ANNUAL REPORT 2007

Your business is our business

PSG KONSULT

CONTENTS

personal, professional and holistic

PSG Konsult is 73,5% owned by the JSE-listed PSG Group. The Group was established in 1996.

PHILOSOPHY

PSG KONSULT IS AN INDEPENDENT FINANCIAL SERVICES COMPANY...

THAT OFFERS A UNIQUE SERVICE ORIENTATED APPROACH TO OUR CLIENTS' FINANCIAL PLANNING REQUIREMENTS.

Our expert financial planners, stockbrokers, portfolio managers and short-term insurance brokers offer a one-stop integrated service, catering to a diverse range of needs and offering appropriate financial and related products. We place a strong emphasis on personal service and relationship building.

Our business is founded on the fundamental principles of integrity, trust and transparency in everything we undertake. Our relationships with our clients and all other stakeholders are built around these principles and we continuously endeavour to base our business on sound professional and ethical practices.

COMPLIANCE AND

CODE OF CONDUCT

A number of new laws have recently come into effect in South Africa, which have a direct impact on the way we do business with our clients. PSG KONSULT *fully supports the new legislation as it not only offers you greater protection but also plays a role in combating money laundering in South Africa. For your convenience, we have summarised our policy on the recent relevant legislation, as well as our view on how these laws will impact on the way we do business.*

FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT (FAIS)

This Act, which became fully effective in 2004, aims to offer the consumer far greater protection than before. It aims to regulate the quality of financial advice as well as the selling of financial products.

For clients, it means that they are entitled to full transparency and disclosure of information and fees on any financial product that is sold to them. For PSG Konsult, it means that we are obliged to keep proper records of all transactions and client contacts as well as complying with legislation aimed at addressing the quality of advice that is given. In line with this law and to ensure that clients get the best advice possible, PSG Konsult and all our financial planners, stockbrokers, portfolio managers and short-term insurance brokers are licensed with the Financial Services Board (FSB), the controlling body that ensures that its members are properly trained and of an acceptable industry standard. All our staff members are able to show clients a certificate of this licence on request. In terms of FAIS, all our clients will be requested to sign a mandate which will ensure that their needs are carried out according to agreed parameters and shared understanding.

FINANCIAL INTELLIGENCE CENTRE ACT (FICA)

This legislation aims to combat money laundering. Money laundering is defined as *any act to hide or disguise the true source of criminally derived funds* (the proceeds of a crime). This covers money or any other benefit gained from any unlawful act, which includes contravening the Exchange Control Act, or any tax law or regulation.

It imposes an obligation on an accountable institution such as PSG Konsult to conduct our business in line with FICA, with severe penalties for non-compliance. This includes an obligation to know and verify the identity of clients, as well as to maintain records of all dealings with clients.

We also want to highlight the fact that the introduction of FICA means that our staff members are under legal obligation to report any suspicious or unusual transaction to the Financial Intelligence Centre.

To assist in combating money laundering, it is PSG Konsult policy not to accept any investment in cash.

PSG KONSULT

ETHICAL CODE OF CONDUCT

PSG Konsult and its financial planners, stockbrokers, portfolio managers and short-term insurance brokers undertake to:

1. advise clients with the highest level of good faith, integrity, care and diligence;
2. comply with all legislation regulating the financial services industry;
3. maintain a high level of professional knowledge and skill in order to present clients with best advice;
4. refrain from giving advice in those areas in which he/she is not technically competent;
5. provide a client with those products and services which will best fulfil the client's particular needs, with specific reference to the client's personal financial circumstances;
6. disclose the exact amount of commission earned on all transactions;
7. only make use of product providers that have a formal agreement or contract with PSG Konsult;
8. never receive any funds, in whatever form, on behalf of him/herself or PSG Konsult or with the assistance of any other person or entity from a client but at all times ensure that the funds are directly paid over to the relevant financial institution or insurance company where they must be invested.

good faith, integrity,
care and diligence

OUR BUSINESS
ACTIVITIES

PSG KONSULT PROVIDES **HOLISTIC FINANCIAL PLANNING SOLUTIONS** WHICH INCLUDE:

- ***Retirement planning*** in respect of a client's retirement income which will maintain his lifestyle and capital needs.
- Specialist advice in respect of ***asset management, foreign and local investments*** and other sophisticated investment instruments.
- Advice in respect of ***long-term insurance*** such as retirement annuities, endowment policies and life insurance at the insurance company of the client's choice.
- Advice in respect of ***short-term insurance*** for personal assets (e.g. motor vehicles and household contents) and business assets (office equipment, machinery, buildings, etc) at the insurance company of the client's choice.
- ***Estate planning*** to structure a client's estate in respect of his will, property, trusts, insurance, income and estate duty.
- The provision of ***short-term bureau administration*** services to the industry.
- ***Stockbroking***
  Execution of share transactions, online stockbroking and related specialised products.
- ***Healthcare solutions*** at the medical aid of the client's choice.
- Advice in respect of ***employee benefits.***
- The ***provision of training*** to the financial services industry at large.

integrity, trust and transparency

PROCESS OF SERVICE PROVIDER EVALUATION

PSG KONSULT *offers a comprehensive selection of* **FINANCIAL PLANNING, LONG- AND SHORT-TERM INSURANCE, STOCKBROKING AND INVESTMENT SERVICES.** *We draw on the expertise and services of numerous product providers to fulfil our clients' needs.*

In order to ensure that our **CLIENTS' NEEDS ARE MANAGED ACCORDING TO OUR STRICT CRITERIA,** *we undergo an exhaustive process to ensure that all our service providers share our values and unwavering adherence to our ethical code of good governance.*

OUR FINANCIAL
INFORMATION

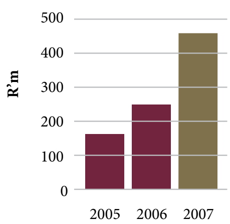
PSG KONSULT

NORMALISED CONSOLIDATED INCOME STATEMENT (UNAUDITED)*

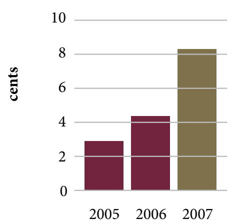
	28 Feb 2007 R'000	28 Feb 2006 R'000	28 Feb 2005 R'000
Income			
Commission and fee income	460 799	246 266	160 395
Other operating income	5 502	–	–
Investment income	5 876	2 206	1 280
Total income	472 177	248 472	161 675
Expenses			
Operating expenses (excluding amortisation of intangibles)	(379 772)	(219 505)	(140 356)
Amortisation of intangibles	(7 975)	(1 626)	(4 892)
Net income from operating activities	84 430	27 341	16 427
Finance charges	(8 529)	(1 813)	(28)
Share of profits of associate company	389	–	–
Net income before taxation	76 290	25 528	16 399
Taxation	(24 914)	(7 763)	(4 894)
Net income of the group	51 376	17 765	11 505
Attributable to:			
Ordinary shareholders	48 634	17 128	10 826
Attributable to outside shareholders	2 742	637	679
	51 376	17 765	11 505
Normalised headline earnings reconciliation			
Attributable to ordinary shareholders	48 634	17 128	10 826
Non-headline items	(245)	(529)	64
Normalised headline earnings	46 289	16 599	10 890

* *Normalised financial information (unaudited) to reflect the actual performance of PSG Konsult without the effect of predecessor accounting of the acquisition of PSG Online*

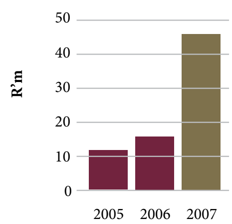
Revenue



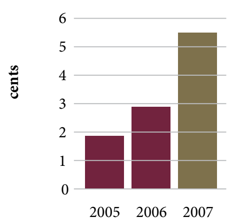
HEPS (Normalised)



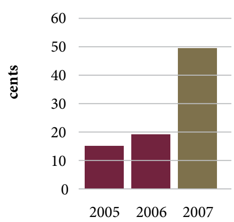
Normalised Headline Earnings



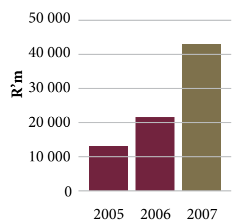
Distribution per share



Net asset value per share



Funds under administration



REPORT BY THE CHIEF EXECUTIVE OFFICER

HIGHLIGHTS

Against the backdrop of a growing South African economy, strong worldwide equity markets, a dedicated management team and successful acquisitions, I am pleased to report that PSG Konsult had a very rewarding year. The company's normalised turnover increased by 92% to R466 million and normalised headline earnings increased by 179% to R46,3 million. This was achieved due to the acquisition strategy we pursued which contributed to 133% of headline earnings growth, coupled with a 46% organic growth contribution that was generated from our core areas of business. Normalised headline earnings per share increased by 86,4% to 8,2 cents per share.

Funds under administration increased to R42 billion and short-term insurance premiums collected amounted to R820 million on an annualised basis. Furthermore, our client base has increased to in excess of 100 000 private clients.

With a country-wide network of 179 (2006: 122) offices with 431 (2006: 274) financial planners, stockbrokers and short-term insurance brokers and 306 (2006: 286) professional associates (accountants and attorneys), PSG Konsult can now boast a formidable and vastly experienced team capable of delivering an entire spectrum of financial services to clients.

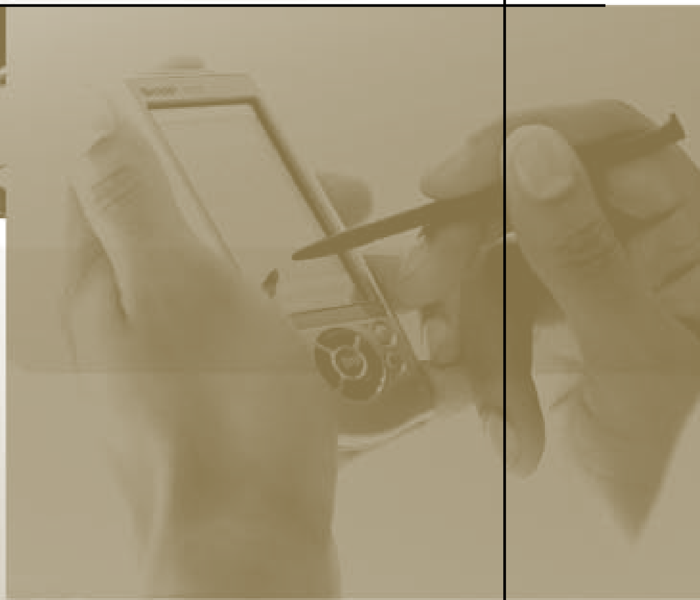
ACQUISITIONS

The following businesses were acquired and successfully integrated into the PSG Konsult business model:

Date	Business name	Nature of business	Price
21 April 2006	Multinet & Topexec	Multinet is a country-wide short-term insurance group which specialises in providing short-term insurance advice and niche products to teachers and other professionals, while Topexec provides bureau administration services.	R178 million
31 Oct 2006	Advance Wealth Management	Private client financial planning and investment advice.	R97 million
1 Nov 2006	Online Securities	Stockbroking execution services, online stockbroking services and other stockbroking products.	R128 million
1 Feb 2007	Crest	Specialised products and offshore trust administration services.	R23 million
Total value of acquisitions			R426 million

*Funds under administration increased to **R42 billion** and short-term insurance premiums collected amounted to **R820 million** on an annualised basis.*

growth, focus and innovation



***179** branch offices with*
***234** financial planners,*
***167** short-term insurance brokers,*
***30** stockbrokers and*
***306** professional associates*

The various acquisitions as noted above were financed as follows:

- The Multinet and Topexec acquisition was paid for by the issue of 26 205 883 PSG Konsult Limited shares at an issue price of 68c per share and R160,2 million in cash. At year-end R81,1 million had been settled in cash with the balance of R79,1 million still payable to be settled in two instalments: 6 March 2007 and 31 August 2007, respectively. In order to partially fund the cash payment for the acquisition, a rights issue at 68c per share was extended to shareholders in March 2006 and R85,9 million was successfully raised by the issue of 126 353 526 shares.
- The Advance Wealth Management acquisition was paid for by the issue 38 617 886 PSG Konsult Limited shares at an issue price of 123c per share and R49,3 million in cash. At year-end R23,7 million had been settled in cash and the balance of R25,6 million will be settled on 1 September 2007.
- The Online Securities acquisition was paid for by the issue of 104 634 146 PSG Konsult Limited shares at an issue price of 123c per share.
- The Crest acquisition, in which after-tax profits of R4 million have been warranted for the year ending 28 February 2008, was paid for by the issue of 12 500 000 PSG Konsult Limited shares at an issue price of 180c per share.

During October 2006, R9,8 million was raised by the issue of 8 000 000 ordinary shares at 123 cents per share to a select group of financial planners and employees of PSG Konsult. In addition to this, in order to raise cost- effective capital to partially fund the cash payments of the above acquisitions, a rights issue at 150c per share was extended to shareholders and R40,97 million was successfully raised by the issue of 27 314 826 shares during March 2007.

The conclusion of the above acquisitions transactions is in line with PSG Konsult's strategy to extend the company's range of products and financial services and, most importantly, improve its annuity income streams. The above transactions have also enabled PSG Konsult to strengthen its management team, support structures and operational capabilities. The joining of these complementary businesses has enabled PSG Konsult to create a leading financial planning and investment solutions business that is able to offer its clients a truly holistic financial service. In the year ahead we anticipate generating approximately one third of our earnings from each of the following three core areas of our business, namely: financial planning and investment management, stockbroking and short-term insurance services.

In order to ensure that the highest quality of advice is adhered to, the PSG Konsult Academy was established in January 2006, in conjunction with the Business School of the University of Stellenbosch. Since then, 583 students were trained and it has already positioned itself as one of the leading training institutions in the industry.

In addition to the above PSG Konsult Trust was established in March 2007, to enable us to provide trust and fiduciary services to our client base.

EMERGING MARKETS

PSG Konsult realises the importance of the emerging markets in South Africa and is committed to the BEE charter and principles embodied therein. To this end we have appointed a Manager: Emerging Markets in 2006, and the division has made some positive strides under his guidance. However, in order to play a more prominent role in the emerging market, we plan to set up a fully fledged black distribution services company on a joint venture basis. This, we believe, will position us correctly to play a more significant role in this market in the future.

DISTRIBUTION TO SHAREHOLDERS

A capital distribution of 1,7 cents per share was made to shareholders at the interim stage of the year. The directors declared a capital distribution of 3,8 cents per share (giving a total distribution of 5,5 cents per share) subsequent to year-end to shareholders registered in the books of the company on 28 February 2007, payable on 26 April 2007.

LOOKING AHEAD

In the forthcoming financial year, our focus will primarily be one of organic growth complemented by strategic acquisitions of private client businesses in our current core areas of focus. At the most recent PSG Konsult Management Group Conference, a number of exciting growth opportunities were identified and strategic plans to unlock these opportunities are in the process of being implemented. We will also direct our efforts to ensure that clients have access to our full range of products and services.

A WORD OF THANKS

PSG Konsult relies on enthusiastic people to drive its vision of identifying and realising opportunities. I would therefore like to thank my management team, financial advisors and support staff, as well as my colleagues on the board for the unrelenting commitment and passion with which they contribute to the company's activities. Your efforts are recognised and appreciated. You play an indispensable role in our success.

I would also like to take the opportunity to thank our product providers, clients and shareholders for their valued and loyal support that has positively contributed to our success.

W THERON
Hermanus
29 May 2007

BOARD OF DIRECTORS

JACOB DE VOS DU TOIT (JAAP), 53

BAcc CA(SA) CFA

Chairman

WILLEM THERON, 55

BCompt (Hons) CA(SA)

Chief Executive Officer

THEO WERNER BIESENBACH, 43

BCompt (Hons) CA(SA)

Chief Financial Officer/Head: Stockbroking

JOHANNES BARNARD BORCHERDS (JOHAN), 35

MComm (Tax) CA(SA) CFP

Regional Operational Officer (Northern Region)

DANIEL PIETER BUSS HUGO (DAN), 45

BComm

Regional Operational Officer (Southern Region)

JOHN DICKSON INGE, 67

BComm CA(SA) CFP

Chairman: Central Regional Board

RONALD NORMAN KING, 38

BComm LLB LLM Adv PGD FP CFP

Director: Financial Planning

DAVID JOHANNES KLOPPER (DAWIE), 49

BComm (Hons) MBL

Investment Economist

WALTER KRUMM (WALLIE), 55

BA

Director: Administration, Compliance and Marketing

THEO ALBERT LANDMAN (KOELOE), 55

BComm CFA(SA)

Regional Operational Officer (Central Region)

JOHANNES FREDERICUS MOUTON (JANNIE), 61

BComm (Hons) CA(SA)

Chairman: PSG Group

JOHANN BAREND ROUX (JOE), 62

Director: Short-term Insurance

GERHARD MARTHINUS STEENKAMP, 39

BProc ACII

CEO: Short-term Insurance/Topexec

JENNIFER MARGARET VAN DEN DOOL (JENNY), 46

BAcc CA(SA)

Chairperson: Northern Regional Board

LOUIS VAN DER WALT, 40

BCompt (Hons) CA(SA)

Chairman: Southern Regional Board

WAYNE VINCENT WALDECK, 42

BComm (Hons) CA(SA) CFP

Director: Investments

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

For the year ended 28 February 2007

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and the related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the South African Companies Act 1973.

The directors consider that in preparing the financial statements they have used the most appropriate policies, consistently applied and supported by reasonable and prudent judgements and estimates, and IFRS that they consider to be applicable have been followed.

The directors are also responsible for the group and company's system of internal financial controls. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the group and company have adequate resources in place to continue in operation for the foreseeable future.

The group's external auditors, PricewaterhouseCoopers Inc., have audited the financial statements and their report is set out on page 11.

The financial statements, set out on pages 12 to 50, were approved by the board of directors and are signed on its behalf.

J DE V DU TOIT
Chairman
29 May 2007

W THERON
Chief Executive Officer

TW BIESENBACH
Chief Financial Officer

SECRETARIAL CERTIFICATION

In accordance with section 268G(d) of the South African Companies Act, Act 61 of 1973, as amended ("the Act"), it is hereby certified that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act and that such returns are true, correct and up to date.

W KRUMM
Company Secretary
29 May 2007

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF PSG KONSULT LIMITED

We have audited the annual financial statements and group annual financial statements of PSG Konsult Limited which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 28 February 2007, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 50.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design 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 the directors, 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 basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and the group as of 28 February 2007 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

DIRECTOR: C VAN DEN HEEVER

Registered Auditor

Cape Town

29 May 2007

REPORT OF THE BOARD OF DIRECTORS

For the year ended 28 February 2007

NATURE OF BUSINESS

The company and its subsidiaries carry on the business of investment management, stockbroking, insurance and investment broking, financial planning and advice.

FINANCIAL RESULTS

The operating results and the state of affairs of the group and company are fully set out in the attached balance sheets, income statements, statements of changes in equity, cash flow statements and notes thereto.

PSG Konsult Limited acquired the business of PSG Online on 1 November 2006 representing a transaction under common control. The transaction was accordingly recorded using US guidance, resulting in predecessor values being used to restate comparative financial information as if the transaction occurred on 1 March 2005.

DIVIDENDS

PSG Konsult declared two capital distributions during the year. During May 2006 a distribution of 2,15 cents per share was declared and during October 2006 a further distribution of 1,70 cents per share was declared.

A final capital distribution of 3,80 cents per share was declared by PSG Konsult Limited after the year-end and was payable on 26 April 2007. No provision has been included in the financial statements.

Online Securities Limited declared dividends of R17,87 and R14,38 per share during May 2006 and October 2006 respectively. These dividends were declared before the common control transaction occurred. Therefore the dividends were declared to outside shareholders and thus not eliminated when the common control transaction was recognised.

SHARE CAPITAL

Details of the authorised and issued share capital appear in note 12 to the financial statements. During the year under review, authorised share capital was increased from 500 000 000 shares of 1 cent each to 750 000 000 shares of 1 cent each. 8 000 000 ordinary shares were issued to employees during the year. During the year a total of 169 457 915 shares were issued as part of acquisition transactions relating to Advance Wealth Management, PSG Online, Multinet Makelaars (Proprietary) Limited and Topexec Management Bureau (Proprietary) Limited.

During March 2006 a total of 126 353 526 shares were issued to shareholders as part of a rights offer.

In order to partially fund the cash payments of the various acquisitions concluded during the financial year, the Board regarded a rights offer as an appropriate means to raise cost-effective capital. An offer to take up 1 ordinary share for every 25 shares held at R1,50 per share was extended to shareholders. The shares were only issued in March 2007.

PSG Konsult Limited purchased the assets and liabilities of Crest SA Holdings with effect from 1 February 2007. The transaction was accounted for provisionally due to the late acquisition date. During March 2007, 12 500 000 shares were issued at R1,80 per share as settlement of the purchase price.

SUBSEQUENT EVENTS

Other than the acquisitions and the rights issue disclosed in note 28 on page 49, no other matter which is material to the financial affairs of the group and company has occurred between 28 February 2007 and the date of approval of the financial statements.

HOLDING COMPANY

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

DIRECTORS

The directors of the company at the date of this report appear on page 7.

DIRECTORS' EMOLUMENTS

The following directors' emoluments were paid by the company and its subsidiaries for the year ended 28 February 2007:

Cash-based remuneration	Basic salary R000	Bonuses and performance-related payments R000	Expense allowances R000	Company contributions R000	**Total 2007 R000**	Total 2006 R000
Executive	6 842	5 703	1 093	287	**13 925**	9 190
Non-executive *	1 149	–	72	63	**1 284**	1 076
	7 992	5 703	1 165	350	**15 209**	10 266

** The non-executive directors' salaries were paid by a PSG Konsult Limited subsidiary company.*

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2007

SHAREHOLDING OF DIRECTORS

The shareholding of directors in the company as at 28 February 2007 was as follows:

	Beneficial		Non-beneficial		**Total shareholding 2007**		Total shareholding 2006*	
	Direct	Indirect	Direct	Indirect	**Number**	**%**	Number	%
TW Biesenbach	3 078 400	–	–	–	**3 078 400**	**0,5**	2 205 892	0,6
JB Borcherds	–	–	–	3 078 400	**3 078 400**	**0,5**	1 882 320	0,5
J de V du Toit	–	–	–	5 125 000	**5 125 000**	**0,8**	–	0,0
WM Dondashe							44 795	0,0
DPB Hugo	3 670 916	–	–	558 082	**4 228 998**	**0,6**	3 704 249	1,0
JD Inge	348 895	–	–	–	**348 895**	**0,1**		
RN King	810 000	–	–	910 000	**1 720 000**	**0,3**		
DJ Klopper	–	468 196	–	–	**468 196**	**0,1**	250 000	0,1
W Krumm	5 488 723	–	–	1 261 277	**6 750 000**	**1,0**	5 528 723	1,5
TA Landman	5 090 500	–	–	996 833	**6 087 333**	**0,9**	5 090 500	1,3
PW Moolman	–	–	–	13 040 000	**13 040 000**	**1,9**	10 615 603	2,8
JF Mouton	–	–	–	–	**–**	**0,0**	–	0,0
JB Roux	883 333	–	–	140 000	**1 023 333**	**0,1**	100 000	0,0
GM Steenkamp	–	–	–	17 810 588	**17 810 588**	**2,6**		
W Theron	–	–	–	20 040 000	**20 040 000**	**2,9**	16 001 000	4,2
JM van den Dool	–	–	–	569 333	**569 333**	**0,1**	397 000	0,1
L van der Walt	–	–	–	2 880 000	**2 880 000**	**0,4**		
J van der Westhuizen							400 000	0,1
WV Waldeck	–	–	–	7 918 048	**7 918 048**	**1,2**		
Total shareholding	19 370 767	468 196	–	74 327 561	**94 166 524**	**13,8**	46 220 082	12,2

** The percentage shareholding for 2006 excludes the effect of the common control transactions.*

SECRETARY

The secretary of the company is W Krumm, whose business and postal addresses are:

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

SUBSIDIARIES

Details of the company's interest in subsidiaries are set out in Annexure A.

SPECIAL RESOLUTIONS

The following special resolutions were passed by the company during the year under review:

– The company is authorised to repurchase any shares issued under general approval until the next annual general meeting.

– Authorised share capital was increased from 500 000 000 ordinary shares to 750 000 000 ordinary shares of 1 cent each.

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

BALANCE SHEETS

AS AT 28 FEBRUARY 2007

	Notes	GROUP 2007 R000	GROUP 2006 R000	COMPANY 2007 R000	COMPANY 2006 R000
ASSETS					
Property and equipment	2	**12 941**	4 967	**1 022**	794
Intangible assets	3	**412 624**	105 540	**18 254**	16 457
Investments in subsidiaries	4	**–**	–	**389 215**	57 786
Investments in associates	5	**15 039**	77	**–**	–
Financial assets					
Equity securities	6	**221 200**	339 818	**1 458**	1 239
Loans and advances	7	**43 454**	6 144	**30 284**	26 130
Deferred income tax	8	**5 561**	4 990	**1 109**	313
Inventories	9	**88**	259	**–**	–
Receivables	10	**171 958**	39 402	**31 658**	14 373
Current income tax assets		**–**	–	**–**	259
Cash and cash equivalents	11	**100 586**	64 104	**50 145**	7 544
Total assets		**983 451**	565 301	**523 145**	124 895
CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS					
Share capital	12	**6 829**	4 837	**6 829**	3 791
Share premium	12	**308 872**	167 641	**308 872**	39 987
Other reserves		**(64 533)**	(127 443)	**63 920**	976
Retained earnings/(accumulated loss)		**92 651**	41 704	**(6 720)**	185
Ordinary shareholders' funds		**343 819**	86 739	**372 901**	44 939
Minority interests		**2 926**	764	**–**	–
Total equity		**346 745**	87 503	**372 901**	44 939
LIABILITIES					
Financial liabilities					
Borrowings	13	**388 268**	378 510	**48 396**	53 939
Deferred income tax	8	**46 302**	7 681	**–**	–
Trade and other payables	14	**183 112**	83 307	**98 884**	26 017
Provisions for other liabilities and charges	15	**4 570**	–	**2 215**	–
Current income tax liabilities		**14 454**	8 300	**749**	–
Total liabilities		**636 706**	477 798	**150 244**	79 956
Total equity and liabilities		**983 451**	565 301	**523 145**	124 895

INCOME STATEMENTS

For the year ended 28 February 2007

		GROUP		COMPANY	
	Notes	**2007 R000**	2006 R000	**2007 R000**	2006 R000
INCOME					
Commission and other fee income	16	**454 086**	252 857	**73 397**	60 466
Investment income	17	**25 269**	12 371	**2 101**	1 089
Fair value gains and losses on financial instruments	18	**96**	623	**26**	623
Other operating income		**68 705**	65 079	**8 463**	14 713
Total income		**548 156**	330 930	**83 987**	76 891
EXPENSES					
Marketing, administration and other expenses	19	**(434 763)**	(257 299)	**(82 221)**	(72 920)
Total expenses		**(434 763)**	(257 299)	**(82 221)**	(72 920)
Results of operating activities		**113 393**	73 631	**1 766**	3 971
Finance costs	20	**(24 821)**	(8 218)	**(8 898)**	(1 654)
Share of profits of associate companies		**389**	77	**–**	–
Profit/(loss) before taxation		**88 961**	65 490	**(7 132)**	2 317
Taxation	21	**(28 269)**	(14 180)	**227**	(404)
Net profit/(loss) for the year		**60 692**	51 310	**(6 905)**	1 913
Attributable to:					
– Minority interests		**2 625**	637	**–**	–
– Equity holders of the company		**58 067**	50 673	**(6 905)**	1 913
		60 692	51 310	**(6 905)**	1 913
Earnings per share (cents)					
Basic and diluted	22	**9,1**	10,5		

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STATEMENTS OF CHANGES IN OWNERS' EQUITY

For the year ended 28 February 2007

	Attributable to equity holders of the company								
	Share capital and premium R000	Other reserves: Common control reserve R000	Share issue reserve R000	Fair value reserve R000	Translation reserve	Share-based payment reserve R000	Retained earnings R000	Minority interests R000	Total R000
GROUP									
Balance at 1 March 2005	176 734	(128 700)	–	809	–	–	18 061	829	67 733
Other movements in minorities	–	–	–	–	–	–	–	(478)	(478)
Employee share option scheme costs	–	–	–	–	–	380	–	–	380
Fair value gains on investments	–	–	–	687	–	–	–	–	687
Realised gain on disposal	–	–	–	(619)	–	–	–	–	(619)
Issue of share capital	3 399	–	–	–	–	–	–	–	3 399
Capital reduction	(7 655)	–	–	–	–	–	–	–	(7 655)
Profit for the year	–	–	–	–	–	–	50 673	637	51 310
Dividend paid to minorities	–	–	–	–	–	–	(27 030)	(224)	(27 254)
Balance at 28 February 2006	172 478	(128 700)	–	877	–	380	41 704	764	87 503
Currency translation adjustments	**–**	**–**	**–**	**–**	**(13)**	**–**	**–**	**–**	**(13)**
Fair value gains on investments	**–**	**–**	**–**	**44**	**–**	**–**	**–**	**–**	**44**
Issue of share capital	**160 710**	**(21)**	**62 900**	**–**	**–**	**–**	**–**	**–**	**223 589**
Transfer of reserves	**–**	**–**	**–**	**–**	**–**	**–**	**(17)**	**251**	**234**
Capital reduction	**(17 487)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(17 487)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**58 067**	**2 625**	**60 692**
Dividend paid to minorities	**–**	**–**	**–**	**–**	**–**	**–**	**(7 103)**	**(714)**	**(7 817)**
Balance at 28 February 2007	**315 701**	**(128 721)**	**62 900**	**921**	**(13)**	**380**	**92 651**	**2 926**	**346 745**
COMPANY									
Balance at 1 March 2005	48 034	–	–	808	–	–	(1 728)	–	47 114
Fair value gains on investments	–	–	–	787	–	–	–	–	787
Realised gain on disposal	–	–	–	(619)	–	–	–	–	(619)
Issue of share capital	3 399	–	–	–	–	–	–	–	3 399
Capital reduction	(7 655)	–	–	–	–	–	–	–	(7 655)
Profit for the year	–	–	–	–	–	–	1 913	–	1 913
Balance at 28 February 2006	43 778	–	–	976	–	–	185	–	44 939
Fair value gains on investments	**–**	**–**	**–**	**44**	**–**	**–**	**–**	**–**	**44**
Issue of share capital	**289 410**	**–**	**62 900**	**–**	**–**	**–**	**–**	**–**	**352 310**
Capital reduction	**(17 487)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(17 487)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(6 905)**	**–**	**(6 905)**
Balance at 28 February 2007	**315 701**	**–**	**62 900**	**1 020**	**–**	**–**	**(6 720)**	**–**	**372 901**

CASH FLOW STATEMENTS

For the year ended 28 February 2007

	Notes	GROUP 2007 R000	GROUP 2006 R000	COMPANY 2007 R000	COMPANY 2006 R000
Cash (utilised in)/retained from operating activities					
Cash generated by/(utilised in) operating activities	26.1	**(81 357)**	87 916	**(26 968)**	(13 333)
Interest received		**24 907**	12 346	**1 104**	407
Dividends received		**362**	25	**997**	682
Finance costs		**(24 821)**	(8 218)	**(8 898)**	(1 654)
Taxation (paid)/received	26.2	**(32 080)**	(15 746)	**265**	(10)
Net cash flow from operating activities		**(112 989)**	76 323	**(33 500)**	(13 908)
Cash utilised in investing activities					
Purchases of property and equipment		**(9 421)**	(3 315)	**(591)**	(690)
Proceeds from disposal of property and equipment		**260**	847	**–**	–
Proceeds from sale of financial assets		**157 244**	5 770	**–**	2 548
Purchases of financial assets		**–**	(332 169)	**–**	–
Sale of margin business		**2 653**	–	**–**	–
Acquisition of intangibles		**(7 564)**	(8 586)	**(278)**	(2 315)
Disposal of intangibles		**22 126**	84	**30**	84
Acquisition of subsidiaries, net of cash	26.3	**(92 613)**	(36 143)	**(83 331)**	(28 159)
Additional interest acquired in subsidiary		**–**	(7 000)		
Costs paid for acquisition of PSG Online		**(23)**	–	**–**	–
Loan to associate		**(17)**	–	**–**	–
Net cash flow from investment activities		**72 645**	(380 512)	**(84 170)**	(28 532)
Cash flow from financing activities					
Capital distribution		**(17 487)**	(7 655)	**(17 487)**	(7 655)
Proceeds from issuance of ordinary shares		**95 390**	3 399	**142 902**	3 399
Proceeds received from rights issue		**40 400**	–	**40 400**	–
Net (repayment)/proceeds of borrowings		**(134 243)**	378 500	**(13 776)**	45 825
Dividends paid		**(7 817)**	(27 254)	**–**	–
Additional interest acquired from minorities		**234**	–	**–**	–
Net cash flow from financing activities		**(23 523)**	346 990	**152 039**	41 569
Net (decrease)/increase in cash and equivalents and bank overdrafts		**(63 867)**	42 801	**34 369**	(871)
Cash and equivalents and bank overdrafts at beginning of year		**64 094**	21 293	**7 536**	8 407
Cash and equivalents and bank overdrafts at end of year	26.4	**227**	64 094	**41 905**	7 536

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 February 2007

1. ACCOUNTING POLICIES

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

BASIS OF PREPARATION

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

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 below.

Restatement of comparative information

The group's comparative information in respect of the common control transaction, as described under "Group financial statements", was restated as required by the guidance on common control transactions as issued by the United States Financial Accounting Standards Board (FASB) in the accounting standard covering business combinations (FAS 141).

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

Certain new standards, amendments and interpretations to existing standards have been published but have effective dates applicable to future annual financial statements of the group and which the group has not early adopted:

- **IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2007).** IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 March 2007.

The following new standards, amendments and interpretations will, at present, have no effect on the group:

- IFRS 8, Operating segments (effective from 1 January 2009)
- IFRIC 8, Scope of IFRS 2 (effective from 1 May 2006)
- IFRIC 9, Reassessment of embedded derivatives (effective from 1 June 2006)
- IFRIC 10, Interim Financial Reporting and Impairment (effective from 1 November 2006)
- IFRIC 11, IFRS 2, Group and treasury share transactions (effective from 1 March 2007)
- IFRIC 12, Service concession arrangements (effective from 1 January 2008)
- AC 503, Accounting for Black Economic Empowerment (BEE) Transactions (effective from 1 May 2006)

GROUP FINANCIAL STATEMENTS

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

Subsidiaries

Subsidiaries are all entities (including special purpose entities) 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.

The group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured, as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill (see note 3). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

Transactions and minority interests

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group. Disposals to minority interests result in gains and losses for the group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

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

The company's controlling interest in subsidiaries and businesses held by the ultimate shareholder was acquired through a transaction under common control, as defined in IFRS 3, Business Combinations. The directors note that transactions under common control are outside the scope of IFRS 3, and that there is no guidance elsewhere in IFRS covering such transactions.

IFRS contains specific guidance to be followed where a transaction falls outside the scope of IFRS. This guidance is included at paragraphs 10 to 12 of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. This requires, inter alia, that where IFRS does not include guidance for a particular issue, the directors should also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards. In this regard, it is noted that the United States Financial Accounting Standards Board (FASB) has issued an accounting standard covering business combinations (FAS 141) that is similar in a number of respects to IFRS 3.

In contrast to IFRS 3, FAS 141 does include, as an Appendix, limited accounting guidance for transactions under common control. The guidance contained in FAS 141 indicates that a form of accounting that is similar to pooling of interests accounting, which was previously set out in Accounting Principles Board (APB) Opinion 16, may be used when accounting for transactions under common control.

Having considered the requirements of IAS 8, and the guidance included in FAS 141, it is considered appropriate to use a form of accounting which is similar to pooling of interests when dealing with the transaction in which the company acquired its controlling interest in its subsidiaries.

In consequence, the result of operations for the period is presented as though the acquisition of its controlling interest through a transaction under common control had occurred at 1 March 2005. The effects of the intercompany transactions have been eliminated in determining the results of operations for the period prior to the acquisition of the controlling interest, meaning that those results are on substantially the same basis as the results of operations for the period after the acquisition of the controlling interest. Similarly, the consolidated balance sheets with related notes have been presented as though the assets and liabilities of the combining entities had been transferred at 1 March 2005.

Financial statements and financial information presented for prior years were restated to furnish comparative information.

SEGMENTAL REPORTING

The services provided by the group are not subject to materially different risks and returns and are regarded as a single business segment.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

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

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

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.

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

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:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.

- Income and expenses for each income statement 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).
- All resulting exchange differences are recognised 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.

PROPERTY AND EQUIPMENT

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

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

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

Buildings	25 years
Motor vehicles	5 years
Plant	15 years
Office equipment	5 years
Computer equipment	3 years

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 amounts. These are included in the income statement.

INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired subsidiary at the date of acquisition. Goodwill is reported in the balance sheet as an intangible asset. 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.

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

Customer lists and relationships

Acquired customer lists and relationships 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, which reflects the expected life of the book of business acquired.

Deferred acquisition costs

Commissions, fees and other costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as deferred acquisition cost ("DAC"), an intangible asset. All other costs are recognised as expenses when incurred. The DAC is subsequently amortised over the expected life of the contracts.

Trademarks

Acquired trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 20 years.

Other intangible assets

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

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.

FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include investments, receivables, loans and advances, cash and short-term funds, payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a current 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.

FINANCIAL ASSETS

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

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Transaction costs for financial assets at fair value through profit and loss are expensed in the income statement.

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 advances – that the group's management has the positive intention and ability to hold to maturity.

Loans and advances

Loans and advances 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.

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

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.

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 are initially recognised at fair value plus, for all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. 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 and 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 and 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 equity. 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.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), 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.

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

The group does not apply hedge accounting.

RECEIVABLES

Receivables are carried initially at fair value and subsequently at amortised cost using the effective interest rate method. 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 effective interest rate. The amount of the provision is recognised in the income statement.

CASH AND CASH EQUIVALENTS

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

SHARE CAPITAL

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

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.

DEFERRED INCOME TAX

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 balance sheet 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, 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.

EMPLOYEE BENEFITS

Pension obligations

The group has only 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.

Other post-retirement benefits

The group has no liabilities with regard to post-retirement medical benefits.

Profit-sharing and bonus plans

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

ACCRUALS AND 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.

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax 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 interest expense.

REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for services in the ordinary course of the group's activities. Revenue is shown net of value added tax, after eliminating revenue within the group. Revenue is recognised as follows:

Sales of goods

Sales of goods are recognised when the group has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

Rendering of services

Investment management fees and initial fees

Upfront payments received for asset management services relating to the rendering of future services are deferred and amortised in proportion to the stage of completion of the service for which they were paid.

Recurring fees

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

Fee income is recognised when the related company is unconditionally entitled thereto. No profit is recognised when the outcome of a transaction cannot be estimated reliably.

Interest income

Interest income for financial assets that are not classified as at fair value through profit and loss 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 from financial assets that are classified as at fair value through profit and loss is included in investment income.

Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend from financial assets that are classified as available-for-sale is included in investment income.

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.

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 shareholders.

CONTINGENCIES

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

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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.

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 fair value less costs to sell calculations. These calculations require the use of estimates.

Revenue recognition

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Initial fees are spread over the period that the services are expected to be provided for.

Management expense provisions

Management use their discretion to make an estimate of the expenditure required to settle the present obligation at the balance sheet date of the amount they estimate that the group would rationally pay to settle the obligation or to transfer it to a third party.

Impairment of assets

An impairment of assets is considered when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the following factors may be considered: normal volatility in the share price, the financial health of the investee, sector performance and changes in operational and financing cash flow.

Recognition of intangible assets

Trademarks and customer lists or relationships are acquired through business combinations or acquisitions. These intangible assets 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 or use of these intangible assets. These assumptions reflect management's best estimates but are subject to inherent uncertainties, which may not be controlled by management.

The cost of the trademarks and customer lists or relationships are amortised over their estimated useful lives. The remaining useful lives of the intangible assets are re-assessed annually. If the estimate of the remaining useful lives changes, the remaining carrying values are amortised prospectively over that revised remaining useful life.

FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate 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 under policies approved by the board of directors. Each entity within the group identifies, evaluates and hedges financial risks. The board provides written principles for overall risk management, as well as written 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.

Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated balance sheet as either available-for-sale or at fair value through profit or loss. The group is not exposed to commodity price risk.

Credit risk

The group has no significant concentrations of credit risk. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. The group has policies that limit the amount of credit exposure to any financial institution.

Liquidity risk

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.

Cash flow and fair value interest rate risk

The group's interest rate risk arises from interest-bearing investments and long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

GROUP	Land and buildings R000	Motor vehicles R000	Office equipment R000	Computer equipment R000	Total R000
2. PROPERTY AND EQUIPMENT					
As at 28 February 2007					
Cost	**96**	**581**	**13 707**	**19 252**	**33 636**
Accumulated depreciation	**(68)**	**(258)**	**(7 310)**	**(13 059)**	**(20 695)**
Balance at end of year	**28**	**323**	**6 397**	**6 193**	**12 941**
Reconciliation					
Balance at beginning of year	**29**	**363**	**2 598**	**1 977**	**4 967**
Additions	**4**	**142**	**4 025**	**5 250**	**9 421**
Disposals	**–**	**(193)**	**(11)**	**(56)**	**(260)**
Depreciation	**(5)**	**(71)**	**(1 378)**	**(2 305)**	**(3 759)**
Acquisition of operations	**–**	**82**	**1 163**	**1 327**	**2 572**
Balance at end of year	**28**	**323**	**6 397**	**6 193**	**12 941**
As at 28 February 2006					
Cost	33	649	7 705	11 237	19 624
Accumulated depreciation	(4)	(286)	(5 107)	(9 260)	(14 657)
Balance at end of year	29	363	2 598	1 977	4 967
Reconciliation					
Balance at beginning of year	–	84	1 424	1 214	2 722
Additions	–	10	1 743	1 562	3 315
Disposals	(840)	–	–	(7)	(847)
Depreciation	–	(49)	(808)	(938)	(1 795)
Acquisition of operations	869	318	239	146	1 572
Balance at end of year	29	363	2 598	1 977	4 967

Details of land and buildings are available at the registered offices of the relevant group companies. The market value of land and buildings at 28 February 2007, as determined by the directors, amounted to R33 000 (2006: R33 000).

COMPANY	Land and buildings R000	Motor vehicles R000	Office equipment R000	Computer equipment R000	Total R000
2. PROPERTY AND EQUIPMENT *(continued)*					
As at 28 February 2007					
Cost	**–**	**–**	**1 080**	**749**	**1 829**
Accumulated depreciation	**–**	**–**	**(406)**	**(401)**	**(807)**
Balance at end of year	**–**	**–**	**674**	**348**	**1 022**
Reconciliation					
Balance at beginning of year	**–**	**–**	**497**	**297**	**794**
Additions	**–**	**–**	**362**	**229**	**591**
Depreciation	**–**	**–**	**(185)**	**(178)**	**(363)**
Balance at end of year	**–**	**–**	**674**	**348**	**1 022**
As at 28 February 2006					
Cost	–	–	718	520	1 238
Accumulated depreciation	–	–	(221)	(223)	(444)
Balance at end of year	–	–	497	297	794
Reconciliation					
Balance at beginning of year	–	–	162	145	307
Additions	–	–	422	268	690
Depreciation	–	–	(87)	(116)	(203)
Balance at end of year	–	–	497	297	794

Property and equipment are regarded as non-current assets.

GROUP	Trademarks R000	Goodwill R000	Deferred acquisition costs R000	Customer lists R000	Other intangibles R000	Total R000
3. INTANGIBLE ASSETS						
As at 28 February 2007						
Cost	**23 489**	**226 158**	**45 853**	**165 669**	**6 137**	**467 306**
Accumulated amortisation	**(745)**	**–**	**(33 893)**	**(16 802)**	**(3 242)**	**(54 682)**
Balance at end of year	**22 744**	**226 158**	**11 960**	**148 867**	**2 895**	**412 624**
Reconciliation						
Balance at beginning of year	**–**	**60 691**	**10 169**	**34 085**	**595**	**105 540**
Additions	**–**	**1 176**	**25 756**	**3 766**	**2 622**	**33 320**
Acquisition of operations	**23 489**	**171 103**	**–**	**139 737**	**165**	**334 494**
Disposals	**–**	**(6 812)**	**–**	**(21 463)**	**–**	**(28 275)**
Amortisation	**(745)**	**–**	**(23 965)**	**(7 258)**	**(487)**	**(32 455)**
Balance at end of year	**22 744**	**226 158**	**11 960**	**148 867**	**2 895**	**412 624**

GROUP	Trademarks R000	Goodwill R000	Deferred acquisition costs R000	Customer lists R000	Other intangibles R000	Total R000
3. INTANGIBLE ASSETS *(continued)*						
As at 28 February 2006						
Cost	–	60 751	20 097	46 713	600	128 161
Accumulated amortisation	–	(60)	(9 928)	(12 628)	(5)	(22 621)
Balance at end of year	–	60 691	10 169	34 085	595	105 540
Reconciliation						
Balance at beginning of year	–	37 742	8 202	1 285	–	47 229
Additions	–	6 560	21 687	7 986	600	36 833
Acquisition of operations	–	16 449	–	27 140	–	43 589
Disposals	–	–	–	(84)	–	(84)
Amortisation	–	–	(19 720)	(2 242)	(5)	(21 967)
Impairment charge	–	(60)	–	–	–	(60)
Balance at end of year	–	60 691	10 169	34 085	595	105 540

COMPANY	Goodwill R000	Deferred acquisition costs R000	Customer lists R000	Other intangibles R000	Total R000
As at 28 February 2007					
Cost	**3 783**	**45 853**	**2 665**	**330**	**52 631**
Accumulated amortisation	**–**	**(33 893)**	**(198)**	**(286)**	**(34 377)**
Balance at end of year	**3 783**	**11 960**	**2 467**	**44**	**18 254**
Reconciliation					
Balance at beginning of year	**3 783**	**10 169**	**2 351**	**154**	**16 457**
Additions	**–**	**25 756**	**272**	**6**	**26 034**
Disposals	**–**	**–**	**(30)**	**–**	**(30)**
Amortisation	**–**	**(23 965)**	**(126)**	**(116)**	**(24 207)**
Balance at end of year	**3 783**	**11 960**	**2 467**	**44**	**18 254**
As at 28 February 2006					
Cost	3 783	20 097	2 423	324	26 627
Accumulated amortisation	–	(9 928)	(72)	(170)	(10 170)
Balance at end of year	3 783	10 169	2 351	154	16 457
Reconciliation					
Balance at beginning of year	3 783	8 202	261	155	12 401
Additions	–	21 687	2 194	121	24 002
Disposals	–	–	(84)	–	(84)
Amortisation	–	(19 720)	(20)	(122)	(19 862)
Balance at end of year	3 783	10 169	2 351	154	16 457

Intangible assets are regarded as non-currents assets.

3. INTANGIBLE ASSETS *(continued)*

Details on impairment tests performed

Goodwill is allocated to cash-generating units identified according to the subsidiaries. A subsidiary level summary of goodwill allocation is as follows:

	GROUP		COMPANY	
	2007 R000	2006 R000	**2007 R000**	2006 R000
PSG Konsult Limited	**3 783**	3 783	**3 783**	3 783
PSG Konsult Financial Planning (Proprietary) Limited	**92 093**	28 009	**–**	–
PSG Konsult Securities (Proprietary) Limited	**3 453**	3 453	**–**	–
PSG Konsult Trust (Proprietary) Limited	**164**	164	**–**	–
PSG Konsult Namibia (Proprietary) Limited	**2 238**	2 238	**–**	–
PSG Konsult Noord (Proprietary) Limited	**9 534**	9 534	**–**	–
Probatus Risk Managers (Proprietary) Limited	**11 793**	11 793	**–**	–
PSG Konsult Free State (Proprietary) Limited	**2 236**	1 682	**–**	–
Multinet Brokers (Proprietary) Limited	**71 802**	–	**–**	–
Topexec Management Bureau (Proprietary) Limited	**24 360**	–	**–**	–
Crest Management Services (Proprietary) Limited	**4 702**	–	**–**	–
Online Securities Limited	**–**	35	**–**	–
	226 158	60 691	**3 783**	3 783

The recoverable amount of cash-generating units is determined based on the fair value less cost to sell basis. As there is no active market, fair value was determined based on a price/earnings ratio basis by multiplying the earnings for the current year by an applicable price/earnings ratio. Ratios for similar listed companies, as well as recent transactions within the group, was used to determine an applicable price/earnings ratio of 7,5.

	COMPANY	
	2007 R000	2006 R000
4. INVESTMENT IN SUBSIDIARIES		
Unlisted shares at cost	**389 215**	57 786

Refer to Annexure A

The investment in PSG Konsult Free State is pledged to Swanvest Investments 120 (Proprietary) Limited as security for a loan. The remaining loan balance of R2 million is included under Borrowings.

	GROUP 2007 R000	GROUP 2006 R000	COMPANY 2007 R000	COMPANY 2006 R000
5. INVESTMENT IN ASSOCIATED COMPANIES				
Unlisted				
Carrying value at beginning of year	**77**	–	**–**	–
Equity accounted earnings	**389**	77	**–**	–
Movement in investment value:	**14 573**	–	**–**	–
Acquisitions	**14 586**	–	**–**	–
Exchange differences	**(13)**	–	**–**	–
Carrying value at end of year	**15 039**	77	**–**	–
Goodwill included in carrying value	**7 198**	–	**–**	–
Directors' valuation of associated companies	**15 039**	77	**–**	–

Aggregate associated company assets, liabilities, revenue and profit for the year ended 28 February 2007:

Name of associated company	Interest held %	Country of incorporation	Assets R000	Liabilities R000	Revenue R000	Profit R000
InterContinental Trust Limited	25	Mauritius	9 081	3 708	439	424
Make-a-Million (Proprietary) Limited	33	South Africa	1 648	1 616	1 761	101
Percom Management Bureau (Proprietary) Limited	49	South Africa	103	18	362	84
Multinet Kommersiële Makelaars (Proprietary) Limited	49	South Africa	574	294	6 498	277
			11 406	5 636	9 060	886

	GROUP 2007 R000	GROUP 2006 R000	COMPANY 2007 R000	COMPANY 2006 R000
6. EQUITY SECURITIES				
Available-for-sale securities				
Quoted				
Capitec Bank Holdings Limited	**1 458**	1 239	**1 458**	1 239
Unquoted				
Namibian Stock Exchange rights	**240**	240	**–**	–
BMA Seats	**72**	72	**–**	–
	1 770	1 551	**1 458**	1 239

	GROUP R000	COMPANY R000
6. EQUITY SECURITIES *(continued)*		
Reconciliation of movements		
Carrying amount at 1 March 2005	6 534	3 000
Disposals	(5 770)	(2 548)
Unrealised fair value net gains	787	787
Carrying amount at 28 February 2006	1 551	1 239
Unrealised fair value net gains	**219**	**219**
Carrying amount at 28 February 2007	**1 770**	**1 458**

	GROUP 2007 R000	GROUP 2006 R000	COMPANY 2007 R000	COMPANY 2006 R000
Fair value through profit and loss				
Quoted				
Contracts for differences	**219 430**	338 267	**–**	–
	219 430	338 267	**–**	–

	GROUP R000	COMPANY R000
Reconciliation of movements		
Carrying amount at 1 March 2005	6 097	–
Additions	332 169	–
Carrying amount at 28 February 2006	338 266	–
Disposals	**(157 244)**	**–**
Unrealised fair value net gains	**38 408**	**–**
Carrying amount at 28 February 2007	**219 430**	**–**

	GROUP 2007 R000	GROUP 2006 R000	COMPANY 2007 R000	COMPANY 2006 R000
Total				
Current portion	**220 888**	339 506	**1 458**	1 239
Non-current portion	**312**	312	**–**	–
	221 200	339 818	**1 458**	1 239

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2007

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	R000	R000	**R000**	R000
7. LOANS AND ADVANCES				
Unsecured loans	**38 327**	–	**–**	–
Staff loans and advances	**4 650**	5 421	**761**	812
Loans with minorities	**477**	468	**–**	–
Intergroup loans and advances	**–**	255	**29 523**	25 318
	43 454	6 144	**30 284**	26 130
Current portion	**20 895**	6 144	**30 284**	26 130
Non-current portion	**22 559**	–	**–**	–
Loans and advances	**43 454**	6 144	**30 284**	26 130

An amount of R24,170 million is included under unsecured loans and is due from various financial advisors. These loans are repayable from 1 November 2008 in 60 equal monthly instalments and accrue interest at a rate of prime less 1%.

Also included as part of unsecured loans is an amount of R14,157 million that is payable in March 2007. This amount incurred no interest.

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

	GROUP		COMPANY	
8. DEFERRED INCOME TAX				
Deferred income tax assets	**5 561**	4 990	**1 109**	313
Deferred income tax liabilities	**(46 302)**	(7 681)	**–**	–
Net deferred income tax (liabilities)/assets	**(40 741)**	(2 691)	**1 109**	313

8. DEFERRED INCOME TAX *(continued)*

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

GROUP

Deferred tax assets	Deferred revenue R000	Provisions R000	Tax losses carried forward R000	Accruals not currently deductible and other differences R000	Total R000
At 1 March 2005	2 840	–	5 574	377	8 791
(Charged)/credited to income statement	674	–	(1 957)	558	(725)
Acquisition of operations	–	–	534	147	681
At 28 February 2006	3 514	–	4 151	1 082	8 747
(Charged)/credited to income statement	**619**	**1 325**	**(926)**	**136**	**1 154**
Acquisition of operations	**–**	**–**	**–**	**372**	**372**
At 28 February 2007	**4 133**	**1 325**	**3 225**	**1 590**	**10 273**
To be recovered within 12 months	4 133	602	1 604	860	7 199
To be recovered after more than 12 months	–	723	1 621	730	3 074
	4 133	1 325	3 225	1 590	10 273

Deferred tax liabilities	Deferred acquisition cost R000	Prepaid expenses R000	Unrealised appreciation of investments R000	Other intangible assets R000	Other R000	Total R000
At 1 March 2005	(2 378)	(24)	(46)	–	–	(2 448)
(Charged)/credited to income statement	(570)	(239)	11	601	(11)	(208)
Net acquisition/disposal of operations	–	–	–	(8 782)	–	(8 782)
At 28 February 2006	(2 948)	(263)	(35)	(8 181)	(11)	(11 438)
(Charged)/credited to income statement	**(520)**	**215**	**2**	**2 211**	**(123)**	**1 785**
Charged to equity	**–**	**–**	**(174)**	**–**	**–**	**(174)**
Net acquisition/disposal of operations	**–**	**–**	**–**	**(41 187)**	**–**	**(41 187)**
At 28 February 2007	**(3 468)**	**(48)**	**(207)**	**(47 157)**	**(134)**	**(51 014)**
To be recovered within 12 months	(3 468)	(48)	(207)	(1 074)	(134)	(4 931)
To be recovered after more than 12 months	–	–	–	(46 083)	–	(46 083)
	(3 468)	(48)	(207)	(47 157)	(134)	(51 014)

	GROUP		COMPANY	
	2007 R000	2006 R000	**2007 R000**	2006 R000
8. DEFERRED INCOME TAX *(continued)*				
Total amount of temporary differences relating to investments in associated companies for which no deferred tax liability has been raised	**1 538**	–	**–**	–
Total accumulated losses available for which no deferred tax asset has been raised	**310**	–	**–**	–

COMPANY

Deferred tax assets	Deferred revenue R000	Provisions R000	Tax losses carried forward R000	Accruals not currently deductible and other differences R000	Total R000
At 1 March 2005	2 840	–	107	30	2 977
(Charged)/credited to income statement	674	–	(74)	(82)	518
At 28 February 2006	3 514	–	33	(52)	3 495
(Charged)/credited to income statement	**619**	**642**	**(33)**	**28**	**1 256**
At 28 February 2007	**4 133**	**642**	**–**	**(24)**	**4 751**
To be recovered within 12 months	4 133	642	–	(24)	4 751
To be recovered after more than 12 months	–	–	–	–	–
	4 133	642	–	(24)	4 751

Deferred tax liabilities	Unrealised appreciation of investments R000	Deferred acquisition cost R000	Prepaid expenses R000	Total R000
At 1 March 2005	–	(2 378)	(11)	(2 389)
(Charged)/credited to income statement	–	(571)	(222)	(793)
At 28 February 2006	–	(2 949)	(233)	(3 182)
(Charged)/credited to income statement	**–**	**(519)**	**233**	**(286)**
Charged to equity	**(174)**	**–**	**–**	**(174)**
At 28 February 2007	**(174)**	**(3 468)**	**–**	**(3 642)**
To be recovered within 12 months	(174)	(3 468)	–	(3 642)
To be recovered after more than 12 months	–	–	–	–
	(174)	(3 468)	–	(3 642)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2007

	GROUP 2007 R000	GROUP 2006 R000	COMPANY 2007 R000	COMPANY 2006 R000
9. INVENTORIES				
Consumables	**88**	259	**–**	–
	88	259	**–**	–
10. RECEIVABLES				
Trade receivables	**20 870**	30 834	**31 590**	13 506
Prepayments and sundry debtors	**151 088**	8 568	**68**	867
	171 958	39 402	**31 658**	14 373
Current portion	**171 584**	39 022	**31 658**	14 373
Non-current portion	**374**	380	**–**	–
	171 958	39 402	**31 658**	14 373

A provision for bad debts of R291 200 was raised in Probatus Support Management (Proprietary) Limited (2006: Rnil). Nominal value less impairment provision of trade receivables is assumed to approximate its fair value.

	GROUP 2007 R000	GROUP 2006 R000	COMPANY 2007 R000	COMPANY 2006 R000
11. CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	**90 389**	62 852	**47 117**	6 292
Short-term deposits	**10 197**	1 252	**3 028**	1 252
	100 586	64 104	**50 145**	7 544
Bank overdrafts (refer note 13)	**(100 359)**	(10)	**(8 240)**	(8)
	227	64 094	**41 905**	7 536

The effective interest rate on short-term deposits was 8% (2006: 7%). These deposits are held at call.

	GROUP 2007 R000	GROUP 2006 R000	COMPANY 2007 R000	COMPANY 2006 R000
12. SHARE CAPITAL				
Authorised				
750 000 000 shares of 1 cent each (2006: 500 000 000 shares of 1 cent each)	**7 500**	5 000	**7 500**	5 000

	Number of shares (thousands)	GROUP Share capital R000	GROUP Share premium R000	COMPANY Share capital R000	COMPANY Share premium R000
12. SHARE CAPITAL *(continued)*					
Issued					
At 1 March 2005	478 031	4 780	171 954	3 734	44 300
Shares issued	5 664	57	3 342	57	3 342
Capital reduction	–	–	(7 655)	–	(7 655)
At 28 February 2006	483 695	4 837	167 641	3 791	39 987
At 1 March 2006	**483 695**	**4 837**	**167 641**	**3 791**	**39 987**
Shares issued	**199 177**	**1 992**	**158 718**	**3 038**	**286 372**
Capital reduction	–	–	**(17 487)**	–	**(17 487)**
At 28 February 2007	**682 872**	**6 829**	**308 872**	**6 829**	**308 872**

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 difference in the prior year opening balance of the number of shares relate to the common control transaction.

	GROUP **2007 R000**	GROUP 2006 R000	COMPANY **2007 R000**	COMPANY 2006 R000
13. BORROWINGS				
Non-current				
Other long-term borrowings	**2 526**	2 000	**2 000**	2 000
Redeemable preference shares	**8 000**	8 000	–	–
Related-party loans	**2 500**	7 500	**2 500**	7 500
Total non-current borrowings	**13 026**	17 500	**4 500**	9 500
Current				
Bank overdrafts	**100 359**	10	**8 240**	8
Short-term portion of other long-term borrowings	**141**	2 071	–	2 000
Contracts for differences	**257 203**	345 691	–	–
Related-party loans	**10 782**	10 722	**32 902**	42 431
Other loans	**2 754**	–	**2 754**	–
Loans with minorities	**4 003**	2 516	–	–
Total current borrowings	**375 242**	361 010	**43 896**	44 439
Total borrowings	**388 268**	378 510	**48 396**	53 939

Non-current borrowings have maturity periods of at least 12 months.

Related-party loans include a loan from Axiam Holdings Limited. It carries interest at a rate of prime plus 1%, with the repayment to be made by three equal instalments of R2 500 000 each on 31 May 2007, 31 November 2007 and 31 May 2008. Included in other loans is an amount of R1,4 million that is due to a director of the company.

	GROUP 2007 R000	GROUP 2006 R000	COMPANY 2007 R000	COMPANY 2006 R000
13. BORROWINGS *(continued)*				
The redeemable preference shares were obtained as part of the PSG Online acquisition and were issued on the following terms and conditions:				
3 000 000 "A" redeemable preference shares	**3 000 000**	3 000 000	**–**	–
2 500 000 "B" redeemable preference shares	**2 500 000**	2 500 000	**–**	–
2 500 000 "C" cumulative redeemable preference shares	**2 500 000**	2 500 000	**–**	–
	8 000 000	8 000 000	**–**	–

The redeemable preference shares may be redeemed at the option of the holder at a consideration equal to the par value plus the share premium per share issued. The "A" and "B" preference shares have no rights to dividend distribution in the company. Dividends on "C" preference shares are calculated as the product of the prime overdraft rate and one minus the corporate tax rate prevailing at the date of distribution.

The fair value of all other current borrowings approximate their carrying value due to them being interest-free and repayable on demand.

	GROUP 2007 R000	GROUP 2006 R000	COMPANY 2007 R000	COMPANY 2006 R000
14. TRADE AND OTHER PAYABLES				
Accounts payable	**30 839**	17 572	**3 266**	8 970
Accruals	**23 492**	26 002	**620**	3 497
VAT payable	**7 428**	5 355	**1 496**	1 432
Deferred revenue	**14 253**	12 118	**14 253**	12 118
Purchase consideration payable	**107 021**	460	**79 249**	–
Other payables	**79**	21 800	**–**	–
	183 112	83 307	**98 884**	26 017

The current portion of trade and other payables are expected to be settled within twelve months. The carrying amount of trade and other payables therefore approximate their fair value.

	GROUP 2007 R000	GROUP 2006 R000	COMPANY 2007 R000	COMPANY 2006 R000
15. PROVISIONS FOR OTHER LIABILITIES AND CHARGES				
Employee benefits charged to the income statement	**4 570**	–	**2 215**	–
	4 570	–	**2 215**	–
16. COMMISSION AND OTHER FEE INCOME				
Commission and fees	**404 206**	242 408	**73 397**	60 466
Dealing and structuring	**45 436**	6 602	**–**	–
Policy administration charges – insurance contracts	**4 444**	3 847	**–**	–
	454 086	252 857	**73 397**	60 466

	GROUP 2007 R000	GROUP 2006 R000	COMPANY 2007 R000	COMPANY 2006 R000
17. INVESTMENT INCOME				
Interest income				
Equity securities – Contracts for differences	**17 220**	7 339	**–**	–
Loans and advances	**179**	2 280	**1 104**	–
Cash and short-term funds	**7 508**	2 727	**–**	407
	24 907	12 346	**1 104**	407
Dividend income				
Equity securities – Available-for-sale	**362**	25	**254**	25
Dividend income from subsidiary company	**–**	–	**743**	657
	362	25	**997**	682
Investment income	**25 269**	12 371	**2 101**	1 089
18. FAIR VALUE GAINS AND LOSSES ON FINANCIAL INSTRUMENTS				
Foreign exchange gains	**96**	4	**26**	4
Unrealised gains on fair value through profit and loss financial assets	**38 408**	–	**–**	–
Unrealised losses on financial liabilities – Contracts for differences	**(38 408)**	–	**–**	–
Realised gains on disposal of available-for-sale financial assets	**–**	619	**–**	619
	96	623	**26**	623
19. MARKETING, ADMINISTRATION AND OTHER EXPENSES				
Marketing, administration and other expenses consist of:				
Depreciation				
Land and buildings	**5**	–	**–**	–
Motor vehicles	**71**	49	**–**	–
Office equipment	**1 378**	808	**185**	87
Computer equipment	**2 305**	938	**178**	116
	3 759	1 795	**363**	203
Amortisation of intangible assets	**32 455**	21 967	**24 207**	19 862
Operating lease rentals				
Properties	**11 191**	6 706	**363**	574
Other	**1 511**	953	**89**	55
	12 702	7 659	**452**	629

		GROUP		COMPANY	
		2007	2006	**2007**	2006
		R000	R000	**R000**	R000
19.	MARKETING, ADMINISTRATION AND OTHER EXPENSES *(continued)*				
	Audit fees				
	Audit fees	**3 068**	1 920	**586**	517
	Tax services	**15**	4	**–**	–
	Other services	**437**	231	**289**	28
		3 520	2 155	**875**	545
	Employee benefit expenses				
	Salaries, wages and allowances	**197 135**	120 725	**13 118**	13 005
	Social security costs	**4 244**	2 958	**155**	622
	Pension costs	**628**	185	**174**	243
		202 007	123 868	**13 447**	13 870
	For directors' emoluments refer to report of the board of directors.				
	Commission paid	**37 561**	34 838	**37 236**	30 374
	Marketing and administration costs	**107 131**	32 177	**5 641**	7 438
	Software costs	**2 305**	589	**–**	–
	JSE costs	**13 819**	12 005	**–**	–
	Other expenses	**19 504**	20 246	**–**	–
	Total marketing, administration and other expenses	**434 763**	257 299	**82 221**	72 921
20.	FINANCE COSTS				
	Bank overdrafts	**718**	111	**–**	–
	Contracts for differences	**15 950**	6 092	**–**	–
	Other borrowings	**8 153**	2 015	**8 898**	1 654
		24 821	8 218	**8 898**	1 654

	GROUP		COMPANY	
	2007 R000	2006 R000	**2007 R000**	2006 R000
21. TAXATION				
Normal taxation				
Current year	**31 207**	9 301	**746**	90
Prior year	**(35)**	463	**(40)**	–
	31 172	9 764	**706**	90
Deferred taxation				
Current year	**(2 974)**	989	**(1 004)**	275
Prior year	**34**	(1)	**34**	–
	(2 940)	988	**(970)**	275
Foreign taxation				
Current taxation	**37**	970	**37**	39
	37	970	**37**	39
Capital gains tax	**–**	2 458	**–**	–
Total income statement charge	**28 269**	14 180	**(227)**	404
	%	%	**%**	%
Reconciliation of income tax charge				
South African normal tax rate	**29,0**	29,0	**(29,0)**	29,0
Adjusted for:				
Non-taxable income	**(1,5)**	(12,5)	**0,0**	(8,8)
Capital gains tax differential in rates	**0,4**	3,6	**0,0**	0,2
Non-deductible charges	**2,8**	1,0	**25,4**	0,9
Prior year under/(over)provision	**0,0**	0,7	**(0,6)**	0,0
Utilisation of previously unrecognised tax losses	**0,0**	(0,4)	**0,0**	0,0
Foreign tax rate differential	**0,5**	0,0	**0,5**	0,0
Tax rate adjustment	**0,0**	0,3	**0,0**	(3,9)
Tax losses for which no deferred tax recognised	**0,8**	0,0	**0,5**	0,0
S12H allowance	**(0,2)**	0,0	**0,0**	0,0
Taxable earnings	**31,8**	21,7	**(3,2)**	17,4
	R000	R000	**R000**	R000
Gross calculated tax losses at the end of the year available for utilisation against future taxable income	**11 431**	14 313	**–**	114
Deferred tax asset provided on	**(11 121)**	(14 313)	**–**	(114)
Available for future utilisation	**310**	–	**–**	–

R124 625 of STC credits are available for future utilisation (2006: Rnil).

	GROUP 2007 R000	GROUP 2006 R000
22. EARNINGS PER SHARE		
The calculation of earnings per share is based on the following:		
Total earnings attributable to ordinary shareholders	**58 067**	50 673
Adjustments (net of tax and outside shareholders):		
Profit on sale of margin business	**(2 353)**	–
Net realised gains on available-for-sale assets	**–**	(529)
Impairment of goodwill	**–**	60
Headline earnings	**55 714**	50 204
	Number of shares 000	Number of shares 000
The calculation of the weighted average number of shares is as follows:		
Number of shares at beginning of the year	**483 695**	478 031
Weighted number of shares issued in the year	**154 769**	450
Weighted number of shares at end of the year	**638 464**	478 481
Headline earnings per share (cents)	**8,7**	10,4
Basic and diluted earnings per share (cents)	**9,1**	10,5

23. CAPITAL COMMITMENTS AND CONTINGENCIES

A claim has been lodged by a third party to the amount of R 3 389 762. The company is defending the claim, which is up for arbitration in December 2007. Should the claim be successful, there will only be an adjustment to the purchase price of the company acquired, with no adjustment to the income statement. No legal opinion has been received on the likely outcome of the case.

	GROUP 2007 R000	GROUP 2006 R000	COMPANY 2007 R000	COMPANY 2006 R000
Operating lease commitments				
Future commitments in terms of:				
Rental agreements				
Due within one year	**1 035**	3 592	**370**	1 311
One to five years	**1 755**	5 071	**1 005**	1 384
Operating leases – premises				
Due within one year	**6 741**	76	**46**	28
One to five years	**7 565**	79	**37**	42

24. BORROWING POWERS

In terms of the company's articles of association, borrowing powers are unlimited. Details of the group and company's borrowings are disclosed in note 13 to the financial statements.

25. RELATED-PARTY TRANSACTIONS

PSG Konsult Limited and its subsidiaries 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.

	GROUP		COMPANY	
	2007 R000	2006 R000	**2007 R000**	2006 R000
Amounts receivable from companies in the PSG Group Limited group				
Included in loans and advances				
PSG Konsult Securities (Proprietary) Limited	**–**	–	**12 771**	12 563
PSG Konsult Trust (Proprietary) Limited	**–**	–	**569**	133
PSG Konsult Namibia (Proprietary) Limited	**–**	–	**–**	216
PSG Konsult Free State (Proprietary) Limited	**–**	–	**–**	561
PSG Konsult North (Proprietary) Limited	**–**	–	**8 779**	8 493
Probatus Support Management (Proprietary) Limited	**–**	–	**4 563**	2 440
PSG Konsult Academy (Proprietary) Limited	**–**	–	**1 092**	912
Crest Constantia Management Services (Proprietary) Limited	**–**	–	**1 749**	–
PSG Online Holdings (Proprietary) Limited	**–**	255	**–**	–
	–	255	**29 523**	25 318
Included in trade receivables				
PSG Konsult Securities (Proprietary) Limited	**–**	–	**–**	1 965
PSG Konsult Trust (Proprietary) Limited	**–**	–	**–**	218
PSG Konsult Free State (Proprietary) Limited	**–**	–	**–**	235
PSG Konsult North (Proprietary) Limited	**–**	–	**–**	3 387
Probatus Support Management (Proprietary) Limited	**–**	–	**–**	155
Online Securities Limited	**–**	–	**1 083**	–
PSG Konsult Financial Planning (Proprietary) Limited	**–**	–	**14 820**	6 610
PSG Konsult Management Services (Proprietary) Limited	**–**	–	**14 344**	86
Alphen Asset Management (Proprietary) Limited	**129**	2	**–**	–
PSG Collective Investments (Proprietary) Limited	**336**	–	**–**	–
PSG Fund Management (Proprietary) Limited	**400**	410	**–**	–
PSG Investment Services (Proprietary) Limited	**1**	1	**–**	–
	866	413	**30 247**	12 656
	866	668	**59 770**	37 974

	GROUP		COMPANY	
	2007	2006	**2007**	2006
	R000	R000	**R000**	R000
25. RELATED-PARTY TRANSACTIONS *(continued)*				
Amounts payable to companies in the PSG Group Limited group				
Included in borrowings				
Make-a-Million (Proprietary) Limited	**1 609**	1 449	**–**	–
Alphen Asset Management (Proprietary) Limited	**138**	58	**–**	–
Axiam Holdings Limited	**7 214**	15 000	**7 500**	15 000
PSG Fund Management (Proprietary) Limited	**1 616**	1 641	**–**	–
PSG Absolute Investments (Proprietary) Limited	**59**	74	**–**	–
PSG Investment Services (Proprietary) Limited	**2 646**	–	**2 646**	–
PSG Konsult Financial Planning (Proprietary) Limited	**–**	–	**–**	33 834
PSG Konsult Management Services (Proprietary) Limited	**–**	–	**–**	1 097
PSG Konsult Free State (Proprietary) Limited	**–**	–	**128**	–
Multinet Makelaars (Proprietary) Limited	**–**	–	**17 748**	–
Topexec Management Bureau (Proprietary) Limited	**–**	–	**7 380**	–
	13 282	18 222	**35 402**	49 931
Included in trade and other payables				
Crest Constantia Management Services (Proprietary) Limited	**–**	–	**–**	86
	13 282	18 222	**35 402**	50 017
The following significant related-party transactions occurred during the year				
Income received from companies in the PSG Group Limited group				
PSG Konsult Limited and its subsidiaries				
Management fees			**5 908**	4 763
Marketing and distribution fees			**1 232**	585
Accounting fees			**388**	1 128
Compliance fees			**315**	1 104
Training			**235**	828
Corporate IT charge			**306**	1 747
			8 384	10 155
Professional Securities Group Limited and its subsidiaries				
Management fees	**23 750**	64	**–**	64
Administration fees	**–**	48	**–**	–
Commission	**–**	4 647	**–**	–
Marketing and distribution fees	**498**	432	**–**	–
Rent received	**72**	80	**–**	–
	24 320	5 271	**–**	64
PSG Capital Limited and its subsidiaries				
Management fees	**61**	–	**–**	–
	61	–	**–**	–
PSG Financial Services Limited and its subsidiaries				
Placement fees	**–**	600	**–**	108
	–	600	**–**	108
Capitus Holdings (Proprietary) Limited and its subsidiaries				
Commission	**–**	2 241	**–**	913
	–	2 241	**–**	913
	24 381	8 112	**8 384**	11 240

	GROUP 2007 R000	GROUP 2006 R000	COMPANY 2007 R000	COMPANY 2006 R000
25. RELATED-PARTY TRANSACTIONS *(continued)*				
Fees paid to companies in the PSG Group Limited group				
Professional Securities Group Limited and its subsidiaries				
Management fees	**–**	–	**–**	–
Rent paid	**2 303**	2 033	**–**	–
Administration fees	**7**	1	**–**	–
	2 310	2 034	**–**	–
PSG Capital Limited and its subsidiaries				
Corporate finance fees	**1 228**	–	**88**	–
	1 228	–	**88**	–
PSG Online Solutions (Proprietary) Limited				
Corporate IT charge	**–**	–	**235**	909
	–	–	**235**	909
Crest Constantia Management Services (Proprietary) Limited				
Corporate management fees	**–**	–	**–**	520
	–	–	**–**	520
	3 538	2 034	**323**	1 429
Interest received from companies in the PSG Group Limited group				
Alphen Asset Management (Proprietary) Limited	**–**	54	**–**	–
Axiam Holdings Limited	**175**	–	**175**	–
	175	54	**175**	–
Interest paid to companies in the PSG Group Limited group				
PSG Fund Management (Proprietary) Limited	**68**	–	**–**	–
Alphen Asset Management (Proprietary) Limited	**80**	–	**–**	–
Axiam Holdings Limited	**1 229**	1 290	**1 229**	1 290
	1 377	1 290	**1 229**	1 290

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

Key management compensation

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2007

		GROUP		COMPANY	
		2007	2006	**2007**	2006
		R000	R000	**R000**	R000
26.	NOTES TO THE CASH FLOW STATEMENT				
26.1	**Cash generated by/(utilised in) operating activities**				
	Results of operating activities	**113 393**	73 631	**1 766**	3 971
	Adjustment for other non-cash items				
	Depreciation of equipment	**3 759**	1 795	**363**	203
	Impairment of intangible assets	**–**	60	**–**	–
	Amortisation of intangible assets	**8 490**	2 247	**242**	142
	Realised gain on available-for-sale financial assets	**–**	(619)	**–**	(619)
	Exchange gains on borrowings	**(13)**	–	**–**	–
	Interest received	**(24 907)**	(12 346)	**(1 104)**	(407)
	Dividends received	**(362)**	(25)	**(997)**	(682)
	Profit on sale of margin business	**(2 653)**	–	**–**	–
		97 707	64 743	**270**	2 608
	Changes in working capital				
	Deferred acquisition costs	**(1 791)**	(1 967)	**(1 791)**	(1 967)
	Inventories	**296**	(259)	**–**	–
	Other receivables including insurance receivables	**(127 621)**	(20 660)	**(17 285)**	(10 915)
	Intergroup loans	**(6 703)**	–	**–**	–
	Loans and advances	**(34 777)**	(4 304)	**(4 154)**	(12 560)
	Employee benefits provision	**4 570**	–	**2 215**	–
	Trade and other payables	**(13 038)**	50 363	**(6 223)**	9 501
		(81 357)	87 916	**(26 968)**	(13 333)
26.2	**Taxation (paid)/received**				
	(Charge)/credit in income statement	**(28 269)**	(14 180)	**227**	(404)
	Movement in deferred tax	**(2 940)**	988	**(970)**	275
	Acquisition of operations	**(7 025)**	(10 854)	**–**	–
	Movement in taxation liability	**6 154**	8 300	**1 008**	119
		(32 080)	(15 746)	**265**	(10)

26. NOTES TO THE CASH FLOW STATEMENT *(continued)*

26.3 Subsidiaries and businesses acquired

Multinet Makelaars (Proprietary) Limited (Multinet) and Topexec Management Bureau (Proprietary) Limited (Topexec)

The group acquired 100% of the issued shares of Multinet and Topexec on 21 April 2006 for R180 351 470.

The acquired businesses contributed total income of R90 314 000 and net profit of R25 234 000 to the group for the period from 21 April 2006 to 28 February 2007.

	GROUP **2007** **R000**
Details of the net assets acquired and goodwill are as follows:	
Multinet and Topexec	
Purchase consideration:	
Shares issued	**262**
Share premuim issued	**17 558**
Cash paid	**81 090**
Cash due	**81 090**
Total purchase consideration	**180 000**
Less: Purchase price reduction	**(2 000)**
Plus: Direct costs relating to acquisition	**2 351**
Total consideration	**180 351**
Less: Fair value of net assets acquired	**(140 669)**
Additional goodwill on acquisition	**39 682**

The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise following the group's acquisition.

The assets and liabilities arising from the acquisition are as follows:

	Fair value R000	Acquiree's carrying amount R000
Property and equipment	1 447	1 447
Goodwill	56 480	56 480
Intangible assets (other than goodwill)	119 165	165
Investments in associates	795	795
Financial assets		
Loans and advances	27	27
Inventories	125	125
Receivables	4 040	4 040
Cash and cash equivalents	8 962	8 962
Financial liabilities		
Borrowings	(3 490)	(3 490)
Net deferred income tax (liability)/asset	(34 180)	330
Trade and other payables	(6 500)	(6 500)
Current income tax liabilities	(6 202)	(6 202)
	140 669	56 179

	GROUP 2007 R000
26. NOTES TO THE CASH FLOW STATEMENT *(continued)*	
26.3 Subsidiaries and businesses acquired *(continued)*	
Purchase consideration settled in cash	**81 090**
Plus: Direct costs relating to acquisition	**2 351**
Less: Cash and cash equivalents in subsidiaries and businesses acquired	**(8 962)**
Cash outflow on acquisition	**74 479**

Crest SA Holdings (Proprietary) Ltd and Crest Constantia Management Services (Proprietary) Limited

On 1 February 2007, the group acquired the assets and liabilities of Crest SA Holdings (Proprietary) Limited including a 100% interest in Crest Constantia Management Services (Proprietary) Limited for R22 500 000.

The acquired business contributed total income of R1 376 000 and net profit of R563 000 to the group for the period from 1 February 2007 to 28 February 2007.

Details of the net assets acquired and goodwill are as follows:

	GROUP 2007 R000
Total purchase consideration settled by issue of shares	**22 500**
Less: Fair value of net assets acquired	**(17 798)**
Goodwill	**4 702**

The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise following the group's acquisition.

The assets and liabilities arising from the acquisition are as follows:

	Fair value R000	Acquiree's carrying amount R000
Property and equipment	67	67
Intangible assets	5 951	–
Investments in associates	13 773	1 256
Financial assets		
Loans and advances	2 506	2 506
Receivables	687	687
Cash and cash equivalents	6 159	6 159
Financial liabilities		
Borrowings	(7 795)	(7 795)
Net deferred income tax (liability)/asset	(1 684)	42
Trade and other payables	(1 043)	(1 043)
Current income tax liabilities	(823)	(823)
	17 798	1 056

	GROUP 2007 R000
Purchase consideration settled in cash	**–**
Less: Cash and cash equivalents in subsidiary acquired	**(6 159)**
Cash outflow on acquisition	**(6 159)**

26. NOTES TO THE CASH FLOW STATEMENT *(continued)*

26.3 Subsidiaries and businesses acquired *(continued)*

The accounting for the Crest acquisition has been determined provisionally in terms of IFRS 3. As a result, these figures may change when the intangible asset valuations have been completed.

Advance Wealth Management (Proprietary) Limited

On 1 November 2006 the business operations of Advance Wealth Management (Proprietary) Limited was acquired. An initial payment was made through the issue of 38 617 886 PSG Konsult shares at R1,23 per share and a cash payment of R23,75 million. The balance will be settled on 1 September 2007. On the date of acquisition intangibles amounting to R21 million was sold to the Advance Wealth Management financial advisors, with no resultant profit or loss. The deferred tax liabilities were reduced by R6,149 million due to the realisation of the intangible assets recognised on acquisition.

	GROUP **2007** **R000**
Details of the net assets acquired and goodwill are as follows:	
Total purchase consideration	**97 413**
Less: Fair value of net assets acquired	**(27 175)**
Goodwill	**70 238**

The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise following the group's acquisition.

The assets and liabilities arising from the acquisition are as follows:

	Fair value R000	Acquiree's carrying amount R000
Property and equipment	1 057	1 057
Intangible assets	38 275	–
Receivables	208	208
Net deferred income tax liability	(11 100)	–
Trade and other payables	(1 265)	(1 265)
	27 175	–

	GROUP **2007** **R000**
Purchase consideration settled in cash	**49 913**
Less: Deferred payment	**(25 620)**
Cash outflow on acquisition	**24 293**

	GROUP		COMPANY	
	2007 R000	2006 R000	**2007 R000**	2006 R000
26. NOTES TO THE CASH FLOW STATEMENT *(continued)*				
26.4 Cash and cash equivalents and bank overdrafts at end of year				
Cash and short-term funds	**100 586**	64 104	**50 145**	7 544
Bank overdrafts	**(100 359)**	(10)	**(8 240)**	(8)
	227	64 094	**41 905**	7 536

27. ACQUISITION OF A COMPANY UNDER COMMON CONTROL

On 1 November 2006, the company acquired the business of PSG Online. This represented a transaction with entities under common control and, accordingly, the guidance of FAS 141 was used to record the transaction. The group financial statements and financial information for prior years were restated to furnish comparative information.

The following net assets have been included in the prior year's financial statements:

	GROUP 2006 R000
Property and equipment	1 245
Intangible assets	67
Investments in associates	77
Financial assets	
Equity securities	338 339
Loans and advances	255
Deferred income tax asset	547
Inventories	259
Receivables	21 726
Cash and cash equivalents	42 825
Financial liabilities	
Borrowings	(359 429)
Deferred income tax liability	(10)
Trade and other payables	(28 122)
Current income tax liabilities	(4 447)
	13 342

As a result of applying the guidance of FAS 141, the excess of the purchase amount over the net asset value acquired, have been written off directly to equity.

28. EVENTS AFTER BALANCE SHEET DATE

Business combinations

On 1 March 2007 Online Securities Limited acquired a further 5% interest in a CFD business from PSG Absolute Investments (Proprietary) Limited for a cash consideration of R652 500. Online Securities Limited already owned a 47,5% interest in the CFD business.

Rights offer

In order to partially fund the cash payments of the various acquisitions concluded during the financial year, the board regarded a rights offer as an appropriate means to raise cost-effective capital. An offer to take up 1 ordinary share for every 25 shares held at R1,50 per share was extended to shareholders. A total amount of R40 972 239 was raised by the share issue and consequently 27 314 826 shares were issued to shareholders during March 2007.

ANNEXURE A

Interest in subsidiaries

COMPANY	Proportion held directly or indirectly by holding company 2007 R000	2006 R000	Issued share capital 2007 R000	2006 R000
PSG Konsult Financial Planning (Proprietary) Limited *(Financial and investment planning and advice and stockbroking)*	**100**	100	**–**	–
PSG Konsult Securities (Proprietary) Limited *(Financial and investment planning and advice and stockbroking)*	**100**	100	**200**	200
PSG Konsult Trust Administrators (Proprietary) Limited *(Provision of corporate and financial administrative and advisory services)*	**100**	100	**–**	–
PSG Konsult Academy (Proprietary) Limited *(Learning academy and related activities)*	**80**	80	**–**	–
PSG Konsult Bestuursdienste (Proprietary) Limited *(Provision of corporate and financial administrative and advisory services)*	**100**	100	**–**	–
PSG Konsult (Namibia) (Proprietary) Limited *(Investment management, insurance and investment brokers, financial planning and advice)*	**51**	51	**300**	300
PSG Konsult Free State (Proprietary) Limited *(Investment management, insurance and investment brokers, financial planning and advice)*	**100**	100	**1**	1
Probatus Risk Managers (Proprietary) Limited *(Insurance administrators)*	**100**	100	**–**	–
PSG Konsult Noord (Proprietary) Limited *(Insurance brokers and investment holding)*	**100**	100	**–**	–
Topexec Management Bureau (Proprietary) Limited *(Administration services: short-term insurance)*	**100**	–	**–**	–
Multinet Makelaars (Proprietary) Limited *(Short-term insurance advice and products)*	**100**	–	**–**	–
PSG Online Solutions (Proprietary) Limited *(Internet and investor education company that provides a platform for internet-based share trading)*	**100**	–	**100**	100
Online Securities Limited *(Stockbroking)*	**100**	–	**–**	–

The attributable income and losses of subsidiaries amounts to R74 862 000 (2006: R49 533 000) and R6 249 000 (2006: R236 000) respectively.

Information is only disclosed in respect of subsidiaries of which the financial position or results are material. All of the above companies are incorporated in the Republic of South Africa, except for PSG Konsult (Namibia) (Proprietary) Limited which is incorporated in Namibia. Further details of investments are available at the registered offices of the relevant group companies.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the annual general meeting of the shareholders of PSG Konsult Limited ("the Company") to be held in the Auditorium, Oude Libertas, Adam Tas Street, Stellenbosch on Friday, 22 June 2007, at 11:30.

AGENDA

1. To receive and consider the annual financial statements of the company and the reports of the directors and the auditors for the year ended 28 February 2007.
2. To confirm the dividends to shareholders set out in the financial statements in 1 above.
3. To reappoint PricewaterhouseCoopers Inc. as auditors for the ensuing year.
4. To authorise the directors to determine and pay the auditors' remuneration for the year ended 28 February 2007.
5. To confirm the directors' remuneration, as disclosed in the annual financial statements, for the year ended 28 February 2007.
   - 6.1 To re-elect as director Mr JF Mouton who retires by rotation in terms of the articles of association of the company and, being eligible, offers himself for re-election.
   - 6.2 To re-elect as director Mr DJ Klopper who retires by rotation in terms of the articles of association of the company and, being eligible, offers himself for re-election.
   - 6.3 To re-elect as director Mr JD Inge, being newly appointed to the board, who retires by rotation in terms of the articles of association of the company and, being eligible, offers himself for re-election.
   - 6.4 To re-elect as director Mr L van der Walt, being newly appointed to the board, who retires by rotation in terms of the articles of association of the company and, being eligible, offers himself for re-election.
7. To consider and, if deemed fit, pass, with or without modification, the following ordinary and special resolutions:

   7.1 As an ordinary resolution
   "Resolved that the unissued shares in the company be and are hereby placed under the control of the directors as a general authority until the next annual general meeting and that they be and are hereby authorised to issue any such shares as they deem fit, subject to the Companies Act, 1973 (Act 61 of 1973) and the Articles of Association of the Company."

   7.2 As a special resolution
   "Resolved that the authorised share capital of the company be increased from R7 500 000 divided into 750 000 000 ordinary shares of one cent each to R15 000 000 divided into 1 500 000 000 shares of one cent each, with effect from date of passing the resolution, regardless of the date of registration of the special resolution."

   The reason for and effect of the special resolution is to increase the company's authorised share capital to R15 000 000 divided into 1 500 000 000 ordinary shares of one cent each.

   7.3 As a special resolution
   "Resolved that the company be and is hereby authorised, as a general approval, until the next annual general meeting to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the provisions of section 85 to section 88 of the Companies Act, (Act 61 of 1973)."

   The reason for and effect of the special resolution is to grant the directors a general authority in terms of the Companies Act 1973, (Act 61 of 1973) for the acquisition by the company of shares issued by it on the basis reflected in the special resolution.

VOTING AND PROXIES

Shareholders entitled to attend and vote at the annual general meeting may appoint one or more outside proxies to attend, speak and vote thereat in their stead. A proxy need not be a member of the company. A form of proxy, in which are set out the relevant instructions for its completion, is enclosed for the use of a certified shareholder who wishes to be represented at the annual general meeting. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the general meeting.

The instrument appointing a proxy and the authority (if any) under which it is signed must reach the company secretary at the address given below by not later than 09:00 on Thursday, 21 June 2007.

On a poll, ordinary shareholders will have one vote in respect of each share held.

By order of the board

WALLIE KRUMM
Company Secretary
Hermanus
31 May 2007

REGISTERED ADDRESS
Suite 2/1, Hemel and Aarde Craft Village
HERMANUS
7200

POSTAL ADDRESS
PO Box 1743
HERMANUS
7200

CORPORATE INFORMATION

COUNTRY OF INCORPORATION
Republic of South Africa

DATE OF INCORPORATION
14 July 1993

REGISTERED ADDRESS
Suite 2/1
Hemel and Aarde Craft Village
Corner Hemel and Aarde & Main Road
Hermanus
7200

POSTAL ADDRESS
PO Box 1743
Hermanus
7200

COMPANY SECRETARY
Wallie Krumm

BANKERS
Absa Bank Limited
Standard Bank of South Africa Limited

AUDITORS
PricewaterhouseCoopers Inc.
Cape Town

ATTORNEYS
Hofmeyr, Herbstein & Gihwala Inc.

WEBSITE
www.psgkonsult.co.za

FSB licence number 728

FORM OF PROXY

PSG KONSULT LIMITED
(Registration number 1993/003941/06)
("PSG Konsult" or "the company")

For use by PSG Konsult shareholders at the annual general meeting to be held at 11:30 on Friday 22 June 2007

I/We ____

(NAME/S IN BLOCK LETTERS)

of ____

being the registered holder of ________________ ordinary shares of 1 cent each in the issued share capital of PSG Konsult, do hereby appoint:

1. ____

of ____ or failing him/her

2. ____

of ____ or failing him/her

3. the chairman of the general meeting
as my proxy to vote or abstain from voting on my/our behalf at the general meeting of the company, to be held at 11:30 on Friday, 22 June 2007 at the Auditorium, Oude Libertas, Adam Tas Street, Stellenbosch (and at any adjournment thereof), for the purpose of considering and, if deemed fit, passing, with or without modification, the following resolutions:

	In favour of	Against	Abstain
1. To adopt the annual financial statements and reports			
2. To confirm the dividends to shareholders set out in the annual financial statements			
3. To reappoint the auditors, PricewaterhouseCoopers Inc.			
4. To authorise the directors to determine and pay the auditors' remuneration			
5. To confirm the directors' remuneration			
6.1 To re-elect JF Mouton as director			
6.2 To re-elect DJ Klopper as director			
6.3 To re-elect JD Inge as director			
6.4 To re-elect L van der Walt as director			
7.1 Ordinary resolution regarding unissued shares			
7.2 Special resolution regulating increase of authorised share capital			
7.3 Special resolution regarding share buyback by PSG Konsult			

(Indicate instruction to proxy by way of a cross in space provided above)
Except as instructed above, or if no instructions are inserted above, my proxy may vote as he/she thinks fit.

Signed this ________________________ day of ________________________ 2007

______________________________ ______________________________

Member's name (in full) **Member's signature**

Assisted by (where applicable)

______________________________ ______________________________

Name (in full) **Signature**

NOTE: A member entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote in his stead, and such proxy need not be a member of the company.

NOTES

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the member. The person whose name appears first on the proxy and which has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.
2. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless that authority has already been recorded with the company's secretary.
3. Proxies must be lodged at, or posted to, the company's secretary: Suite 2/1, Hemel-and-Aarde Craft Village, Hermanus (PO Box 1743, Hermanus, 7200) to be received by not later than 09:00 on Thursday, 21 June 2007.
4. The completion and lodging of this proxy shall not preclude the relevant member from attending the general meeting and speaking and voting in person thereat, to the exclusion of any proxy appointed in terms hereof.
5. The chairman of the annual general meeting may reject or accept a proxy, which is completed otherwise than in accordance with these notes and instructions, provided that he is satisfied as to the manner in which a member wishes to vote.

Your business is our business

Notes

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