly liquid unit trust investments. All items that expose PSG Asset Management Life Limited to credit risk are monitored by the credit committee.

Financial assets are assessed based on their credit ratings as published by Moody's. 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.

44. 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		COMPANY	
GROUP AND COMPANY	**2013 R000**	2012 R000	**2013 R000**	2012 R000
Government stock	**134 243**	50 234	**–**	–
Aaa	**–**	3 252	**–**	–
Aa2	**908**	223 623	**–**	–
Aa3	**105**	139 960	**–**	–
A1	**168 415**	463 727	**–**	–
A2	**–**	729 823	**–**	–
A3	**103**	67 086	**–**	–
P1	**1 240 587**	511	**6 362**	–
P2	**5 549**	339 690	**–**	10 242
P3	**3 196**	–	**–**	–
Other non-rated assets	**3 216 124**	3 459 148	**163 289**	219 780
Unit-linked investments (including collective investment schemes) ("CIS")	**7 137 497**	5 588 883	**31 678**	–
Past due or impaired assets	**24 827**	3 586	**–**	–
	11 931 554	11 069 750	**201 329**	230 022

44. FINANCIAL RISK MANAGEMENT (continued)

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

	R000	R000	R000	R000	R000
	External credit rating				
	Government stock	Aaa	Aa2	Aa3	A1
GROUP – 2013					
Debt securities	134 243	–	908	105	163 053
Investment in investment contracts	–	–	–	–	–
Loans and advances	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–
Reinsurance assets	–	–	–	–	–
Deferred acquisition costs	–	–	–	–	–
Receivables due from contract holders	–	–	–	–	–
Brokers and clearing houses and client accounts	–	–	–	–	–
Other receivables	–	–	–	–	–
Unit-linked investments	–	–	–	–	–
Loans to associated companies	–	–	–	–	–
Cash and cash equivalents	–	–	–	–	5 362
	134 243	–	908	105	168 415
GROUP – 2012					
Debt securities	50 234	3 252	223 623	139 960	52 257
Investment in investment contracts	–	–	–	–	411 470
Loans and advances	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–
Receivables	–	–	–	–	–
Unit-linked investments	–	–	–	–	–
Loans to associated companies	–	–	–	–	–
Cash and cash equivalents	–	–	–	–	–
	50 234	3 252	223 623	139 960	463 727
COMPANY – 2013					
Loans and advances	–	–	–	–	–
Receivables	–	–	–	–	–
Cash and cash equivalents	–	–	–	–	–
	–	–	–	–	–
COMPANY – 2012					
Loans and advances	–	–	–	–	–
Receivables	–	–	–	–	–
Cash and cash equivalents	–	–	–	–	–
	–	–	–	–	–

	A2	A3	P1	P2	P3	Unit-linked (incl CIS)	Other non-rated assets	Past due or impaired assets	Total
	R000	R000	R000	R000	R000	R000	R000	R000	R000
	External credit rating								
	–	103	871 668	5 549	–	246 721	589 134	–	2 011 484
	–	–	–	–	–	61 704	786 941	–	848 645
	–	–	–	–	–	–	94 893	24 540	119 433
	–	–	–	–	–	–	15 955	–	15 955
	–	–	–	–	–	–	50 883	–	50 883
	–	–	–	–	–	–	1 110	–	1 110
	–	–	–	–	–	–	13 184	–	13 184
	–	–	–	–	–	–	1 557 765	–	1 557 765
	–	–	507	–	–	27 628	91 981	287	120 403
	–	–	–	–	–	6 720 464	–	–	6 720 464
	–	–	–	–	–	–	4 179	–	4 179
	–	–	368 412	–	3 196	80 980	10 099	–	468 049
	–	103	1 240 587	5 549	3 196	7 137 497	3 216 124	24 827	11 931 554
	723 231	67 086	–	–	–	266 333	522 766	–	2 048 742
	–	–	–	–	–	67 100	515 810	–	994 380
	–	–	–	–	–	–	66 280	1 249	67 529
	–	–	–	–	–	–	9 532	–	9 532
	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
	729 823	67 086	511	339 690	–	5 588 883	3 459 375	3 586	11 069 750
	–	–	–	–	–	–	8 140	–	8 140
	–	–	–	–	–	–	155 149	–	155 149
	–	–	6 362	–	–	31 678	–	–	38 040
	–	–	6 362	–	–	31 678	163 289	–	201 329
	–	–	–	–	–	–	61 545	–	61 545
	–	–	–	–	–	–	158 235	–	158 235
	–	–	–	10 242	–	–	–	–	10 242
	–	–	–	10 242	–	–	219 780	–	230 022

44. FINANCIAL RISK MANAGEMENT (continued)

The credit risk associated with 42,70% (2012: 30,02%) 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.

For the financial assets where no published Moody's credit rating exists, the ratings published by other credit rating agencies were obtained. Non-rated receivable of R1 190 000 (2012: R342 000) was rated by Fitch, with ratings ranging between AA+(zaf) and AA-(zaf) (2012: AAA(zaf) and AA-(zaf)); non-rated debt securities of R11 764 000 (2012: R7 800 000) were rated by Fitch, with ratings ranging between AA and F2(zaf) (2012: A1 and unrated); non-rated debt securities of R14 028 000 (2012: R1 010 000) were rated by Global Credit Ratings with ratings ranging between A1 and AA (2012: unrated); non-rated debt securities of R1 943 000 (2012: Rnil) were rated by S&P with a rating of A2; non-rated debt securities of R73 208 000 (2012: R7 736 000) fell outside the range disclosed above for Moody's and had ratings ranging between Ba1 and BBB; non-rated cash and cash equivalents of R6 397 000 were rated by Fitch with ratings ranging between A+ and AA; non-rated reinsurance assets of R6 168 000 were rated by S&P with a rating of AA- and non-rated reinsurance assets of R770 000 were rated by Global Credit rating with a rating of AA-.

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

Loans and advances
Loans and advances consist mainly of amounts due from short-term insurance clients, financial advisors and other group companies. Balances due from short-term insurance clients are monitored against the collateral provided in the form of the underlying equity securities. Balances due from financial advisors are monitored against the income generated by these advisors to ensure sufficient collateral for the amounts owed are available. Amounts due from other group companies are monitored by the holding company to ensure that adequate income is generated by the related company to repay the loan when required.

Reinsurance credit exposures
Reinsurance is used to manage insurance risk. However, this does not discharge the group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the group remains liable for the payment to the policyholder. The group has some exposure to concentration risk with individual reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The creditworthiness of reinsurers is considered annually by reviewing their financial strength prior to finalisation of any contract. The group's largest reinsurance counterparty is African RE (2012: none). This exposure is monitored on a regular basis with the forecast to completion monitored for any shortfall in the claims history to verify that the contract is progressing as expected and that no further exposure for the group will arise. The reinsurance receivable balances, disclosed as "non-rated" on a group level, relate to reinsurance intermediaries.

The following table presents the concentration risk with the individual insurers at 28 February:

	2013		2012	
GROUP	**R000**	**%**	R000	%
African RE	**37 777**	**74**	–	–
Everest RE	**6 168**	**12**	–	–
R&V	**6 168**	**12**	–	–
Namib RE	**770**	**2**	–	–
	50 883	**100**	–	–

44. FINANCIAL RISK MANAGEMENT (continued)

Receivables that are due from contract holders and intermediaries emanating from the southern African business amounted to R13 184 000 million (2012: Rnil). The group is protected by guarantees provided by the Intermediary Guarantee Facility for the non-payment of premiums collected by intermediaries and through direct control over certain bank accounts used by intermediaries. The protected portion of receivables due from contract holders and intermediaries amounts to 33,3% (2012: nil%). Debtors falling into the "non-rated" category are managed on a daily basis to ensure recoverability of amounts.

Impairment history

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

GROUP	Total R000	0 – 2 months R000	2 – 6 months R000	Over 6 months R000
At 28 February 2013	**24 827**	**2 258**	**2**	**22 567**
Loans and advances	**24 540**	**2 258**	**–**	**22 282**
Other receivables	**287**	**–**	**2**	**285**
At 29 February 2012	3 586	1 065	1 203	1 318
Other receivables	3 586	1 065	1 203	1 318

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

Liquidity risk

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

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

With regard to the linked investment policy business it is the group's policy to pay a policyholder only once the amount disinvested has been collected. Accordingly, the underlying assets' maturity profile should approximate that of the investment contracts. The investment contracts do not expose the group to significant liquidity risk. The investment policy and mandates take the expected liquidity cash flow into account. By limiting the cash flow mismatch, the risk of premature realisation of assets or reinvestment of excess cash is mitigated. In addition, investment guidelines and limits are used to limit exposure to illiquid assets. With regard to the investments linked to guaranteed investment contracts, these products have very specific guaranteed repayment profiles. The expected liability outflow is matched by assets that provide the required cash flows as and when they become payable.

Included in trade and other payables is the settlement control account of R1 542 115 000 (2012: R2 316 768 000) which represents the settlement of trades done by clients in the last few days before year-end, with the settlement to the clients taking place within three days after the transaction date. The settlement control account is matched with current assets in the form of the broker and clearing accounts and cash and cash equivalents (if portion was received from the JSE before year-end) which reduces the liquidity risk.

44. FINANCIAL RISK MANAGEMENT (continued)

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.

GROUP	Carrying value R000	Less than 1 year R000	Between 1 and 5 years R000	Over 5 years R000
At 28 February 2013				
Borrowings	**222 597**	**54 347**	**107 847**	**82 897**
Derivative financial instruments	**17 139**	**17 139**	**–**	**–**
Investment contracts	**10 272 444**	**2 816 614**	**7 455 830**	**–**
Insurance contracts	**378 084**	**347 665**	**30 419**	**–**
Deferred reinsurance acquisition revenue	**2 889**	**2 889**	**–**	**–**
Third-party liabilities arising on consolidation of mutual funds	**25 103**	**25 103**	**–**	**–**
Trade and other payables	**1 827 139**	**1 827 139**	**–**	**–**
	12 745 395	**5 090 896**	**7 594 096**	**82 897**
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	–

The group has provided suretyship to the value of R21,1 million (2012: R26,6 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 (2012: 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	Less than 1 year	Between 1 and 5 years	Over 5 years
At 28 February 2013				
Borrowings	**130 908**	**60 624**	**70 284**	**–**
Trade and other payables	**13 600**	**13 600**	**–**	**–**
	144 508	**74 224**	**70 284**	**–**
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	–

44. FINANCIAL RISK MANAGEMENT (continued)

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).

The following financial instruments are measured at fair value:

GROUP	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
At 28 February 2013				
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives	–	15 955	–	15 955
Equity securities *	615 970	395 958	–	1 011 928
Debt securities	–	477 188	250 137	727 325
Unit-linked investments	–	4 700 651	2 019 813	6 720 464
Investment in investment contracts	–	326 508	–	326 508
Available-for-sale				
Equity securities	–	–	845	845
	615 970	5 916 260	2 270 795	8 803 025
Liabilities				
Financial liabilities at fair value through profit or loss				
Trading derivatives	–	17 139	–	17 139
Investment contracts	–	6 152 545	2 266 522	8 419 067
Purchase consideration payable	–	–	6 288	6 288
Insurance contracts	–	30 419	–	30 419
Third-party liabilities arising on consolidation of mutual funds	–	25 103	–	25 103
	–	6 225 206	2 272 810	8 498 016

* *Reclassification*

The group reallocated equity securities designated at fair value through and loss from level 1 to level 2. This relates to policyholder funds that are invested in Satrix Top 40 (ECNs) which moved from level 1 to level 2 as the underlying equities are not directly traded by PSG Asset Management Life Limited. The balance of these equity securities reallocated at 1 March 2013 was R345 085 000, and the balance included above at 28 February 2013 was R395 840 000.

44. FINANCIAL RISK MANAGEMENT (continued)

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

The company did not have any financial instruments measured at fair value at the reporting date (2012: Rnil).

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 22.

44. FINANCIAL RISK MANAGEMENT (continued)

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 2011	–	–	–	345	345
Additions	268 995	–	2 815 099	500	3 084 594
Disposals	(19 817)	–	(1 205 913)	–	(1 225 730)
Interest accrued and other movement not through profit and loss	–	594	–	–	594
Gains recognised in profit and loss	17 155	3 000	107 580	–	127 735
Carrying amount at 29 February 2012	266 333	3 594	1 716 766	845	1 987 538
Additions	**24 879**	**–**	**669 679**	**–**	**694 558**
Disposals	**(70 352)**	**(3 943)**	**(565 974)**	**–**	**(640 269)**
Disposal of subsidiaries	**–**	**–**	**(3 695)**	**–**	**(3 695)**
Interest accrued	**7 611**	**–**	**–**	**–**	**7 611**
Other movement not through profit and loss	**–**	**113**	**–**	**–**	**113**
Exchange differences on monetary assets	**–**	**–**	**1**	**–**	**1**
Realised profits	**–**	**–**	**87**	**–**	**87**
Gains recognised in profit and loss	**21 666**	**236**	**202 949**	**–**	**224 851**
Carrying amount at 28 February 2013	**250 137**	**–**	**2 019 813**	**845**	**2 270 795**

GROUP	Purchase consideration payable in credit R000	Investment contracts R000	Total R000
Liabilities			
Carrying amount at 1 March 2011	71 848	–	71 848
Additions	65 109	3 066 706	3 131 815
Disposals	(63 537)	(1 210 192)	(1 273 729)
Interest accrued and other movement not through profit and loss	(3 861)	–	(3 861)
(Gains)/losses recognised in profit and loss	(2 750)	124 980	122 230
Carrying amount at 29 February 2012	66 809	1 981 494	2 048 303
Additions	**15 123**	**687 315**	**702 438**
Disposals	**(73 479)**	**(634 274)**	**(707 753)**
Interest accrued and other movement not through profit and loss	**(732)**	**–**	**(732)**
(Gains)/losses recognised in profit and loss	**(1 433)**	**231 987**	**230 554**
Carrying amount at 28 February 2013	**6 288**	**2 266 522**	**2 272 810**

Gains of R226 284 000 (2012: R130 485 000) were recognised in profit and loss under fair value gains on financial instruments on level 3 financial instruments held at any time during the financial year. Losses of R231 987 000 (2012: R124 980 000) were recognised in profit and loss under fair value losses on financial instruments on level 3 financial instruments held at any time during the financial year.

Gains of R224 907 000 (2012: R90 734 000) were recognised in profit and loss under fair value gains on financial instruments on level 3 financial instruments held at the reporting date. Losses of R224 822 000 (2012: R87 734 000) were recognised in profit and loss under fair value losses on financial instruments on level 3 financial instruments held at the reporting date.

44. FINANCIAL RISK MANAGEMENT (continued)

Level 1

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

Level 2

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.

Unit-linked investments related to units held are collective investment schemes and are priced monthly. The prices are obtained from the collective investment scheme management companies for the particular scheme and are based on quoted prices that are publicly available.

Investments in investment contracts relate to units held in investment contracts issued by a registered long-term insurer. The prices are obtained from the insurer of the particular investment contract.

Debt securities relate to instruments that are listed on the JSE interest rate market and are benchmarked against RSA bonds. The value is determined using a valuation model that uses the market inputs (yield of benchmark bond).

Unit-linked investments, investments in investment contracts and debt securities are mostly held to match investment contract liabilities, and as such any change in measurement would result in a similar adjustment to investment contract liabilities. The group's overall profit or loss is therefore not sensitive to the inputs of the models applied to derive fair value.

Level 3

If one or more of the significant inputs are 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.

Equity instruments relate to stock exchange rights and other rights owned. As these rights are unquoted, the valuation technique is based on the fact that the variability in the range of reasonable fair value estimates is not significant for this instrument and that the fair value of these rights is estimated to be equal to the guaranteed amount receivable for these rights, thus equalling the cost

Unit-linked investments and debt securities relate to units and debentures held in hedge funds and are priced monthly. The 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.

Purchase consideration payable classified within level 3 has 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.

44. FINANCIAL RISK MANAGEMENT (continued)

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:

GROUP	Carrying value 2013 R000	Carrying value 2012 R000	Fair value 2013 R000	Fair value 2012 R000
Debt securities – held-to-maturity	**1 284 157**	1 182 806	**1 347 286**	1 179 114
Investment in investment contracts	**522 136**	468 500	**554 473**	486 849
	1 806 293	1 651 306	**1 901 759**	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.

Long-term insurance contracts

The insurance risk that PSG Asset Management Life Limited is exposed to arises from an annuitant book with 76 (2012: 84) policies which are in the process of being run off, with a total liability value of R30 419 000 (2012: 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. However, the risk is not seen as material due to the size of this annuitant book.

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

Annuity amount per annum – R	**2013 Number of annuities**	**2013 Annual annuity amount exposure R000**	2012 Number of annuities	2012 Annual annuity amount exposure R000
0 – 50 000	**58**	**1 296**	65	1 420
50 000 – 100 000	**9**	**669**	10	716
100 000 – 150 000	**7**	**892**	8	1 002
150 000 – 200 000	**1**	**152**		
200 000 – 999 999 999	**1**	**224**	1	215

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

44. FINANCIAL RISK MANAGEMENT (continued)

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 three-year age adjustment
- Annuity bonus: average of 3,5% per annum on Glenrand policies and 5% on mCubed policies
- Investment returns: 13,28% per annum (2012: 9,16% per annum)

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

The group issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the group manages them.

Short-term insurance contracts

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, the materialisation of risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur when the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques. Changing risk parameters and unforeseen factors, such as patterns of crime, economic and geographical circumstances, may result in unexpectedly large claims.

a) Pricing and reserving

The group bases its pricing policy on the theory of probability. Underwriting limits are set for underwriting managers and brokers to ensure that this policy is consistently applied. The group also has the right to reprice and change the conditions for accepting risks on renewal. It also has the ability to impose deductibles and reject fraudulent claims.

The group is exposed to accumulation risk in the form of geographical (large metropolitan areas) as well as class of business concentrations of risk. The risk appetite policy dictates how much capital the group is willing to put at risk in the pursuit of value. It is within this risk appetite framework that the reinsurance programme has been selected to mitigate accumulation risk within its portfolio.

The reinsurance arrangements include excess, stop-loss and catastrophe coverage.

Claim provisions for all classes of business are regularly reviewed to make sure they are sufficient. These analyses draw on the expertise and experience of a wide range of specialists, such as underwriting and accounting experts.

Capital adequacy management aims to manage the risk that the net technical reserves held on the statement of financial position to fund reported and future claims as well as their associated expenses may prove insufficient.

The group holds its technical reserves at the minimum levels of sufficiency in accordance with prudential guidelines and legal requirements. The company aims to be conservative in the holding of technical reserves to protect its capital.

44. FINANCIAL RISK MANAGEMENT (continued)

b) Underwriting risk

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

The concentration of insurance risk in relation to the type of insurance risk accepted as well as the relative geographical concentration of the risk is summarised in the table below:

	2013 Type of insurance risk		2012 Type of insurance risk	
Geographical location	**Motor**	**Non-motor**	Motor	Non-motor
South Africa	**56%**	**44%**	–	–
Namibia	**16%**	**84%**	–	–
	43%	**57%**		

c) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

d) Sources of uncertainty in the estimation of future claim payments

Claims are payable on a claims-occurrence basis. The group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time, and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by the individual contract holders and the risk management procedures they adopted.

In calculating the estimated cost of unpaid claims (both reported and not), the group's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

e) Development of claims

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

44. FINANCIAL RISK MANAGEMENT (continued)

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.

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

	GROUP		COMPANY	
	2013 R000	2012 R000	**2013 R000**	2012 R000
Total borrowings	**228 885**	245 487	**130 908**	283 384
Net: Cash and cash equivalents	**(155 399)**	(65 823)	**(38 040)**	(10 242)
Net debt position	**73 486**	179 664	**92 868**	273 142
Total equity	**953 203**	744 568	**1 126 837**	885 453
Total capital	**1 026 689**	984 851	**1 219 705**	1 158 595
Gearing ratio	**7,16%**	18,24%	**7,61%**	23,58%

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 1,85 times at 28 February 2013 (2012: 2,17 times). This ratio is determined in accordance with regulations and the guidelines issued by the Actuarial Society of South Africa.

The subsidiary of the group, Western Group Holdings, operates in the short-term insurance industry. The objectives when managing capital are to safeguard its ability to continue as a going concern and to ensure optimal capital adequacy management in order to manage the risk that the net technical reserves held on the statement of financial position be sufficient to fund reported and future claims as well as their associated expenses. Capital management is done through reinsurance and reserving. The group is exposed to accumulation risk in the form of geographical (large metropolitan areas) as well as class of business concentrations of risk. The risk appetite policy dictates how much capital the group is willing to put at risk in the pursuit of value. It is within this risk appetite framework that the reinsurance programme has been selected to mitigate accumulation risk within its portfolio. The reinsurance arrangements include excess, stop-loss and catastrophe coverage. The group manages its capital requirements in accordance with the guidelines and statutory regulations of each Regulator in the various jurisdictions. The group holds its technical reserves at the minimum levels of sufficiency in accordance with prudential guidelines and legal requirements. The group aims to be conservative in the holding of technical reserves to protect its capital.

44. FINANCIAL RISK MANAGEMENT (continued)

CAPITAL RISK MANAGEMENT (continued)

The capital levels of the non-insurance companies and subsidiaries are based on operational requirements (subject to any regulatory capital requirements), taking into account new business targets.

REGULATORY CAPITAL DEVELOPMENTS

The FSB is in the process of introducing a new solvency regime for the South African long-term and short-term insurance industries to be in line with European standards. To achieve this, the FSB launched its solvency assessment and management (SAM) project during 2010. The basis of the SAM regime will be the principles of the Solvency II directive, as adopted by the European parliament, but adapted to specific South African circumstances where necessary. The intention with the FSB's SAM project is to achieve third country equivalence status with the Solvency II regime.

It is expected that SAM will ultimately result in substantial changes to the South African insurance capital management landscape, but the impact of SAM on required capital levels is still uncertain at this stage. It is therefore appropriate to adopt a prudent approach towards capital management until clarity of the eventual impact of SAM is obtained. The group is actively participating in the development and formulation of the new South African solvency standards and is also reviewing its internal economic capital models in light of local and international developments.

GROUP CREDIT RISK

During November 2012, Global Credit Rating reviewed the credit rating of PSG Konsult Limited. A national long-term rating of BBB (za) and a national short-term rating of A2 (za) were affirmed. The company was assigned a positive outlook due to strong credit protection ratios and a solid earnings track record.

45. SHARE ANALYSIS

	Shareholders		Shares held	
	Number	**%**	**Number**	**%**
Range of shareholding				
1 – 50 000	**551**	**62,0**	**9 261 814**	**0,8**
50 001 – 100 000	**88**	**9,9**	**6 494 498**	**0,5**
100 001 – 500 000	**142**	**16,0**	**30 830 929**	**2,5**
500 001 – 1 000 000	**34**	**3,8**	**24 685 025**	**2,1**
Over 1 000 000	**74**	**8,3**	**1 137 910 409**	**94,1**
	889	**100,0**	**1 209 182 675**	**100,0**
Treasury shares	**1**		**399 940**	
	890		**1 209 582 615**	

	Shareholders		Shares held	
	Number	**%**	**Number**	**%**
Public and non-public shareholding				
Non-public				
Holding company	**1**	**0,1**	**790 813 029**	**65,4**
Directors and management	**69**	**7,8**	**229 789 572**	**19,0**
Financial planners and associated professionals	**260**	**29,2**	**78 366 735**	**6,5**
Public	**559**	**62,9**	**110 213 339**	**9,1**
	889	**100,0**	**1 209 182 675**	**100,0**

No individual shareholders (excluding the holding company) held more than 5% of the issued shares as at 28 February 2013 (2012: 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 (www.psgonline.co.za). 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.psg.co.za) and navigate to our trade page which is situated under the "Investor Relations" tab and proceed from there.

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.psg.co.za) and navigating to our trade page which is situated under the "Investor Relations" tab and follow the link to locate a stockbroker.

IF YOU REQUIRE ANY ADDITIONAL INFORMATION CONTACT:

PSG Online Dealing Desk
Tel: +27 11 996 5200
Email: dealingdesk@psg.co.za

CORPORATE INFORMATION

COUNTRY OF INCORPORATION
Republic of South Africa

DATE OF INCORPORATION
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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