



ANNUAL REPORT *2010*



*Quality through Excellence*

The client is the driving force behind everything we do. With exceptional people and a commitment to corporate governance, PSG Konsult strives to offer clients the best financial advice.





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## MISSION STATEMENT

To be the leading independent private client financial intermediary group in Southern Africa and selected regions abroad.



## BUSINESS PHILOSOPHY

We are an independent financial services company that offers a unique service-orientated approach to our clients' financial planning requirements.

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.

Our expert financial planners, stockbrokers, portfolio managers and short-term insurance brokers offer an 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.

# BUSINESS DISCIPLINES

Our holistic financial planning includes the following disciplines:

## FINANCIAL PLANNING

Advice regarding all aspects of financial planning, including retirement planning, death and disability cover, as well as healthcare insurance

## INVESTMENTS

Specialist advice and portfolio management in respect of local and offshore products and investment vehicles

## STOCKBROKING

Management and administration of share portfolios, including related specialised products and online stockbroking – locally and on foreign stock exchanges

## SHORT-TERM INSURANCE

Advice in respect of short-term insurance for personal and business assets and the provision of short-term bureau administration services to the industry

## ESTATE AND TRUST ADVISORY SERVICES

The structuring of a client's estate in respect of his will, property, trusts, insurance, income and estate duty

## ASSET FINANCE

PSG Konsult AssetFin renders an intermediary service and acts as a facilitator for financial institutions and clients in order to secure finance for the acquisition of assets

## EMPLOYEE BENEFITS

Professional advice on all aspects of retirement funding for employers, trustees and members of retirement funds

## HEALTHCARE

A holistic approach to employer groups and individuals alike, providing comprehensive advice on medical cover, niche products and wellness initiatives

We are also a provider of training to the financial services industry through PSG Konsult Academy

# ETHICAL CODE OF CONDUCT

The PSG Konsult Group is firmly committed to:

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

## BOARD OF DIRECTORS

As at 28 February 2010, the board of directors of PSG Konsult Limited consisted of the following members (\* executive directors):



JACOB DE VOS  
DU TOIT (JAAP), 55  
BAcc CA(SA) CFA  
*Chairperson*



WILLEM THERON,  
57\*  
BCompt(Hons)  
CA(SA)  
*Chief executive officer*



THEO WERNER  
BIESENBACH, 46\*  
BCompt(Hons)  
CA(SA)  
*Chief operating officer*



THEO CLOETE, 41\*  
*Director:  
Marketing and  
business development*



CORNELIUS  
ALWYN DE BRUYN  
(CORRIE), 43\*  
BCom(Hons) CA(SA)  
*CEO: Online  
Securities Limited*



DANIEL PIETER  
BUSS HUGO (DAN),  
48\*  
BCom  
*CEO: PSG Konsult:  
Financial Planning  
(Pty) Ltd*



RONALD NORMAN  
KING, 40\*  
BCom LLB LLM  
Adv PGD FP CFP  
*Director:  
Financial planning*



DAVID JOHANNES  
KLOPPER (DAWIE),  
51  
BCom(Hons) MBL  
*Investment economist*



THEO ALBERT  
LANDMAN  
(KOELOE), 57\*  
BCom CFA(SA)  
CEO: PSG Konsult:  
Projects  
*Regional Manager:  
Eastern Cape and  
KwaZulu-Natal*



HELGARDT BERGH  
LINDE, 39\*  
BCom(Hons)  
BCompt(Hons)  
CA(SA)  
*Chief executive:  
Finance*



JOHANNES  
FREDERICUS  
MOUTON  
(JANNIE), 63  
BCom(Hons) CA(SA)  
*Chairperson:  
PSG Group*



ARNO  
OBERHOLSTER, 38  
BCom  
*Chairperson:  
Central regional board*



HOUGAARD  
PIETERS, 50  
MEng CFP  
*Chairperson:  
Southern regional  
board*



WAYNE VINCENT  
WALDECK, 45\*  
BCom(Hons) CFP  
CA(SA)  
*Director:  
Investment solutions  
Chairperson:  
Northern regional  
board*

## CORPORATE GOVERNANCE

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

### BOARD OF DIRECTORS

Details of the company's directors are provided on pages 6 and 7 of this report.

The board met four times during the past year and had a 96,7% attendance.

	8 Apr 09	18 Jun 09	8 Oct 09	4 Dec 09
Mike Allen**	Apology	✓	✓	n/a
Theo Biesenbach	✓	✓	✓	✓
Theo Cloete	✓	✓	✓	✓
Corrie de Bruyn	✓	✓	✓	✓
Jaap du Toit	✓	✓	✓	✓
Dan Hugo	✓	✓	✓	✓
John Inge**	✓	✓	✓	n/a
Ronald King	✓	✓	✓	✓
Dawie Klopper	✓	✓	✓	✓
Koeloe Landman	✓	✓	✓	✓
Helgardt Lindes	✓	✓	✓	✓
Jannie Mouton	✓	Apology	✓	✓
Arno Oberholster*	n/a	n/a	n/a	✓
Hougaard Pieters*	n/a	n/a	n/a	✓
Gerhard Steenkamp***	✓	✓	✓	✓
Louis van der Walt**	✓	✓	✓	n/a
Willem Theron	✓	✓	✓	✓
Wayne Waldeck*	n/a	n/a	n/a	✓

\* New appointments

\*\* Resigned 4 December 2009

\*\*\* Resigned 1 February 2010

*Johan Borchers resigned with effect from 1 March 2009*

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

The board's key roles and responsibilities are:

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

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

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

#### **EXECUTIVE COMMITTEE**

The executive committee (EXCO) comprises Willem Theron (chairperson), Theo Biesenbach, Theo Cloete, Dan Hugo, Koeloe Landman, Helgardt Lindes and Kobus Serfontein.

#### **REMUNERATION COMMITTEE**

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

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

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

# CORPORATE GOVERNANCE

## FINANCE AND RISK COMMITTEE

As required by sections 269A and 270A of the Companies Act, the finance and risk committee fulfilled its responsibilities as follows:

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

### Members of the finance and risk committee

For the financial period ended 28 February 2010, the members of the finance and risk committee were Wynand Greeff (chairperson), Theo Biesenbach, Helgardt Lindes, Willem Theron and Bernardt van der Linde.

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

### Frequency of meetings

The finance and risk committee met twice in the financial year under review and had a 90% attendance. Provision is made for additional meetings to be held, when and if necessary.

### Attendance

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

The group risk management function was also represented.

### Confidential meetings

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

### Independence of external auditors

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

### Expertise and experience of financial director

As required by JSE Listing Requirement 3.84(h), the finance and risk committee has satisfied itself that the financial director has appropriate expertise and experience.

The external auditors, in their capacity as auditors of the company, will attend and report to all meetings held by the finance and risk committee.

## COMPLIANCE AND RISK MANAGEMENT COMMITTEE

The committee comprises Theo Biesenbach (chairperson), Daleen Cornelissen, Juan Erasmus (by invitation), Liza Killian, Ronald King, Leon Taylor and Isabel Teixeira (by invitation).

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

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



# CORPORATE SOCIAL RESPONSIBILITY REPORT

This is PSG Konsult's first Corporate Social Responsibility (CSR) Report. The aim of the report is to provide our stakeholders with information on PSG Konsult's various CSR initiatives including policies and practices inherent to PSG Konsult and the manner in which the company carries on its business.

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

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

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

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

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

## CORPORATE GOVERNANCE AND ETHICS

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

## a) Code of conduct

Please refer to page 5 of the annual report for PSG Konsult's code of conduct.

## b) Compliance

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

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

## c) Convergence of risk management

It depends on what you mean by convergence – CSR is an operational risk issue. We are learning from corporate governance meltdowns and the rise of social and environmental reporting standards to systemise non-financial issues. While corporate governance is now defined in a way that includes risk management, it is a question of what risk one is looking at – in the case of CSR, social and environmental risks.

- We are not seeing a convergence, but a realisation that CSR risks can have a financial impact on a company and companies should be managing this area. Companies are recognising the financial risks evident in CSR.
- We are not talking about CSR but about risks which will be ingrained in corporate behaviour.
- Not a convergence but a risk to be managed. Companies don't make value judgements, but some things become so reprehensible in society that they become a risk to the business.
- CSR is evolving from an NGO-driven movement for greater good to a business-led risk management strategy, and because of this CSR is central to governance. Long-range risk management business planning is central to a global company's strategy in a globalised world.

## d) Corporate governance

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

**e) Enforcement by compliance**

CSR has always been a compliance plus concept based on voluntarism. If we accept voluntarism in lieu of regulation then, by default, we accept responsibilities that must be managed beyond the realm of legal compliance. In other words, just obeying the law is hardly worth writing home about. The real value in CSR is understanding what is really not just a 'nice to do' but a 'need to do' without having a legal code alone to determine this distinction for you. The essence of this is good risk and governance management as well as a keen eye for business development in line with rapidly changing stakeholder expectations. In the global economy businesses are largely alone to figure this out. So, while legal compliance is an immediate driver, this is far from the end of the story for CSR. In fact, it is just the point of departure for CSR.

**f) Disclosure of financial information**

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

*Interim financial results* – Drafted on the guidelines set per IAS 34 as at 31 August of each financial year.

*Review/provisional financial results* – Added to the PSG Konsult website as soon as provisional results for the financial year are approved by the board of directors following the year-end audit.

*Annual report* – Prepared in accordance with International Financial Reporting Standards. The annual report for the year ended 28 February 2010 was printed on Cocoon Offset, a FSC-certified 100% recycled paper and A5 paper size used in order to promote the protection of the environment.

*Annual general meeting* – In terms of the Companies Act and sound corporate governance, an annual general meeting is held at which the annual financial statements and reports are adopted and any member of the company is entitled to attend, speak and vote.

*Press releases (mergers and acquisitions)* – For the sake of transparency and clear communication, PSG Konsult issues press releases to inform all of its stakeholders of material mergers and acquisitions, including details regarding the strategic fit to the group's operations and the possible growth opportunities.

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

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

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

PSG Konsult retained the services of PricewaterhouseCoopers (AA Empowerdex rating Level 3 Contributor) as its external auditor, a highly respected and reputable firm with a worldwide presence.

- **Publication of basic information on the parent company, its main affiliates, its percentage ownership, direct and indirect in these affiliates, including shareholdings between them**

This information is included in the detailed notes to the annual financial statements and more specifically the notes on investments in associated companies and interest in subsidiaries. The PSG Konsult website also includes information about the PSG Konsult Group, its services and affiliates.

## g) **Taxation**

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

## h) **Combating corruption**

- **No payments to officials or employees of business partners**  
PSG Konsult only transacts with reputable business partners and all payments to such partners are made by the Finance Department. Payments from the Finance Department are subject to internal controls over payments, including segregation of duties, dual signatories, limited access to payment systems and monthly reconciliations.
- **Introduction of management control systems which discourage bribery and corruption**  
In combating bribery and corruption, PSG Konsult has established the following committees and divisions with:  
*Executive committee* – Overall review of financial results, including questioning of unusual or unexpected expenditures or payments.  
*Internal audit function* – The group has appointed a qualified chartered accountant to head up its Internal Audit Function which performs investigations and internal audits on a selection basis.  
*Compliance officer* – The Compliance Division is headed up by a qualified advocate and completes a number of compliance audits across all of the group's offices and advisors.

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

**i) Competition**

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

## **DIVERSITY**

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

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

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

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

## **HUMAN RIGHTS AND LABOUR STANDARDS**

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

# CORPORATE SOCIAL RESPONSIBILITY REPORT

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

## a) General principles

### • **Respect of human rights**

In the PSG Konsult Group we are committed to:

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

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

Even with the economic downturn, PSG Konsult Group continues to invest in our workforce – providing our employees with skills training, health and wellness programmes and opportunities to gain experience. In 2009 we spent more than R12 million in training and development to enable the company to familiarise our people with the new skills area.

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

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

### • **No demands for exemptions from ecological or social standards**

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

### • **No improper involvement in local political activities**

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

## b) Employment

### • **Increasing employment possibilities and standards**

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

- **Promoting equality of opportunity and equal treatment in employment**  
PSG Konsult has submitted an Employment Equity Plan on 11 January 2010 as required by the Department of Labour. The workforce profile for 2010 indicates that we had a 21% growth in staff overall, of which 11% is black (designated employees) and 47% female (designated employees).

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

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

#### c) **Employment/Social partners**

- **Worker rights for trade union representatives**  
PSG Konsult acknowledges the rights for trade of all workers. Freedom of association is also acknowledged in the organisation's personnel policy.
- **Abolition of child forced labour**  
No child labour in any form is allowed in the organisation.
- **Ban on discrimination**  
All staff are aware that there are explicit policies against discrimination in hiring, remuneration, promotion, training or termination of employment of any employee on the basis of gender, race, age, ethnicity, disability, sexual orientation or religion. The organisation does not tolerate jokes or behaviour in the workplace that insults employees on the basis of gender, race, age, ethnicity, disability or sexual orientation.
- **Promotion of effective collective agreements**  
Various committees have been established in PSG Konsult in order to promote effective collective agreements. These committees include a remuneration committee, employment equity committee, human resource committee and an audit committee.
- **Duty of information towards workers and their representatives**  
PSG Konsult realises that the organisation has a responsibility towards the provision of information to all employees and their representatives. For this reason the organisation has created an intranet where all relevant communication (including the personnel policy) is displayed. All personnel have access to the intranet.

- **Employment of local personnel/training measures to improve the level of qualifications**

In PSG Konsult's recruitment policy, the employment and training of internal staff are confirmed. All positions are firstly advertised internally on the intranet to give internal staff the opportunity to apply for such positions.

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

#### d) Working conditions

- **No pay, benefits or working conditions which are less favourable than those enjoyed by comparable workers in the host country**

All salaries are market related and normal increases, based on inflation and performance, are instituted by the remuneration committee every year.

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

- **The highest health and safety standards**

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

#### e) Knowledge and technology

- **Promotion of know-how transfer and training**

PSG Konsult Group has provided training opportunities for all levels of staff in the organisation. A total of R12 million has been allocated by PSG Konsult Academy to do training in the organisation during the past financial year.

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

#### f) Labour relations

- **Freedom of workers to organise and associate**

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

- **Right of workers to make complaints without suffering disadvantages**

The grievance procedure in the PSG Konsult personnel policy makes provision for all employees in the PSG Konsult Group to complain. The policy also makes provision for employees to be assured that they will not suffer any disadvantages as a result of the complaint.

### HEALTH AND SAFETY

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

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

### COMMUNITY AND ENVIRONMENTAL INVOLVEMENT

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

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

### PSG Konsult Corporate

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

### Wildlands Conservation Trust

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

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

For more information visit the following website: [www.wildlands.co.za/home.aspx](http://www.wildlands.co.za/home.aspx)



# CORPORATE SOCIAL RESPONSIBILITY REPORT

## BADISA

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

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

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

## Learnership Programmes

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

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

## Fernkloof Nature Reserve

Fernkloof Nature Reserve covers 1 800 ha in the Kleinrivier Mountains above Hermanus in the Western Cape and ranges in altitude from sea level to 842 m. In late 1957, the Reserve was proclaimed by the Provincial Council of the Cape. It protects coastal fynbos and a small patch of evergreen forest.

## REPORT BY THE CHIEF EXECUTIVE OFFICER

**Revenue increased by 10,3% to R834 million with profit before tax growing by 2% and headline earnings decreasing by 7,7%.**

### FINANCIAL HIGHLIGHTS

Operational profit before tax was 2% higher than the previous year, but due to higher income tax charges net profit after tax (headline earnings) were 7,7% lower.

Due to improved market conditions headline earnings of R49,9 million was achieved during the second half of the financial year as compared to R39,5 million for the first half of the financial year.

### KEY BUSINESS DEVELOPMENTS

PSG Konsult continued to grow its business and focused on enhancing support structures despite a challenging economic environment.

The acquisition of the T-Sec client base and a recovery in markets over the latter part of the year, enhanced assets under administration from R43,6 billion to R72,4 billion.

PSG Online launched its new website during the first half of the year and we now have a client friendly online trading platform.

PSG Asset Finance was established as a new division to render intermediary services regarding asset-based finance to our clients.

We are pleased to report that PSG Konsult Nhluvuko (PSG Konsult's BEE initiative) is now fully operational and with its focus on the corporate market it has already turned a profit in this financial year. On 1 May 2010 the name was changed to PSG Konsult Corporate.

The establishment of PSG Konsult Trust advisors can now assist clients country wide with planning their trusts, estates and wills.

### DISTRIBUTION TO SHAREHOLDERS

A dividend of 2,8 cents per share (2009: dividend of 2,8 cents) was paid to shareholders at the interim stage. The directors have declared a final dividend of 5,5 cents (2009: 6,0 cents) per share (giving a total dividend of 8,3 cents per share – 2009: 8,8 cents) subsequent to year-end.



Willem Theron  
*Chief executive officer*

### THE YEAR AHEAD

Although markets have recovered and the sentiment is a lot more positive than a year ago, worldwide economies are undergoing structural changes and we should be wary about this.

The Investment and Financial planning focus for our clients remains to be a long-term strategy.

With high electricity and fuel prices and limited salary increases clients are under pressure to pay their short-term premiums. Our advisors will assist clients to reorganise their portfolios in order to cover their essential risks.

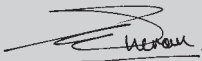
Through the increased number of advisors, PSG Konsult will focus on servicing clients on a personal basis, with a long-term view to maintain and enhance their wealth.

On the other hand online trading is here to stay and we are actively expanding our capacity to enhance and expand our service to clients through PSG Online.

Through PSG Konsult Corporate we will penetrate niche corporate markets in South Africa.

### A WORD OF THANKS

I would like to personally thank our directors, management, advisors and staff for their diligence and hard work, in what has been one of the most challenging financial years. Our people are our strength.

A handwritten signature in black ink, appearing to read "W. Theron".

**Willem Theron**  
*Chief executive officer*

Hermanus  
20 May 2010

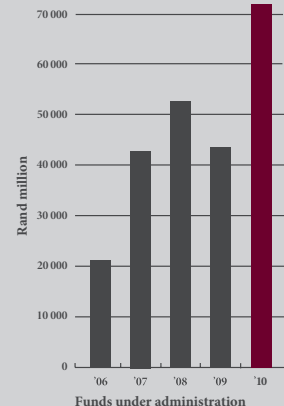
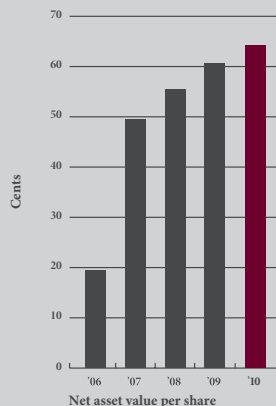
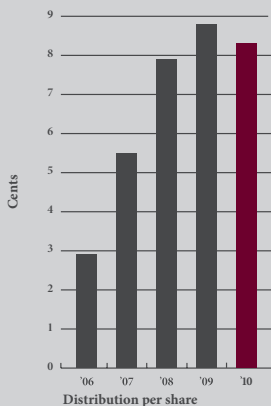
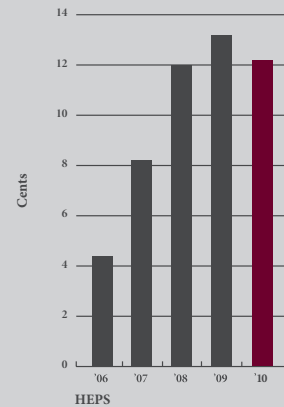
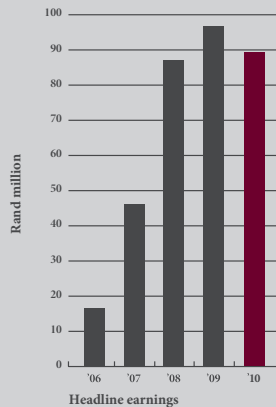
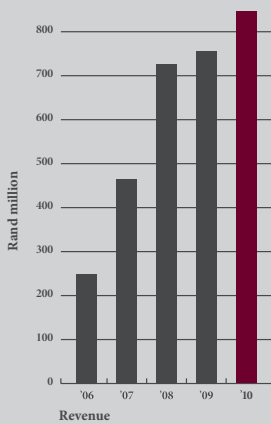
# KEY FINANCIAL INFORMATION

## RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2010

	2010 R000	Change %	2009 R000
Revenue*	834 692	10,43	755 845
Headline earnings	89 401	(7,66)	96 817
Headline earnings per share (cents)	12,2	(7,65)	13,2
Adjusted headline earnings per share (cents)**	13,9	(5,63)	14,7
Distribution to shareholders (cents)	8,3	(5,68)	8,8
Interim dividend paid 22 October 2009	2,8	–	2,8
Final dividend paid 6 May 2010	5,5	(8,33)	6,0
Net asset value per share (cents)	63,7	5,12	60,6
Funds under administration (Rbn)	72,4	66,06	43,6

\* Revenue consists of commission and other fee income, fair value gains/losses on financial instruments and other income

\*\* Headline earnings adjusted for amortisation of intangibles net of non-controlling interest and tax





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## ANNUAL FINANCIAL STATEMENTS

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# STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

for the year ended 28 February 2010

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.

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 satisfied that the information contained in the financial statements fairly presents the results of operations and cash flows for the period and the financial position of the group at year end. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

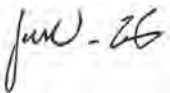
The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the companies to enable the directors to ensure that the financial statements comply with the relevant legislation.

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 29.

The financial statements, set out on pages 30 to 107, were approved by the board of directors and are signed on its behalf.



**J de V du Toit**  
Chairman



**W Theron**  
Chief executive officer



**TW Biesenbach**  
Chief operating officer

20 May 2010

## 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.



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

20 May 2010

We have audited the group annual financial statements and annual financial statements of PSG Konsult Limited, which comprise the consolidated and separate statements of financial position as at 28 February 2010 and the consolidated and separate income statements, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in shareholders' equity and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 30 to 107.

#### **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 audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **OPINION**

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of PSG Konsult Limited as at 28 February 2010, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers Inc'.

**PricewaterhouseCoopers Inc**

**Director: DG Malan**

*Registered Auditor*

Cape Town  
20 May 2010

# REPORT OF THE BOARD OF DIRECTORS

for the year ended 28 February 2010

## 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 statements of financial position, income statements, statements of comprehensive income, statements of changes in equity, statements of cash flows and notes thereto.

## PEOPLE

At year-end PSG Konsult had 197 (2009: 197) offices with 572 (2009: 506) financial planners, stockbrokers and short-term insurance brokers. Our professional associates (accountants and attorneys) numbered 322 (2009: 290).

## DIVIDENDS

An interim dividend payment of 2,8 cents per share was made to shareholders in October 2009 (2008: 2,8 cents per share).

A final dividend of 5,5 cents per share (2009: 6,0 cents per share) was declared by PSG Konsult Limited after the year-end (15 April 2010) and was payable on 6 May 2010. No provision has been included in the financial statements.

## SHARE CAPITAL

Details of the authorised and issued share capital appear in note 13 to the financial statements. No shares were issued during the year ended 28 February 2010 (2009: 1 532 281 shares issued). The company acquired 2 595 928 of its own shares during the year through purchases over the counter at an average price of R1,39 per share.

## SUBSEQUENT EVENTS

Other than the acquisitions disclosed in note 29 on page 102, no other matter which is material to the financial affairs of the group and company has occurred between 28 February 2010 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 Johannesburg Stock Exchange).

## DIRECTORS

The directors of the company at the date of this report appear on page 6.

## DIRECTORS' EMOLUMENTS

The following directors' emoluments were paid by subsidiaries of the company for the year ended 28 February 2010:

	Basic salary	Bonuses and performance-related payments	Expense allowances	Company contributions	Total 2010	Total 2009
	R000	R000	R000	R000	R000	R000
Cash-based remuneration						
Executive	11 924	3 154	852	776	16 706	16 809
Non-executive	4 915	–	200	312	5 427	3 011
	16 839	3 154	1 052	1 088	22 133	19 820

## SHAREHOLDING OF DIRECTORS

The shareholding of directors in the company as at 28 February 2010 was as follows:

	Beneficial		Non-beneficial		Total shareholding 2010		Total shareholding 2009	
	Direct	Indirect	Direct	Indirect	Number	%	Number	%
MD Allen*					–	0,0	41 600	0,0
TW Biesenbach	3 000 000			32 500	3 032 500	0,4	3 282 500	0,5
JB Borchers*					–	0,0	3 200 000	0,5
CA de Bruyn				3 915 577	3 915 577	0,5	3 915 577	0,0
T Cloete				517 000	517 000	0,1	517 000	0,0
J de V du Toit				5 125 000	5 125 000	0,7	5 125 000	0,8
DPB Hugo	3 670 916			653 281	4 324 197	0,6	4 423 157	0,6
JD Inge*					–	0,0	500 000	0,1
RN King	842 400			959 600	1 802 000	0,2	1 802 000	0,3
DJ Klopper		1 848 268			1 848 268	0,3	770 341	0,1
TA Landman	5 090 500			266 326	5 356 826	0,7	5 356 826	0,9
HB Lindes					–	0,0	–	0,0
A Oberholster	55 466				55 466	0,0	–	0,0
H Pieters		701 652			701 652	0,1	–	0,0
GM Steenkamp*					–	0,0	18 500 000	2,6
W Theron				21 000 000	21 000 000	2,9	21 000 000	2,9
L van der Walt*					–	0,0	3 000 000	0,4
WV Waldeck		8 600 000			8 600 000	1,2	–	0,0
<b>Total shareholding</b>	<b>12 659 282</b>	<b>11 149 920</b>	<b>–</b>	<b>32 469 284</b>	<b>56 278 486</b>	<b>7,7</b>	<b>71 434 001</b>	<b>9,7</b>

\* Remained ordinary shareholders

## SECRETARY

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

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

PO Box 1743  
Hermanus  
7200

## SUBSIDIARIES

Details of the company's interest in subsidiaries are set out in note 30.

## INDEPENDENT AUDITORS

PricewaterhouseCoopers Inc will continue in office in accordance with section 270(2) of the South African Companies Act.

## SPECIAL RESOLUTION

The following special resolution was passed by the company during the year under review:

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

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

# STATEMENTS OF FINANCIAL POSITION

as at 28 February 2010

	Notes	GROUP		COMPANY	
		2010 R000	2009 R000	2010 R000	2009 R000
<b>ASSETS</b>					
Property and equipment	2	23 250	21 144	–	–
Intangible assets	3	533 611	484 737	–	–
Investments in subsidiaries	4	–	–	421 854	400 359
Investments in associates	5	6 505	8 190	1	1
Deferred income tax	6	4 600	6 927	2 215	1 255
Financial assets					
Equity securities	7	1 789	303 596	1 549	1 198
Loans and advances	8	31 808	36 329	69 595	50 912
Derivative financial instruments	9	78 156	–	–	–
Inventories	10	–	28	–	–
Receivables	11	127 142	398 379	134 303	96 822
Current income tax assets		1 775	1 465	67	183
Cash and cash equivalents	12	147 568	196 248	24 258	9 564
<b>Total assets</b>		<b>956 204</b>	<b>1 457 043</b>	<b>653 842</b>	<b>560 294</b>
<b>CAPITAL AND RESERVES</b>					
<b>ATTRIBUTABLE TO THE COMPANY'S</b>					
<b>EQUITY HOLDERS</b>					
Share capital	13	7 331	7 331	7 331	7 331
Share premium	13	345 838	345 838	345 838	345 838
Treasury shares	13	(3 609)	–	(3 609)	–
Other reserves		(129 084)	(128 336)	1 224	803
Retained earnings		246 398	219 105	22 474	11 481
Ordinary shareholders' equity		466 874	443 938	373 258	365 453
Non-controlling interests		2 853	2 495	–	–
<b>Total equity</b>		<b>469 727</b>	<b>446 433</b>	<b>373 258</b>	<b>365 453</b>
<b>LIABILITIES</b>					
Deferred income tax	6	52 977	48 674	–	–
Financial liabilities					
Borrowings	14	136 522	798 022	269 810	184 543
Derivative financial instruments	9	75 893	–	–	–
Provisions for other liabilities and charges	15	5 226	9 081	–	–
Trade and other payables	16	210 581	138 955	10 774	10 298
Current income tax liabilities		5 278	15 878	–	–
<b>Total liabilities</b>		<b>486 477</b>	<b>1 010 610</b>	<b>280 584</b>	<b>194 841</b>
<b>Total equity and liabilities</b>		<b>956 204</b>	<b>1 457 043</b>	<b>653 842</b>	<b>560 294</b>

INCOME STATEMENTS  
for the year ended 28 February 2010

	Notes	GROUP		COMPANY	
		2010 R000	2009 R000	2010 R000	2009 R000
<b>INCOME</b>					
Commission and other fee income	17	811 616	743 915	–	57
Investment income	18	54 684	66 865	77 245	86 976
Fair value gains and losses on financial instruments	19	1 153	1 765	1 296	118
Other income	20	21 923	10 165	9 725	5 238
<b>Total income</b>		<b>889 376</b>	<b>822 710</b>	<b>88 266</b>	<b>92 389</b>
<b>EXPENSES</b>					
Marketing, administration and other expenses	21	(709 194)	(655 952)	(1 633)	(1 148)
<b>Total expenses</b>		<b>(709 194)</b>	<b>(655 952)</b>	<b>(1 633)</b>	<b>(1 148)</b>
<b>Results of operating activities</b>		<b>180 182</b>	<b>166 758</b>	<b>86 633</b>	<b>91 241</b>
Finance costs	22	(44 396)	(36 197)	(12 108)	(5 338)
Share of profits of associate companies		1 991	1 764	–	–
<b>Profit before taxation</b>		<b>137 777</b>	<b>132 325</b>	<b>74 525</b>	<b>85 903</b>
Taxation	23	(44 207)	(33 859)	980	(2 164)
<b>Profit for the year</b>		<b>93 570</b>	<b>98 466</b>	<b>75 505</b>	<b>83 739</b>
<b>Attributable to:</b>					
– Non-controlling interests		1 765	1 373	–	–
– Equity holders of the company		91 805	97 093	75 505	83 739
		<b>93 570</b>	<b>98 466</b>	<b>75 505</b>	<b>83 739</b>
<b>Earnings per share (cents)</b>					
Basic and diluted	24	12,53	13,24		

STATEMENTS OF COMPREHENSIVE INCOME  
for the year ended 28 February 2010

	Notes	GROUP		COMPANY	
		2010 R000	2009 R000	2010 R000	2009 R000
<b>Profit for the year</b>		93 570	98 466	75 505	83 739
<b>Other comprehensive income</b>					
Exchange differences on translating foreign operations		(1 169)	(660)	-	-
Fair value gains/(losses) on available-for-sale investments		1 785	(309)	1 785	(309)
Recycling adjustment on available-for-sale investments		(1 364)	-	(1 364)	-
<b>Other comprehensive (loss)/income for the year, net of tax</b>	23	(748)	(969)	421	(309)
<b>Total comprehensive income for the year</b>		92 822	97 497	75 926	83 430
<b>Attributable to:</b>					
- Non-controlling interests		1 765	1 373	-	-
- Equity holders of the company		91 057	96 124	75 926	83 430
		92 822	97 497	75 926	83 430

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 28 February 2010

	Attributable to equity holders of the company							Total R000
	Share capital and premium R000	Other reserves					Non- controlling interests R000	
		Common control reserve R000	Treasury shares R000	Fair value reserve R000	Trans- lation reserve R000	Retained earnings R000		
<b>GROUP</b>								
<b>Balance at 1 March 2008</b>	350 650	(128 721)	-	1 013	341	182 797	2 507	408 587
<b>Comprehensive income</b>								
Profit for the year	-	-	-	-	-	97 093	1 373	98 466
<b>Other comprehensive income</b>								
Fair value losses on available-for-sale investments	-	-	-	(309)	-	-	-	(309)
Exchange differences on translating foreign operations	-	-	-	-	(660)	-	-	(660)
Total other comprehensive income	-	-	-	(309)	(660)	-	-	(969)
<b>Total comprehensive income</b>	-	-	-	(309)	(660)	97 093	1 373	97 497
<b>Transactions with owners</b>								
Issue of share capital	2 519	-	-	-	-	-	-	2 519
Acquired from non-controlling interests	-	-	-	-	-	-	(10)	(10)
Dividend paid	-	-	-	-	-	(60 785)	(1 375)	(62 160)
Total transactions with owners	2 519	-	-	-	-	(60 785)	(1 385)	(59 651)
<b>Balance at 28 February 2009</b>	353 169	(128 721)	-	704	(319)	219 105	2 495	446 433
<b>Comprehensive income</b>								
Profit for the year	-	-	-	-	-	91 805	1 765	93 570
<b>Other comprehensive income</b>								
Fair value gains on available-for-sale investments	-	-	-	1 785	-	-	-	1 785
Recycling adjustment on available-for-sale investments	-	-	-	(1 364)	-	-	-	(1 364)
Exchange differences on translating foreign operations	-	-	-	-	(1 169)	-	-	(1 169)
Total other comprehensive income	-	-	-	421	(1 169)	-	-	(748)
<b>Total comprehensive income</b>	-	-	-	421	(1 169)	91 805	1 765	92 822
<b>Transactions with owners</b>								
Acquired from non-controlling interests	-	-	-	-	-	-	(264)	(264)
Treasury shares acquired	-	-	(3 609)	-	-	-	-	(3 609)
Dividend paid	-	-	-	-	-	(64 512)	(1 143)	(65 655)
Total transactions with owners	-	-	(3 609)	-	-	(64 512)	(1 407)	(69 528)
<b>Balance at 28 February 2010</b>	353 169	(128 721)	(3 609)	1 125	(1 488)	246 398	2 853	469 727

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 28 February 2010

	Attributable to equity holders of the company							Total R000
	Share capital and premium R000	Other reserves				Retained earnings R000	Non- controlling interests R000	
		Common control reserve R000	Treasury shares R000	Fair value reserve R000	Trans- lation reserve R000			
<b>COMPANY</b>								
<b>Balance at 1 March 2008</b>	350 650	-	-	1 112	-	(11 473)	-	340 289
<b>Comprehensive income</b>								
Profit for the year	-	-	-	-	-	83 739	-	83 739
<b>Other comprehensive income</b>								
Fair value losses on available-for-sale investments	-	-	-	(309)	-	-	-	(309)
Total other comprehensive income	-	-	-	(309)	-	-	-	(309)
<b>Total comprehensive income</b>	-	-	-	(309)	-	83 739	-	83 430
<b>Transactions with owners</b>								
Issue of share capital	2 519	-	-	-	-	-	-	2 519
Dividend paid	-	-	-	-	-	(60 785)	-	(60 785)
<b>Total transactions with owners</b>	2 519	-	-	-	-	(60 785)	-	(58 266)
<b>Balance at 28 February 2009</b>	353 169	-	-	803	-	11 481	-	365 453
<b>Comprehensive income</b>								
Profit for the year	-	-	-	-	-	75 505	-	75 505
<b>Other comprehensive income</b>								
Fair value gains on available-for-sale investments	-	-	-	1 785	-	-	-	1 785
Recycling adjustment on available-for-sale investments	-	-	-	(1 364)	-	-	-	(1 364)
Total other comprehensive income	-	-	-	421	-	-	-	421
<b>Total comprehensive income</b>	-	-	-	421	-	75 505	-	75 926
<b>Transactions with owners</b>								
Treasury shares acquired	-	-	(3 609)	-	-	-	-	(3 609)
Dividend paid	-	-	-	-	-	(64 512)	-	(64 512)
<b>Total transactions with owners</b>	-	-	(3 609)	-	-	(64 512)	-	(68 121)
<b>Balance at 28 February 2010</b>	353 169	-	(3 609)	1 224	-	22 474	-	373 258

STATEMENTS OF CASH FLOWS  
for the year ended 28 February 2010

	Notes	GROUP		COMPANY	
		2010 R000	2009 R000	2010 R000	2009 R000
<b>Cash flow from operating activities</b>					
Cash generated from/(used in) operating activities	28.1	563 168	69 623	14 496	(33 607)
Interest received		51 721	54 881	4 341	1 728
Dividends received		2 963	11 362	72 904	83 209
Dividends received from associates		-	2 039	-	2 039
Finance costs		(44 396)	(36 197)	(12 108)	(5 338)
Taxation paid	28.2	(55 141)	(42 046)	68	(2 569)
Net cash generated from operating activities		518 315	59 662	79 701	45 462
<b>Cash flow from investing activities</b>					
Purchases of property and equipment		(12 923)	(15 058)	-	-
Proceeds from disposal of property and equipment		839	1 365	-	-
Proceeds from sale of financial assets		303 882	-	1 724	-
Purchases of financial assets		-	(200 772)	-	-
Acquisition of intangibles		(15 046)	(21 293)	-	-
Disposal of intangibles		1 193	2 129	-	-
Proceeds from disposal of associated companies		-	13 999	-	-
Acquisition of associated company	28.4	(1 343)	(1)	-	(1)
Acquisition of books of business/subsidiaries, net of cash	28.3	(46 199)	(38 575)	(21 495)	(15 999)
Additional interest acquired from non-controlling interest	28.5	(3 919)	(290)	-	(290)
Net cash generated from/(used in) investment activities		226 484	(258 496)	(19 771)	(16 290)
<b>Cash flow from financing activities</b>					
Purchase of treasury shares		(3 609)	-	(3 609)	-
Proceeds from issuance of ordinary shares		-	519	-	2 519
Net (repayments of)/proceeds from borrowings		(723 986)	451 177	22 885	35 000
Dividends paid		(64 512)	(60 785)	(64 512)	(60 785)
Dividends paid to non-controlling interest		(1 143)	(1 375)	-	-
Net cash (used in)/generated from financing activities		(793 250)	389 536	(45 236)	(23 266)
<b>Net (decrease)/increase in cash and cash equivalents and bank overdrafts</b>		(48 451)	190 702	14 694	5 906
<b>Cash and cash equivalents and bank overdrafts at beginning of year</b>		195 945	5 243	9 564	3 658
<b>Cash and cash equivalents and bank overdrafts at end of year</b>	28.6	147 494	195 945	24 258	9 564

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

## 1. ACCOUNTING POLICIES

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

### ***Basis of preparation***

The consolidated and company financial statements of PSG Konsult Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and the manner required by the Companies Act of South Africa. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or 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 on pages 52 to 53.

### ***Restatement of comparative information***

The group's comparative information has been reclassified as follows:

<b>Income statement line items affected</b>	<b>Before reclassification R000</b>	<b>After reclassification R000</b>
Commission and other fee income	698 938	743 915
Other income	55 142	10 165

The group previously reported income received from PSG Group entities and income received by subsidiaries of the group that relates to fee income received under other income. Management decided to disclose this income under commission and other fee income on the income statement, as it more accurately reflects the nature of this income.

A total amount of R44 977 000 has therefore been reclassified for the year ended 28 February 2009 as disclosed above.

### ***Other***

During the financial year the group has changed their method/process of transacting contracts for difference (CFD). The CFD positions were previously hedged through the outright purchase of the underlying equities using external funding. The group recognised the CFD, the outright purchase of the equity and the associated funding on a gross basis on the statement of financial position.

The CFD positions with clients are now funded with equal and opposite CFD positions with other financial institutions. External funding is only used on an intra-day basis to purchase the underlying equity positions which are then delivered to the financial institution, at the end of each business day, for settlement of the intra-day funding provided. On a comparative basis the statement of financial position as at 28 February 2010 now only reflects the gross CFD asset and liability margin as all intraday funding related to the outright purchase of the underlying equities have been fully settled through delivery of the equity instruments.

### ***Standards, interpretations and amendments to published standards that are effective for the first time in 2010***

#### **New and amended standards adopted by the group**

- IFRS 8 – *Operating Segments* (effective January 2009)  
IFRS 8 requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. The standard sets out requirements for disclosure of information about an entity's operating

segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The disclosure should enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. The reportable segments are disclosed in note 31.

- IAS 1 Revised – *Presentation of Financial Statements* (effective January 2009)  
The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the group presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it is also in conformity with the revised standard. The change in accounting policy only has impact on presentation aspects.
- IAS 23 Revised – *Borrowing Costs* (effective January 2009)  
In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 March 2009, the group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. In accordance with the transitional provisions of the standard; comparative figures have not been restated. The change in accounting policy had no material impact on the group's financial statements.
- Amendment to IAS 27 – *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Joint Controlled Entity or Associate* (effective January 2009)  
The amendment removed the definition of the cost method from IAS 27 and replaced it with a requirement to present dividends as income in the separate financial statements of the investor. The group adopted the amendment prospectively from 1 March 2009. The change in accounting policy had no material impact on the group's financial statements.
- Amendment to IFRS 2 – *Share-based Payment Vesting Conditions and Cancellations* (effective January 2009)  
The amendment deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or other parties, should receive the same accounting treatment. The group and company have adopted IFRS 2 (amendment) from 1 March 2009. The amendment does not have a material impact on the group or company's financial statements.
- Amendments to IFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments* (effective January 2009)  
The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The change in accounting policy only results in additional disclosures.

#### **New and amended standards and interpretations not currently relevant to the group's operations**

- Amendment to IAS 32 *Financial Instruments – Presentation* and IAS 1 *Presentation of financial statements – Puttable Financial Instruments and Obligations Arising on Liquidation* (effective January 2009)
- IFRIC 13 *Customer Loyalty Programmes* (effective July 2008)
- IFRIC 15 *Agreements for the Construction of Real Estate* (effective January 2009)
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* (effective October 2008)
- IFRIC 18 *Transfers of Assets from Customers* (effective July 2009)
- AC 503 Revised – *Accounting for Black Economic Empowerment Transactions* (effective January 2009)

The implications of these statements have no impact on measurements of assets and liabilities or disclosures in the current or prior years.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

## **May 2008 annual improvements to IFRS adopted by the group:**

During the prior year the IFRS committee approved various minor amendments to existing IFRS. The application of these minor amendments has had no material impact on the group's financial statements. The effective date of these amendments is for years beginning on or after 1 January 2009.

The company has adopted the following amendments for the first time in 2009:

- Amendments to IFRS 7 *Financial Instruments: Disclosures*
- Amendments to IAS 1 *Presentation of Financial Statements*
- Amendments to IAS 8 *Accounting Policies Changes in Accounting Estimates and Errors*
- Amendments to IAS 10 *Events after the Reporting Period*
- Amendments to IAS 16 *Property, Plant and Equipment*
- Amendments to IAS 18 *Revenue*
- Amendments to IAS 19 *Employee Benefits*
- Amendments to IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*
- Amendments to IAS 23 *Borrowing Costs* (as revised in 2007)
- Amendments to IAS 27 *Consolidated and Separate Financial Statements*
- Amendments to IFRS 7 *Financial Instruments: Disclosures*; IAS 32 *Financial Instruments: Presentation*;
- Amendments to IAS 28 *Investment in Associates*
- Amendments to IAS 29 *Financial Reporting in Hyperinflationary Economies*
- Amendments to IAS 31 *Interest in Joint Ventures*
- Amendments to IAS 34 *Interim Financial Reporting*
- Amendments to IAS 36 *Impairment of Assets*
- Amendments to IAS 38 *Intangible Assets*
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement*
- Amendments to IAS 40 *Investment Property* and IAS 16 *Property, Plant and Equipment*
- Amendments to IAS 41 *Agriculture*

The impacts of these amendments are not material.

## **April 2009 annual improvements to IFRS adopted by the group**

Amendments to IFRS 8 *Operating Segments*

IFRS 8 has been amended so that a measure of segment assets is only required to be disclosed if the measure is regularly provided to the chief operating decision maker.

## **Standards, interpretations and amendments to published standards that are not yet effective**

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 March 2010 or later periods, but which the group has not earlier adopted, are as follows:

- IFRS 3 Revised – *Business Combinations* (effective July 2009)  
The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (revised) prospectively to all business combinations from 1 March 2010.
- IAS 27 Revised – *Consolidated and Separate Financial Statements* (effective July 2009)  
The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is measured to fair

value, and a gain or loss is recognised in profit or loss. The group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 March 2010. This will result in a change in accounting policy, since the group currently treat minorities as parties external to the group and subsequent to the revision will treat minorities as equity holders.

- IFRIC 17 *Distribution of Non-cash Assets to Owners* (effective July 2009)  
This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The group and company will apply IFRIC 17 from 1 March 2010.
- Amendments to IFRS 2: *Group Cash-settled Share-based Payment Transactions* (effective January 2010)  
The amendment clarifies the accounting for group cash-settled share-based payment transactions. The entity receiving the goods or services shall measure the share-based payment transaction as equity-settled only when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction. The entity settling a share-based payment transaction when another entity in the group receives the goods or services recognises the transaction as equity-settled only if it is settled in its own equity instruments. In all other cases, the transaction is accounted for as cash-settled. The group will apply the amendments to IFRS 2 prospectively from 1 March 2010.
- IFRS 9: *Financial Instruments* (effective January 2013)  
The new standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. IFRS 9 applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria.

#### **April 2009 annual improvements to IFRS**

Improvements to IFRS (issued April 2009) were issued by the IASB as part the 'annual improvements process' resulting in the following amendments to standards issued, but not effective for 28 February 2010 year-ends:

- Amendments to IFRS 2 *Share-based Payment*
- Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to IAS 1 *Presentation of Financial Statements*
- Amendments to IAS 7 *Statement of Cash Flows*: consequential amendments due to IAS 27 (Amended) *Consolidated and Separate Financial Statements*
- IAS 12 *Income Taxes* – consequential amendments due to IAS 27 (Amended) *Consolidated and Separate Financial Statements*
- Amendments to IAS 17 *Leases*
- Amendments to IAS 18 *Revenue*
- IAS 28 *Investments in Associates*: consequential amendments due to IAS 27 (Amended) *Consolidated and Separate Financial Statements*
- IAS 31 *Interests in Joint Ventures*: consequential amendments due to IAS 27 (Amended) *Consolidated and Separate Financial Statements*
- Amendments to IAS 36 *Impairment of Assets*
- Amendments to IAS 38 *Intangible Assets*
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement*
- Amendments to IFRIC 9 *Reassessment of Embedded Derivatives*
- Amendments to IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

## **Standards, amendments and interpretations to existing standards that are not yet effective and not currently relevant to the group's operations:**

- IFRIC 19 *Extinguishing financial liabilities with equity instruments* (effective July 2010)
- Amendment to IFRIC 9 – *Reassessment of Embedded Derivatives* and IAS 39 – *Financial Instruments: Recognition and Measurement* (effective July 2009)
- Amendments to IFRIC 14 – *Pre-payments of a Minimum Funding Requirement* (amendments to IFRIC 14) (effective 1 January 2011)
- AC 504 – IAS 19 (AC116) – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment* (effective April 2009)
- Amendments to IAS 32 *Classification of Rights Issues* (effective February 2010)
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement Eligible Hedged Items* (effective July 2009)
- Amendments IAS 24 – *Related party disclosures* (effective 1 January 2011)
- IFRS 1 – *First time Adoption of International Financial Reporting Standards* (effective July 2009)
- Amendment to IFRS 1 – Limited exemption from comparative IFRS 7 disclosures for first-time adopters (effective July 2010)

## **Group financial statements**

The group annual financial statements comprise those of the company, its subsidiaries and associates. Accounting policies of the subsidiaries and associates 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 notes 3 and 28.3). 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.

If the initial accounting for business combinations has been determined provisionally, then adjustments to these values resulting from the emergence of new information within 12 months after the acquisition date are made against goodwill. In addition, the cost of the business combination and, subsequently, goodwill is adjusted for changes in the estimated value of contingent considerations in respect of the business combination when they arise.

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

Investments in subsidiaries in the company financials are carried at cost less provision for impairment.

### *Transactions with non-controlling interests*

The group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the group. Disposals to non-controlling interests result in gains and losses for the group that is 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*

This accounting policy applies when 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 contain specific guidance to be followed where a transaction falls outside the scope of IFRS. This guidance is included in 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 includes, 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 in the earliest period presented. The effects of the intercompany transactions are eliminated in determining the results of operations for the period prior to the acquisition of the controlling interest, meaning that those results are presented on substantially the same basis as the results of operations for the period after the acquisition of the controlling interest. Similarly, the consolidated statement of financial position with related notes have been presented as though the assets and liabilities of the combining entities had been transferred at the earliest reporting period.

*Associates*

Associates are entities over which the group has significant influence but not control over the financial and operational policies. Significant influence is determined based primarily on the percentage of voting rights (generally between 20% and 50%), together with other factors such as board participation and participation in the policy-making process.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impairment loss) and other intangible assets identified on acquisition.

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

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

Equity accounting is discontinued when the group no longer has significant influence over the investment.

The company accounts for its investment in associates at cost less provision for impairment.

## **Segment reporting**

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

## **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 company'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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- 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 in the statement of comprehensive income and as a separate component of equity.

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

### ***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 statement of financial position 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/associate at the date of acquisition. Goodwill is reported in the statement of financial position as an intangible asset. Goodwill on acquisition of associated companies is included in investments in associated companies. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

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 vary from 5 to 20 years, which reflects the expected life of the book of business acquired. The carrying amount is reviewed for impairment when an impairment indicator is identified.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

## *Deferred acquisition costs*

Commissions, fees and other incremental 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.

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

## *Trademarks*

Acquired trademarks have a finite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 20 years and is reassessed annually. The carrying amount of each cash-generating unit is reviewed for impairment when an impairment indicator is identified.

## *Other intangible assets*

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

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the group and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure that enhances or extends the performance of computer software programmes beyond their original specifications is recognised as capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives not exceeding a period of two years.

The carrying amount is reviewed for impairment when an impairment indicator is identified.

## *Impairment of non-financial assets*

Assets that have an indefinite useful life and goodwill 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 impairment are reviewed for possible reversal of the impairment at each reporting date.

## *Financial instruments*

Financial instruments recognised on the statement of financial position include equity securities, derivative financial instruments, receivables, loans and advances, cash and cash equivalents, trade and other 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 statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### ***Financial assets***

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

#### ***Financial assets at fair value through profit or loss***

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

#### ***Held-to-maturity financial assets***

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

#### ***Loans and receivables***

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

#### ***Available-for-sale financial assets***

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

#### ***Recognition and measurement of financial assets***

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

Held-to-maturity financial instruments are carried at amortised cost using the effective interest rate method.

Loans and receivables are carried at amortised cost using the effective-interest method. Specific provisions are made against identified doubtful advances. Loans advanced to associates and subsidiaries, which are interest free with no repayment terms, are carried at amortised cost using the effective-interest method. Discounting these loans does not have a material effect on the carrying amount.

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in the statement of comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as fair value gains and losses on financial instruments.

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

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active (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 refined to reflect the issuer's specific circumstances.

The group does not apply hedge accounting.

## *Impairment of financial assets*

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

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

## *Receivables*

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

## *Contracts for difference*

The group enters into contracts for difference with clients whereby the company provides leveraged exposure to equities specified by the client. The client pays a margin of between 10% and 15% of the value of the equities. Margin calls are made for the full value of any decrease in value of the equities.

CFD positions with clients are funded with equal and opposite CFD positions with other financial institutions. External funding is only used on an intra-day basis to purchase the underlying equity positions which are then delivered to the

financial institution, at the end of each business day, for settlement of the intra-day funding provided. The CFD positions are classified as financial assets or liabilities at fair value through profit or loss.

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

### ***Cash and cash equivalents***

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

### ***Financial liabilities***

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

Financial liabilities include borrowings, derivative financial instruments and other payables.

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

Financial liabilities at fair value through profit or loss are subsequently measured at fair value, with any resultant gains and losses recognised in the income statement. The net gain or loss recognised in the income statement incorporates any measurement gains or losses and interest expense on the financial liability.

These financial liabilities are classified as current liabilities if they are either held for trading or expected to be settled within 12 months of the statement of financial position date.

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

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

### ***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.

### ***Trade and other payables***

Trade and other payables are recognised when the group has a present obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits from the group. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

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

## **Share capital**

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

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

## **Current and deferred income tax**

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

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

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

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

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

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

## **Employee benefits**

### **Pension obligations**

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

#### *Other post-retirement benefits*

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

#### *Annual leave*

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

#### *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.

#### **Provisions**

Provisions are recognised when:

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

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

#### **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:

#### *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. Dividends from financial assets that are classified as available-for-sale are included in investment income.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

## **Leases**

### *Operating leases*

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

### *Finance leases*

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

## **Dividend distributions**

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

## **Secondary tax on companies**

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

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

## **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 statement of financial position but disclosed in the notes to the financial statements.

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

## **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 judgments 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. Refer to note 3 for more detail on the assumptions that were used.

#### *Fair value of derivatives and other unlisted financial instruments*

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

#### *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.

#### *Impairment of investments*

An impairment of investments is considered when the fair value is below its carrying value. In determination of whether the decline is significant or prolonged, the following factors may be considered: normal volatility in share price, the financial health of the investee, sector performance, changes in operational and financing cash flow.

An impairment loss is recognised for the amount by which the investment'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. The value in use is calculated with reference to the assumptions noted above. The underlying market values of investments in listed entities held by associated companies are also considered in assessing the carrying values.

The directors are satisfied that the company's investments are fairly stated.

#### *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 reassessed annually. If the estimate of the remaining useful lives changes, the remaining carrying values are amortised prospectively over that revised remaining useful life.

Refer to note 3 for more detail.

#### **Financial risk management**

The group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management program 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 mitigates 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.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

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

The following table represents the financial assets and liabilities included in the financial statements at their carrying values which, due to the nature of the individual items, also approximate the fair values as at 28 February 2010:

Classes of financial assets	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
Other quoted equity securities	1 549	1 198	1 549	1 198
Contracts for difference	-	302 158	-	-
<b>Total quoted investment securities</b>	<b>1 549</b>	<b>303 356</b>	<b>1 549</b>	<b>1 198</b>
Unquoted security rights	240	240	-	-
<b>Total unquoted investment securities</b>	<b>240</b>	<b>240</b>	<b>-</b>	<b>-</b>
<b>Total equity securities</b>	<b>1 789</b>	<b>303 596</b>	<b>1 549</b>	<b>1 198</b>
Related-party loans and advances	-	-	69 595	50 912
Other loans and advances	31 808	36 329	-	-
<b>Total loans and advances</b>	<b>31 808</b>	<b>36 329</b>	<b>69 595</b>	<b>50 912</b>
Derivative financial instruments	78 156	-	-	-
<b>Total derivative financial instruments</b>	<b>78 156</b>	<b>-</b>	<b>-</b>	<b>-</b>
Brokers and clearing houses	28 137	26 456	-	-
Contracts for difference	26 565	282 110	-	-
Related-party receivables	40 219	8 493	133 892	96 414
Other receivables (excluding VAT receivables and prepayments)	30 582	74 502	411	408
<b>Total receivables</b>	<b>125 503</b>	<b>391 561</b>	<b>134 303</b>	<b>96 822</b>
Cash and cash equivalents	147 568	196 248	24 258	9 564
<b>Total financial assets</b>	<b>384 824</b>	<b>927 734</b>	<b>229 705</b>	<b>158 496</b>
<b>Classes of financial liabilities</b>				
Contracts for difference	-	746 117	-	-
Bank borrowings and overdrafts	30 074	30 303	30 000	30 000
Related-party loans	64 966	2 251	201 925	139 543
Promissory notes	37 885	15 000	37 885	15 000
Finance leases	203	764	-	-
Other borrowings and short-term loans	3 394	3 587	-	-
<b>Total borrowings</b>	<b>136 522</b>	<b>798 022</b>	<b>269 810</b>	<b>184 543</b>
Derivative financial instruments	75 893	-	-	-
<b>Total derivative financial instruments</b>	<b>75 893</b>	<b>-</b>	<b>-</b>	<b>-</b>
Purchase consideration payable	32 237	25 438	-	-
Other trade payables (excluding tax payables and deferred revenue)	171 914	90 362	9 536	9 634
<b>Total trade and other payables</b>	<b>204 151</b>	<b>115 800</b>	<b>9 536</b>	<b>9 634</b>
<b>Total financial liabilities</b>	<b>416 566</b>	<b>913 822</b>	<b>279 346</b>	<b>194 177</b>

**Financial instruments by category**

GROUP 28 February 2010	Loans and	Assets at	Available-	Total
	receivables	fair value	for-sale	
	R000	through	R000	R000
		profit		
		or loss		
		R000		
<b>Assets as per statement of financial position</b>				
Equity securities	-	-	1 789	1 789
Loans and advances	31 808	-	-	31 808
Derivative financial instruments	-	78 156	-	78 156
Receivables	125 503	-	-	125 503
Cash and cash equivalents	147 568	-	-	147 568
<b>Total</b>	<b>304 879</b>	<b>78 156</b>	<b>1 789</b>	<b>384 824</b>

Liabilities as per statement of financial position	Liabilities	Liabilities	Total
	at fair value	measured at	
	through	amortised	
	profit	cost	
	or loss	R000	R000
	R000		R000
Borrowings	-	136 522	136 522
Derivative financial instruments	75 893	-	75 893
Trade and other payables	-	204 151	204 151
<b>Total</b>	<b>75 893</b>	<b>340 673</b>	<b>416 566</b>

COMPANY 28 February 2010	Loans and	Assets at	Available-	Total
	receivables	fair value	for-sale	
	R000	through	R000	R000
		profit		
		or loss		
		R000		
<b>Assets as per statement of financial position</b>				
Equity securities	-	-	1 549	1 549
Loans and advances	69 595	-	-	69 595
Receivables	134 303	-	-	134 303
Cash and cash equivalents	24 258	-	-	24 258
<b>Total</b>	<b>228 156</b>	<b>-</b>	<b>1 549</b>	<b>229 705</b>

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for the year ended 28 February 2010

Liabilities as per statement of financial position	Liabilities at fair value through profit or loss R000	Liabilities measured at amortised cost R000	Total R000
	Borrowings	–	269 810
Trade and other payables	–	9 536	9 536
<b>Total</b>	–	279 346	279 346

GROUP 28 February 2009	Loans and receivables R000	Assets at fair value through profit or loss R000	Available- for-sale R000	Total R000
		<b>Assets as per statement of financial position</b>		
Equity securities	–	302 158	1 438	303 596
Loans and advances	36 329	–	–	36 329
Receivables	391 561	–	–	391 561
Cash and cash equivalents	196 248	–	–	196 248
<b>Total</b>	624 138	302 158	1 438	927 734

Liabilities as per statement of financial position	Liabilities at fair value through profit or loss R000	Liabilities measured at amortised cost R000	Total R000
	Borrowings	–	798 022
Trade and other payables	–	115 800	115 800
<b>Total</b>	–	913 822	913 822

COMPANY 28 February 2009	Loans and receivables R000	Assets at fair value through profit or loss R000	Available- for-sale R000	Total R000
		<b>Assets as per statement of financial position</b>		
Equity securities	–	–	1 198	1 198
Loans and advances	50 912	–	–	50 912
Receivables	96 822	–	–	96 822
Cash and cash equivalents	9 564	–	–	9 564
<b>Total</b>	157 298	–	1 198	158 496

<b>Liabilities as per statement of financial position</b>	<b>Liabilities at fair value through profit or loss R000</b>	<b>Liabilities measured at amortised cost R000</b>	<b>Total R000</b>
Borrowings	–	184 543	184 543
Trade and other payables	–	9 635	9 635
<b>Total</b>	–	194 178	194 178

*Market risk*

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

*Price risk*

The group is subject to price risk due to daily changes in the market values of its quoted and unquoted investment securities, classified on the consolidated statement of financial position either as available-for-sale or at fair value through profit or loss

At 28 February 2010, the group's listed equities were recorded at their fair value of R1 789 000 (2009: R303 596 000).

Included in the group listed equities are those equity securities relating to contracts for difference amounting to Rnil (2009: R302 158 000). A 20% (2009: 20%) decline or increase in each individual share price relating to these instruments would increase/decrease the value of the contracts for difference by Rnil (2009: R43 510 752). The holders of the contracts for difference are carrying the price risk of these instruments and therefore a movement in the individual share prices would not have an impact on the group's profit after taxation but would result in a the corresponding movement in the value of the contracts for difference liabilities.

The group's remaining listed equities were recorded at their fair value of R1 549 000 (2009: R1 198 000). A 20% (2009: 20%) decline or increase in each individual share price would decrease/increase profit after taxation by R222 994 (2009: R172 512).

The sector composition of investments in equities can be analysed as follow. It should be noted that the position at year-end is not representative of the investments held on behalf of clients entering contracts for difference and the group throughout the financial period:

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

	Contracts for difference		Other equity securities	
	2010	2009	2010	2009
	R000	R000	R000	R000
Banks	-	8 537	1 549	1 198
Basic resources	-	65 286	-	-
Chemicals	-	148	-	-
Construction and materials	-	4 207	-	-
Financial services	-	13 501	-	-
Food and beverages	-	1 205	-	-
Healthcare	-	31	-	-
Industrial goods and services	-	3 200	-	-
Insurance	-	17 003	-	-
Media	-	-	-	-
Oil and gas	-	13 336	-	-
Other	-	694	-	-
Personal and household goods	-	10 389	-	-
Retail	-	152 521	-	-
Technology	-	27	-	-
Telecommunications	-	12 038	-	-
Travel and leisure	-	35	-	-
<b>Total quoted equity investments</b>	<b>-</b>	<b>302 158</b>	<b>1 549</b>	<b>1 198</b>

### Interest rate risk

Interest rate risk arises primarily through changes in interest earned or charged on collateral assets (relating to unquoted contracts for difference), interest-bearing loans and advances, borrowings and overdraft facilities as well as contracts for difference liabilities.

A 1% (2009: 3%) movement in the interest rate would have the following impact on the profit after tax for the group and the company:

GROUP	2010	2010	2009	2009
	1% increase	1% decrease	3% increase	3% decrease
Financial assets	R000	R000	R000	R000
Unsecured loans	152	(152)	450	(450)
Receivables due from related parties	119	(119)	-	-
Receivables – Contracts for difference	-	-	6 094	(6 094)
<b>Total interest-bearing financial assets</b>	<b>271</b>	<b>(271)</b>	<b>6 544</b>	<b>(6 544)</b>

<b>GROUP</b>	<b>2010</b>	<b>2010</b>	2009	2009
<b>Financial liabilities</b>	<b>1% increase</b>	<b>1% decrease</b>	3% increase	3% decrease
	<b>R000</b>	<b>R000</b>	R000	R000
Related-party loans	(458)	458	–	–
Contracts for difference	–	–	(16 116)	16 116
Bank borrowings and overdrafts	(217)	217	(655)	655
Finance leases	(1)	1	(17)	17
Promissory notes	(273)	273	(324)	324
Purchase consideration payable	(129)	129	–	–
<b>Total interest-bearing liabilities</b>	<b>(1 078)</b>	<b>1 078</b>	(17 112)	17 112

<b>COMPANY</b>	<b>2010</b>	<b>2010</b>	2009	2009
<b>Financial assets</b>	<b>1% increase</b>	<b>1% decrease</b>	3% increase	3% decrease
	<b>R000</b>	<b>R000</b>	R000	R000
Receivables due from related parties	372	(372)	571	(571)
<b>Total interest-bearing financial assets</b>	<b>372</b>	<b>(372)</b>	571	(571)

<b>COMPANY</b>	<b>2010</b>	<b>2010</b>	2009	2009
<b>Financial liabilities</b>	<b>1% Increase</b>	<b>1% Decrease</b>	3% Increase	3% Decrease
	<b>R000</b>	<b>R000</b>	R000	R000
Related-party loans	(463)	463	–	–
Bank borrowings and overdrafts	(216)	216	(648)	648
Promissory notes	(273)	273	(324)	324
<b>Total interest-bearing liabilities</b>	<b>(952)</b>	<b>952</b>	(972)	972

#### *Foreign currency risk*

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

The following assets and liabilities denominated in foreign currencies are included in the statement of financial position.

<b>GROUP</b>	<b>British</b>	<b>Total</b>
<b>28 February 2010</b>	<b>pound</b>	<b>exposure</b>
	<b>£000</b>	<b>R000</b>
Loans and advances	130	1 533
<b>Foreign currency exposure</b>	<b>130</b>	<b>1 533</b>

	<b>British</b>
	<b>pound</b>
Exchange rates:	
Closing rate	11,8521
Average rate	12,7652

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

<b>GROUP</b>	<b>British pound</b>	<b>Total exposure</b>
<b>28 February 2009</b>	<b>£000</b>	<b>R000</b>
Loans and advances	101	1 440
<b>Foreign currency exposure</b>	<b>101</b>	<b>1 440</b>

	<b>British pound</b>
Exchange rates:	
Closing rate	14,2384
Average rate	15,1850

An increase or decrease of 20% (2009: 20%) in the underlying foreign exchange rates would increase or decrease the total profit after tax with R220 820 (2009: R207 386).

<b>COMPANY</b>	<b>British pound</b>	<b>Total exposure</b>
<b>28 February 2010</b>	<b>£000</b>	<b>R000</b>
Loans and advances	104	1 226
<b>Foreign currency exposure</b>	<b>104</b>	<b>1 226</b>

	<b>British pound</b>
Exchange rates:	
Closing rate	11,8521
Average rate	12,7652

<b>COMPANY</b>	<b>British pound</b>	<b>Total exposure</b>
<b>28 February 2009</b>	<b>£000</b>	<b>R000</b>
Loans and advances	101	1 440
<b>Foreign currency exposure</b>	<b>101</b>	<b>1 440</b>

	<b>British pound</b>
Exchange rates:	
Closing rate	14,2384
Average rate	15,1850

An increase or decrease of 20% (2009: 20%) in the underlying foreign exchange rates would increase or decrease the total profit after tax with R176 544 (2009: R207 386).

### *Credit risk*

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. Credit risk arises from cash and cash equivalents, derivative financial instruments, loans and advances and receivables. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. The maximum credit risk per class of financial instrument is as follows:

Classes of financial assets	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
Related-party loans and advances	-	-	69 595	50 912
Unsecured loans	22 009	28 650	-	-
Other loans and advances	9 799	7 679	-	-
<b>Total loans and advances</b>	<b>31 808</b>	<b>36 329</b>	<b>69 595</b>	<b>50 912</b>
Derivative financial instruments	78 156	-	-	-
<b>Total derivative financial instruments</b>	<b>78 156</b>	<b>-</b>	<b>-</b>	<b>-</b>
Brokers and clearing houses	28 137	26 456	-	-
Related-party receivables	40 219	8 493	133 892	96 414
Contracts for difference	26 565	282 110	-	-
Other receivables (excluding VAT receivables and prepayments)	30 582	74 502	411	408
<b>Total receivables</b>	<b>125 503</b>	<b>391 561</b>	<b>134 303</b>	<b>96 822</b>
Cash and cash equivalents	147 568	196 248	24 258	9 564
<b>Total financial assets</b>	<b>383 035</b>	<b>624 138</b>	<b>228 156</b>	<b>157 298</b>

Financial assets are assessed based on their credit ratings as published by Moody's. Funds are only invested with financial institutions with a minimum Moody's short-term rating of P-2 and a minimum Moody's long-term rating of Baa2. Financial assets which fall outside this range are classified as not rated. Credit limits, for each counterparty, are set based on default probabilities that are in turn based on the ratings of the counterparty concerned.

The following table provides information regarding the aggregated credit risk exposure for financial assets with external credit ratings as at 28 February 2010:

Credit ratings	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
P-1	141 632	473 561	24 258	9 564
P-2	968	986	-	-
Collective investment schemes	486	838	-	-
Non-rated financial assets	232 460	147 768	203 898	147 734
Past due receivables	7 489	985	-	-
<b>Total financial assets exposed to credit risk</b>	<b>383 035</b>	<b>624 138</b>	<b>228 156</b>	<b>157 298</b>

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

Related-party loans and receivables consist mainly of amounts due from financial advisors or other group companies. These amounts are payable on demand. Amounts due from other group companies are monitored by the holding company to ensure that adequate income is generated by the related company to repay the loan when required. Balances due from financial advisors are also monitored against the income generated by these advisors to ensure sufficient collateral for the amounts owed are available.

Refer to note 11 for an ageing analysis of past due receivables.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

Collective investment schemes are not rated by rating agencies, but operate in highly regulated environments. The solvency of these collective investment schemes are measured by the regulator on a quarterly basis, which provide investors with more assurance in terms of the credibility of the scheme.

## 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.

The table below analyses the group's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

GROUP	Carrying value	Total	Contractual cash flows (undiscounted)		
			Less than 1 year	Between 1 and 5 years	Over 5 years
28 February 2010	R000	R000	R000	R000	R000
Borrowings	136 522	137 637	137 637	-	-
Derivative financial instruments	75 893	75 893	75 893	-	-
Trade and other payables	204 151	204 151	200 633	3 518	-
<b>Total</b>	<b>416 566</b>	<b>417 681</b>	<b>414 163</b>	<b>3 518</b>	<b>-</b>

GROUP	Carrying value	Total	Contractual cash flows (undiscounted)		
			Less than 1 year	Between 1 and 5 years	Over 5 years
28 February 2009	R000	R000	R000	R000	R000
Borrowings	798 022	798 022	797 739	283	-
Trade and other payables	115 800	115 800	115 800	-	-
<b>Total</b>	<b>913 822</b>	<b>913 822</b>	<b>913 539</b>	<b>283</b>	<b>-</b>

COMPANY	Carrying value	Total	Contractual cash flows (undiscounted)		
			Less than 1 year	Between 1 and 5 years	Over 5 years
28 February 2010	R000	R000	R000	R000	R000
Borrowings	269 810	270 925	270 925	-	-
Trade and other payables	9 536	9 536	9 536	-	-
<b>Total</b>	<b>279 346</b>	<b>280 461</b>	<b>280 461</b>	<b>-</b>	<b>-</b>

COMPANY	Carrying value	Total	Contractual cash flows (undiscounted)		
			Less than 1 year	Between 1 and 5 years	Over 5 years
28 February 2009	R000	R000	R000	R000	R000
Borrowings	184 543	184 543	184 543	-	-
Trade and other payables	9 634	9 634	9 634	-	-
<b>Total</b>	<b>194 177</b>	<b>194 177</b>	<b>194 177</b>	<b>-</b>	<b>-</b>

### **Fair value estimation**

Effective 1 January 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the company. The company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents the group's assets and liabilities that are measured at fair value at 28 February 2010:

<b>GROUP</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total balance</b>
<b>Assets</b>				
Financial assets at fair value through profit or loss				
• Trading derivatives – Contracts for difference	–	78 156	–	78 156
Available-for-sale financial assets				
• Equity securities	1 549	–	240	1 789
<b>Total assets</b>	<b>1 549</b>	<b>78 156</b>	<b>240</b>	<b>79 945</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
• Trading derivatives – Contracts for difference	–	75 893	–	75 893
<b>Total liabilities</b>	<b>–</b>	<b>75 893</b>	<b>–</b>	<b>75 893</b>
<b>COMPANY</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total balance</b>
<b>Assets</b>				
Available-for-sale financial assets				
• Equity securities	1 549	–	–	1 549
<b>Total assets</b>	<b>1 549</b>	<b>–</b>	<b>–</b>	<b>1 549</b>

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for the year ended 28 February 2010

The following table presents the group's assets and liabilities that are measured at fair value at 28 February 2009:

GROUP	Level 1	Level 2	Level 3	Total balance
<b>Assets</b>				
Financial assets at fair value through profit or loss				
• Trading derivatives – Contracts for difference	–	–	–	–
Available-for-sale financial assets				
• Equity securities	303 356	–	240	303 596
<b>Total assets</b>	<b>303 356</b>	<b>–</b>	<b>240</b>	<b>303 596</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
• Trading derivatives – Contracts for difference	–	–	–	–
<b>Total liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>COMPANY</b>				
	Level 1	Level 2	Level 3	Total balance
<b>Assets</b>				
Available-for-sale financial assets				
• Equity securities	1 198	–	–	1 198
<b>Total assets</b>	<b>1 198</b>	<b>–</b>	<b>–</b>	<b>1 198</b>

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

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments relate to stock exchange rights owned. As these rights are unquoted, the valuation technique is based on the fact that the variability in the range of reasonable fair value estimates is not significant for this instrument and that the fair value of these rights is estimated to be equal to the guaranteed amount receivable for these rights, thus equalling the cost.

The following table presents the changes in level 3 instruments for the year ended 28 February 2009 and 2010:

	Equity securities	Total
<b>28 February 2010/2009</b>		
Opening balance	240	240
Closing balance	240	240
<b>Total gains or losses for the period included in profit and or loss for assets held at the end of the reporting period</b>	<b>-</b>	<b>-</b>

There were no movements on Level 3 instruments during the current or prior year.

The table below summarises the carrying amounts and fair values of financial instruments not presented on the group's statement of financial position at fair value:

GROUP	Carrying value		Fair value	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>Assets</b>				
Loans and advances	31 808	36 329	31 808	36 329
Receivables	125 503	391 561	125 503	391 561
Cash and cash equivalents	147 568	195 945	147 568	195 945
<b>Liabilities</b>				
Borrowings	136 522	798 022	136 522	798 022
Trade and other payables	204 151	134 509	204 151	134 509
<b>COMPANY</b>				
<b>Assets</b>				
Loans and advances	69 595	50 912	69 595	50 912
Receivables	134 303	96 822	134 303	96 822
Cash and cash equivalents	24 258	9 564	24 258	9 564
<b>Liabilities</b>				
Borrowings	269 810	184 543	269 810	184 543
Trade- and other payables	9 536	9 635	9 536	9 635

#### *Capital risk management*

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide adequate returns for shareholders.

Ensuring that the group operates at the optimal cost of capital is therefore a focus point for management and will be considered in decisions relating to dividend declarations, issue of debt or equity instruments or the buy and sell off assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

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

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

The gearing ratio for the group decreased significantly during the current financial year due to the change in the method/process of transacting contracts for difference which led to the collateral borrowings (refer to note 14) being paid in full during the year. Refer to the accounting policies for the details of this change.

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

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
Total borrowings	136 522	798 022	269 810	184 543
Less: Cash and cash equivalents	(147 568)	(196 248)	(24 258)	(9 564)
<b>Net (asset)/debt position</b>	<b>(11 046)</b>	601 774	<b>245 552</b>	174 979
Total equity	469 727	446 433	373 258	365 453
<b>Total capital</b>	<b>458 681</b>	1 048 204	<b>618 810</b>	540 432
<b>Gearing ratio</b>	<b>(2,41%)</b>	57,41%	<b>39,68%</b>	32,38%

GROUP	Land and buildings R000	Motor Vehicles R000	Office equipment R000	Computer equipment R000	Total R000
<b>2. PROPERTY AND EQUIPMENT</b>					
<b>As at 28 February 2010</b>					
Cost	–	848	28 372	27 488	56 708
Accumulated depreciation and impairment	–	(263)	(13 319)	(19 876)	(33 458)
Balance at end of year	–	585	15 053	7 612	23 250
<b>Reconciliation</b>					
Balance at beginning of year	–	200	11 799	9 145	21 144
Additions	–	569	7 588	4 766	12 923
Acquisition of operations	–	52	217	56	325
Disposals	–	(96)	(308)	(685)	(1 089)
Depreciation	–	(140)	(4 243)	(5 670)	(10 053)
Balance at end of year	–	585	15 053	7 612	23 250
<b>As at 28 February 2009</b>					
Cost	–	437	22 451	25 397	48 285
Accumulated depreciation and impairment	–	(237)	(10 652)	(16 252)	(27 141)
Balance at end of year	–	200	11 799	9 145	21 144
<b>Reconciliation</b>					
Balance at beginning of year	28	159	8 438	7 365	15 990
Additions	–	176	7 162	7 720	15 058
Acquisition of operations	–	–	–	–	–
Disposals	(28)	(62)	(737)	(452)	(1 279)
Depreciation	–	(73)	(3 064)	(5 488)	(8 625)
Balance at end of year	–	200	11 799	9 145	21 144

The land and building held by PSG Konsult Financial Planning (Proprietary) Limited was sold during the prior financial year. Refer to note 20 for disclosure relating the profit realised on the sale.

Depreciation expense of R10 053 000 (2009: R8 625 000) has been charged as part of marketing, administration and other expense as disclosed in note 21.

Included in office equipment are assets held under finance leases amounting to R203 000 (2009: R764 000).

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for the year ended 28 February 2010

GROUP	Trademarks R000	Goodwill R000	Deferred acquisition costs R000	Customer relation- ships R000	Other intangibles R000	Total R000
<b>3. INTANGIBLE ASSETS</b>						
<b>As at 28 February 2010</b>						
Cost	23 489	287 574	–	264 858	13 163	589 084
Accumulated amortisation and impairment	(4 279)	–	–	(42 896)	(8 298)	(55 473)
Balance at end of year	19 210	287 574	–	221 962	4 865	533 611
<b>Reconciliation</b>						
Balance at beginning of year	20 384	251 482	15 687	192 200	4 984	484 737
Additions	–	5 340	–	31 625	1 639	38 604
Acquisition of operations	–	37 643	–	24 000	–	61 643
Disposals/realisation	–	(6 891)	(15 687)	(12 972)	(34)	(35 584)
Amortisation	(1 174)	–	–	(12 891)	(1 724)	(15 789)
Balance at end of year	19 210	287 574	–	221 962	4 865	533 611
<b>As at 28 February 2009</b>						
Cost	23 489	251 482	44 608	222 721	11 558	553 858
Accumulated amortisation and impairment	(3 105)	–	(28 921)	(30 521)	(6 574)	(69 121)
Balance at end of year	20 384	251 482	15 687	192 200	4 984	484 737
<b>Reconciliation</b>						
Balance at beginning of year	21 543	224 616	15 687	149 093	5 404	416 343
Additions	–	26 866	–	55 444	1 580	83 890
Acquisition of operations	–	–	–	–	–	–
Disposals	–	–	–	(1 274)	–	(1 274)
Amortisation	(1 159)	–	–	(11 063)	(2 000)	(14 222)
Balance at end of year	20 384	251 482	15 687	192 200	4 984	484 737

### Details on impairment tests performed

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

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>3. INTANGIBLE ASSETS (continued)</b>				
PSG Konsult Financial Planning (Proprietary) Limited	129 719	112 307	–	–
PSG Konsult Academy (Proprietary) Limited	1 691	–	–	–
PSG Konsult Securities (Proprietary) Limited	3 453	3 453	–	–
PSG Konsult Trust (Proprietary) Limited	164	164	–	–
PSG Konsult Namibia (Proprietary) Limited	2 238	2 238	–	–
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	70 852	71 948	–	–
Topexec Management Bureau (Proprietary) Limited	55 729	54 903	–	–
PSG Konsult Brokers (UK) Limited	44	44	–	–
Online Securities Limited	23 684	6 425	–	–
	<b>287 574</b>	<b>251 482</b>	<b>–</b>	<b>–</b>

When testing goodwill for impairment, the recoverable amount of a CGU is determined on a fair value less cost to sell basis. As there is no active market, the fair value was determined based on the price/earnings ratio basis whereby a calculated price/earnings ratio is multiplied by the current year earnings of the CGU. Price/earnings ratios used by management are determined with reference to similar listed companies as well as recent transactions that occurred within the PSG Konsult Group. The average of price/earnings ratio applied was 6,5 (2009: 6,5).

Trademarks are evaluated for impairment using pre-tax cash flow projections based on financial budgets approved by management. Cash flows beyond the financial budgets are extrapolated using estimated growth rates. These growth rates are determined to be in line with the growth experienced in the various underlying companies. The recoverable amount of a CGU is therefore determined based on a value-in-use basis.

Key assumptions used in the calculation of the recoverable amount of trademarks:

	2010 %	2009 %
Discount rate (R157)	8,17	7,82
Tax rate	28,00	28,00
Growth rate	18,00	13,00

Customer relationships were evaluated for impairment using the most recent price/earnings ratios for similar transactions in the market. The average price/earnings ratio applied was 6,5 (2009: 6,5). The recoverable amount of a CGU is therefore determined based on a fair value less cost to sell basis.

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	COMPANY	
	2010 R000	2009 R000
<b>4. INVESTMENT IN SUBSIDIARIES</b>		
Unlisted shares at cost	421 854	400 359
Unlisted shares at directors' valuation	421 854	400 359

During the current year PSG Konsult Limited bought out the minority shareholders of PSG Konsult Academy (Proprietary) Limited, increasing the shareholding in the subsidiary with R1 907 456. PSG Konsult Limited further increased the shareholding in Online Securities Limited by subscribing to additional shares amounting to R15 000 000. The loan with PSG Konsult Brokers (UK) Limited was capitalised during the current financial year, increasing the investment in the company with R1 718 340.

An assessment for impairment was performed by comparing the carrying value of the individual subsidiaries with the calculated fair value less cost to sell. The fair value is determined by applying a price/earnings ratio to the current year profit after tax for each subsidiary. The price/earnings ratios are determined with reference to similar listed companies as well as recent transactions concluded in the market and was determined as an average of 6,5 (2009: 6,5).

Refer to note 30 for a schedule of interests in subsidiaries.

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>5. INVESTMENT IN ASSOCIATED COMPANIES</b>				
<b>Unlisted</b>				
Carrying value at beginning of year	8 190	23 631	1	–
Equity accounted earnings	1 991	1 764	–	–
Movement in investment value:	(3 676)	(17 205)	–	1
Acquisitions	941	–	–	1
Disposals (refer below)	–	(14 760)	–	–
Dividends received	(1 825)	(2 039)	–	–
Exchange differences	(1 364)	(406)	–	–
Unrealised profit on intergroup sales	(1 428)	–	–	–
Carrying value at end of year	6 505	8 190	1	1
At cost	11 396	10 455	1	1
Goodwill included in carrying value	667	667	–	–
Directors' valuation of associated companies	6 505	8 190	–	–

Effective 1 June 2009, the group acquired 30% shareholding in Karana Property Investments (Proprietary) Limited. See note 28.4 for detail of the acquisition.

## 5. INVESTMENT IN ASSOCIATED COMPANIES (continued)

Effective 1 July 2008, the group sold its 25,1% stake in Intercontinental Trust which is registered in Mauritius. The proceeds on the sale of the group's interest was R14 million, realising a non-headline loss of R0,4 million. The decision to sell the investment was taken to allow the group to pursue alternative opportunities in aligning itself with entities providing offshore fiduciary services.

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

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

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

	2010 %	2009 %
Discount rate	18,1	12,4
Growth rate	5,0	5,0
Price/earnings ratio	6,5	6,5

Aggregate associated company assets, liabilities, revenue and profit for the year ended 28 February 2010:

Name of associated company	Interest held %	Country of incorporation	Assets R000	Liabilities R000	Revenue R000	Profit/ (Loss) R000
PSG Konsult Nhluvuko Limited	49	South Africa	72 209	71 984	36 364	1 044
Make-a-Million (Proprietary) Limited	33	South Africa	264	23	1 484	21
Cinetaur (Proprietary) Limited	35	South Africa	5 066	5 196	461	(77)
Karana Property Investments (Proprietary) Limited	30	South Africa	14 403	14 158	1 629	458
Jamwa Beleggings (Proprietary) Limited	30	South Africa	10 068	10 056	1 214	42
PSG Consult UK Limited	50	Kingdom	3 057	4 324	4 862	(698)
Konsjhol Investments (Proprietary) Limited (previously Multinet Underwriters)	50	South Africa	10	10	3 651	3 651
			<b>105 077</b>	<b>105 751</b>	<b>49 665</b>	<b>4 441</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

## 5. INVESTMENT IN ASSOCIATED COMPANIES (continued)

Aggregate associated company assets, liabilities, revenue and profit for the year ended 28 February 2009:

Name of associated company	Interest held %	Country of incorporation	Assets R000	Liabilities R000	Revenue R000	Profit/(Loss) R000
PSG Konsult Nhluvuko Limited	49	South Africa	1 350	2 170	62	(821)
Make-a-Million (Proprietary) Limited	33	South Africa	1 039	524	2 050	748
Cinetaur (Proprietary) Limited	35	South Africa	1 499	1 552	–	(54)
Jamwa Beleggings (Proprietary) Limited	30	South Africa	1 327	1 432	551	(106)
PSG Consult UK Limited	50	United Kingdom	3 386	4 172	9 038	(870)
Konsjhol Investments (Proprietary) Limited (previously Multinet Underwriters)	50	South Africa	10	2 162	4 077	(2 152)
			<b>8 611</b>	<b>12 012</b>	<b>15 778</b>	<b>(3 255)</b>

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>6. DEFERRED INCOME TAX</b>				
Deferred income tax assets	4 600	6 927	2 414	1 388
Deferred income tax liabilities	(52 977)	(48 674)	(199)	(133)
Net deferred income tax (liabilities)/assets	<b>(48 377)</b>	<b>(41 747)</b>	<b>2 215</b>	<b>1 255</b>

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

GROUP	STC credits R000	Deferred revenue R000	Provisions R000	Tax losses carried forward R000	Accruals not currently deductible and other differences R000	Total R000
<b>Deferred tax assets</b>						
<b>At 1 March 2008</b>	–	5 238	4 294	1 336	3 516	14 384
(Charged)/credited to income statement	205	–	(1 866)	2 840	(11)	1 168
<b>At 28 February 2009</b>	205	5 238	2 428	4 176	3 505	15 552
(Charged)/credited to income statement	779	(5 238)	(937)	(1 971)	499	(6 868)
<b>At 28 February 2010</b>	984	–	1 491	2 205	4 004	8 684
To be recovered within 12 months	984	–	664	2 167	4 004	7 819
To be recovered after more than 12 months	–	–	827	38	–	865
	984	–	1 491	2 205	4 004	8 684

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 28 February 2010

GROUP	Deferred acquisition cost	Prepaid expenses	Unrealised apprecia- tion of investments	Other intangible assets	Other	Total
Deferred tax liabilities	R000	R000	R000	R000	R000	R000
<b>6. DEFERRED INCOME TAX (continued)</b>						
<b>At 1 March 2008</b>	(4 392)	(48)	(221)	(43 840)	(131)	(48 632)
(Charged)/credited to income statement	-	(908)	(8)	2 761	129	1 974
Charged to equity	-	-	50	-	-	50
Other movements	-	-	-	(1 652)	-	(1 652)
Acquisition of operations	-	-	-	(9 039)	-	(9 039)
<b>At 28 February 2009</b>	(4 392)	(956)	(179)	(51 770)	(2)	(57 299)
(Charged)/credited to income statement	<b>4 392</b>	<b>81</b>	<b>47</b>	<b>2 360</b>	<b>12</b>	<b>6 892</b>
Charged to equity	-	-	(68)	-	-	(68)
Other movements	-	-	-	750	(57)	693
Acquisition of operations	-	-	-	(7 280)	-	(7 280)
<b>At 28 February 2010</b>	-	(875)	(200)	(55 940)	(47)	(57 062)
To be recovered within 12 months	-	(875)	(200)	(8 263)	(47)	(9 385)
To be recovered after more than 12 months	-	-	-	(47 677)	-	(47 677)
	-	(875)	(200)	(55 940)	(47)	(57 062)

COMPANY	STC credits	Provisions	Tax losses carried forward	Total
Deferred tax assets	R000	R000	R000	R000
<b>6. DEFERRED INCOME TAX (continued)</b>				
<b>At 1 March 2008</b>	-	-	1 178	1 178
Credited to income statement	-	71	139	210
<b>At 28 February 2009</b>	-	71	1 317	1 388
Credited to income statement	<b>984</b>	<b>15</b>	<b>27</b>	<b>1 026</b>
<b>At 28 February 2010</b>	<b>984</b>	<b>86</b>	<b>1 344</b>	<b>2 414</b>
To be recovered within 12 months	984	86	1 344	2 414
To be recovered after more than 12 months	-	-	-	-
	<b>984</b>	<b>86</b>	<b>1 344</b>	<b>2 414</b>
		<b>Unrealised foreign exchange differences</b>	<b>Unrealised appreciation of investments</b>	<b>Total</b>
<b>Deferred tax liabilities</b>		<b>R000</b>	<b>R000</b>	<b>R000</b>
<b>At 1 March 2008</b>		(131)	(180)	(311)
Credited to income statement		128	-	128
Charged to equity		-	50	50
<b>At 28 February 2009</b>		(3)	(130)	(133)
Credited to income statement		<b>3</b>	<b>-</b>	<b>3</b>
Charged to equity		<b>-</b>	<b>(69)</b>	<b>(69)</b>
<b>At 28 February 2010</b>		<b>-</b>	<b>(199)</b>	<b>(199)</b>
To be recovered within 12 months		-	(199)	(199)
To be recovered after more than 12 months		-	-	-
		<b>-</b>	<b>(199)</b>	<b>(199)</b>

The deferred income tax assets and liabilities were calculated on all temporary differences under the liability method using an effective tax rate of 28% (2009: 28%). For all STC credits the rate used was 10% (2009: 10%).

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>7. EQUITY SECURITIES</b>				
<i>Available-for-sale securities</i>				
<b>Quoted</b>				
Capitec Bank Holdings Limited	1 549	1 198	1 549	1 198
<b>Unquoted</b>				
Namibian Stock Exchange rights	240	240	-	-
	<b>1 789</b>	<b>1 438</b>	<b>1 549</b>	<b>1 198</b>

	GROUP R000	COMPANY R000
<b>Reconciliation of movements</b>		
Carrying amount at 1 March 2008		1 822 1 557
Disposals		(25) -
Unrealised fair value net gains		(359) (359)
Carrying amount at 28 February 2009		1 438 1 198
Disposals		(1 724) (1 724)
Unrealised fair value net gains		2 075 2 075
<b>Carrying amount at 28 February 2010</b>	<b>1 789</b>	<b>1 549</b>

Quoted securities are valued based on the quoted bid prices as listed on the JSE.

Unquoted securities are valued at the ruling prices for acquiring similar rights less any transaction costs.

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<i>Fair value through profit and loss</i>				
<b>Quoted</b>				
Contracts for difference	-	302 158	-	-
	<b>-</b>	<b>302 158</b>	<b>-</b>	<b>-</b>

	GROUP R000	COMPANY R000
<b>7. EQUITY SECURITIES (continued)</b>		
<b>Reconciliation of movements</b>		
Carrying amount at 1 March 2008	146 097	–
Additions	217 004	–
Disposals	(16 232)	–
Unrealised fair value net gains	(44 711)	–
Carrying amount at 28 February 2009	302 158	–
Disposals	(302 158)	–
<b>Carrying amount at 28 February 2010</b>	<b>–</b>	<b>–</b>

Quoted securities relating to contracts for difference are valued based on the quoted bid prices as listed on the JSE.

The quoted securities were sold during the current financial year due to the change in the method/process of transacting contracts for difference. Refer to accounting policy notes for details of this change.

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>Total</b>				
Current portion	1 549	302 158	1 549	–
Non-current portion	240	1 438	–	1 198
	<b>1 789</b>	<b>303 596</b>	<b>1 549</b>	<b>1 198</b>
<b>8. LOANS AND ADVANCES</b>				
Unsecured loans	22 009	28 650	–	–
Staff loans and advances	9 331	7 211	–	–
Loans with minorities	468	468	–	–
Intergroup loans and advances	–	–	69 595	50 912
	<b>31 808</b>	<b>36 329</b>	<b>69 595</b>	<b>50 912</b>
Current portion	20 567	19 958	69 595	50 912
Non-current portion	11 241	16 371	–	–
<b>Loans and advances</b>	<b>31 808</b>	<b>36 329</b>	<b>69 595</b>	<b>50 912</b>

An amount of R9 908 113 (2009: R20 835 000) is included under unsecured loans and is due from various financial advisors. Repayments commenced on 1 November 2008 in 60 equal monthly instalments and accrue interest at a rate of prime less 1%.

The remaining balance of the unsecured loans is also due from financial advisors, are repayable by monthly instalments and the effective interest rates applied range between 9% and 15,5%.

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

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

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>9. DERIVATIVE FINANCIAL INSTRUMENTS</b>				
Derivative financial assets	78 156	-	-	-
Derivative financial liabilities	(75 893)	-	-	-
<b>Net derivative financial instruments</b>	<b>2 263</b>	<b>-</b>	<b>-</b>	<b>-</b>
Derivative financial assets				
Current portion	78 156	-	-	-
Derivative financial liabilities				
Current portion	(75 893)	-	-	-
	<b>2 263</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Analysis of net derivative balance</b>				
<b>Equity contracts</b>				
Contracts for difference	2 263	-	-	-
	<b>2 263</b>	<b>-</b>	<b>-</b>	<b>-</b>

The notional principal amounts of the outstanding contracts for difference at 28 February 2010 were R275 251 000.

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

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

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>10. INVENTORIES</b>				
Consumables	-	28	-	-
	<b>-</b>	<b>28</b>	<b>-</b>	<b>-</b>

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>11. RECEIVABLES</b>				
Trade receivables	29 073	71 551	411	408
Receivables due from related parties	40 219	8 493	133 892	96 414
Prepayments	1 629	3 738	-	-
Brokers and clearing houses	28 137	26 456	-	-
Rental and other deposits	1 262	1 291	-	-
VAT receivable	10	3 080	-	-
Contracts for difference	26 565	282 110	-	-
Sundry debtors	247	1 660	-	-
	<b>127 142</b>	<b>398 379</b>	<b>134 303</b>	<b>96 822</b>
Current portion	125 880	397 088	134 303	96 822
Non-current portion	1 262	1 291	-	-
	<b>127 142</b>	<b>398 379</b>	<b>134 303</b>	<b>96 822</b>

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

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

Included in receivables due from related parties are balances of R16 472 596 (2009: R1 440 178) that accrue interest. The effective interest rates applied to R15 246 661 (2009: Rnil) of these balances range between 7% and 12%. The remaining amount of R1 225 936 (2009: R1 440 178) carries interest at the UK prime rate.

Unquoted instruments relating to contracts for difference consist of collateral assets and margin accounts held by the underlying banking institutions on behalf of clients and are valued at the carrying value after processing the daily market and interest adjustments. The average interest rate earned on the margin accounts based on the SAFEX margin account interest rate plus 1% was 10,9% for the year ended 28 February 2009. Due to the change in the method/process of transacting contracts for difference, the balance on 28 February 2010 now only represents the margin receivable on year-end from the financial institutions and accrues no interest.

No receivables are considered to be impaired. As of 28 February 2010, receivables of R7 489 000 (2009: R985 000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
Up to 2 months	2 612	384	-	-
2 to 6 months	1 926	535	-	-
6 to 12 months	2 485	65	-	-
1 to 2 years	466	1	-	-
	<b>7 489</b>	<b>985</b>	<b>-</b>	<b>-</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2009

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>12. CASH AND CASH EQUIVALENTS</b>				
Cash at bank and in hand	142 804	191 613	24 258	9 564
Short-term deposits	4 764	4 635	-	-
	<b>147 568</b>	<b>196 248</b>	<b>24 258</b>	<b>9 564</b>
Bank overdrafts (refer note 14)	(74)	(303)	-	-
	<b>147 494</b>	<b>195 945</b>	<b>24 258</b>	<b>9 564</b>

The effective interest rate on short-term deposits was 6% (2009: 8%). These deposits are held on call and have an average original maturity of less than 30 days.

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>13. SHARE CAPITAL</b>				
<b>Authorised</b>				
1 500 000 000 shares of 1 cent each (2009: 1 500 000 000 shares of 1 cent each)	<b>15 000</b>	15 000	<b>15 000</b>	15 000

	GROUP			COMPANY		
	Number of shares (thousands)	Share capital R000	Share premium R000	Number of shares (thousands)	Share capital R000	Share premium R000
<b>Issued</b>						
At 1 March 2008	731 556	7 315	343 335	731 556	7 315	343 335
Shares issued	1 532	16	2 503	1 532	16	2 503
At 28 February 2009	733 088	7 331	345 838	733 088	7 331	345 838
<b>At 28 February 2010</b>	<b>733 088</b>	<b>7 331</b>	<b>345 838</b>	<b>733 088</b>	<b>7 331</b>	<b>345 838</b>

The company acquired 2 595 928 of its own shares through purchases over the counter in the period from 17 December 2009 to 25 February 2010. The total amount paid to acquire the shares, net of income tax, was R3 609 000 and has been deducted within ordinary shareholders' equity on the face of the statement of financial position. The shares are held as 'treasury shares'. The company has the right to re-issue these shares at a later date. The shares were bought as part of the consideration payable for the acquisition of PSG Prime (Proprietary) Limited (disclosed in note 29). All shares issued by the company were fully paid.

The unissued shares in the company are placed under the control of the directors until the next annual general meeting. The directors are authorised to buy back shares under general approval.

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>14. BORROWINGS</b>				
<b>Non-current</b>				
Finance leases	-	283	-	-
<b>Total non-current borrowings</b>	-	283	-	-
<b>Current</b>				
Bank overdrafts	74	303	-	-
Bank borrowings	30 000	30 000	30 000	30 000
Finance leases	203	481	-	-
Contracts for difference	-	746 117	-	-
Related-party loans	64 966	2 251	201 925	139 543
Other short-term loans	3 394	3 587	-	-
Promissory notes	37 885	15 000	37 885	15 000
<b>Total current borrowings</b>	<b>136 522</b>	<b>797 739</b>	<b>269 810</b>	<b>184 543</b>
<b>Total borrowings</b>	<b>136 522</b>	<b>798 022</b>	<b>269 810</b>	<b>184 543</b>
The contracts for difference balance consists of the following classes of borrowings:				
Collateralised borrowings	-	618 356	-	-
Overdraft facilities	-	127 761	-	-
	-	746 117	-	-

Collateralised borrowings are payable on demand and accrue interest on a daily basis at the SAFEX margin account interest rate plus 1%. The listed equity investments disclosed under contracts for difference in note 7 are provided as collateral against these borrowings. The collateral borrowings were paid in full during the current financial year due to the change in the method/process of transacting contracts for difference.

The promissory notes are payable within a period of 3 to 6 months and accrue interest at JIBAR plus a margin of 125 to 250 basis points.

Bank borrowings and overdrafts are also payable on demand and accrue daily interest at the prime rate less 1% (2009: prime rate less 2%).

Finance leases are payable in 60 equal instalments and accrue interest. Effective interest rates range between 11% and 13% (2009: 15% and 17%).

The related-party loans for the group are payable on demand and accrue interest at prime plus 0,5%.

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>15. PROVISIONS FOR OTHER LIABILITIES AND CHARGES</b>				
Balance at beginning of year	9 081	15 337	-	-
Charged to the income statement:				
- additional provision raised	-	6 759	-	-
- unused provision reversed	(43)	-	-	-
Used during the year	(3 812)	(13 015)	-	-
	<b>5 226</b>	<b>9 081</b>	<b>-</b>	<b>-</b>

The provision consists of a management bonus scheme as approved by the remuneration committee during 2006. The bonus scheme is applicable for a period of five years ending 28 February 2012 on which date management participating in the scheme will receive a final settlement. A second, third and fourth scheme commenced 1 March 2007, 1 March 2008 and 1 March 2009 respectively for additional management members added to the scheme and will end on 28 February 2013, 28 February 2014 and 28 February 2015 respectively. The bonus provision is determined annually based on the headline earnings per share adjusted for the amortisation of intangibles and short-term incentives payable. The total provision is also adjusted for any resignations or cancellations of benefits as agreed with the remuneration committee on an annual basis.

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>16. TRADE AND OTHER PAYABLES</b>				
Accounts payable	60 126	42 278	9 457	9 378
Accruals	37 195	41 116	79	257
Tax payable	6 430	4 446	1 238	663
Deferred revenue	-	18 709	-	-
Purchase consideration payable	32 237	25 438	-	-
Other payables	34 290	6 968	-	-
Contracts for difference	40 303	-	-	-
	<b>210 581</b>	<b>138 955</b>	<b>10 774</b>	<b>10 298</b>
Current portion	207 063	138 955	10 774	10 298
Non-current portion	3 518	-	-	-
	<b>210 581</b>	<b>138 955</b>	<b>10 774</b>	<b>10 298</b>

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

The contracts for difference balance at 28 February 2010 represents the margin payable at year-end by the group to clients.

Included in purchase consideration payable are balances of R17 915 873 (2009: Rnil) that accrue interest. The effective interest rates applied range between 9% and 11,5%.

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>17. COMMISSION AND OTHER FEE INCOME</b>				
Commission and other policy administration fees	627 119	587 454	-	57
Dealing and structuring	184 497	156 461	-	-
	<b>811 616</b>	<b>743 915</b>	<b>-</b>	<b>57</b>
<b>18. INVESTMENT INCOME</b>				
<b>Interest income</b>				
Equity securities – At fair value through profit and loss	31 147	33 297	-	-
Loans and advances	189	34	-	-
Loans to related parties	-	-	2 469	716
Cash and short-term funds	20 385	21 550	1 872	1 012
	<b>51 721</b>	<b>54 881</b>	<b>4 341</b>	<b>1 728</b>
<b>Dividend income</b>				
Equity securities – Available-for-sale investments	66	42	66	42
Equity securities – At fair value through profit and loss	2 897	11 942	-	-
Dividend income from subsidiary company	-	-	71 013	83 167
Dividend income from associated company	-	-	1 825	2 039
	<b>2 963</b>	<b>11 984</b>	<b>72 904</b>	<b>85 248</b>
<b>Investment income</b>	<b>54 684</b>	<b>66 865</b>	<b>77 245</b>	<b>86 976</b>
<b>19. FAIR VALUE GAINS AND LOSSES ON FINANCIAL INSTRUMENTS</b>				
Foreign exchange gains	25	207	-	118
Foreign exchange losses	(447)	-	(279)	-
Unrealised gains on financial assets – Contracts for difference	-	46 628	-	-
Unrealised losses on financial liabilities – Contracts for difference	-	(45 070)	-	-
Realised gains on disposal of available-for-sale financial assets	1 575	-	1 575	-
	<b>1 153</b>	<b>1 765</b>	<b>1 296</b>	<b>118</b>
<b>20. OTHER INCOME</b>				
Profit on sale of fixed assets	28	86	-	-
Profit on sale of intangibles	1 629	855	-	-
Management and other fees received from related parties	-	-	9 725	5 237
Sundry income	20 266	9 224	-	1
	<b>21 923</b>	<b>10 165</b>	<b>9 725</b>	<b>5 238</b>

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>21. MARKETING, ADMINISTRATION AND OTHER EXPENSES</b>				
<b>Expenses by nature</b>				
<b>Depreciation</b>				
Motor vehicles	140	73	-	-
Office equipment	4 243	3 064	-	-
Computer equipment	5 670	5 488	-	-
	<b>10 053</b>	<b>8 625</b>	<b>-</b>	<b>-</b>
Amortisation of intangible assets	15 789	14 222	-	-
<b>Operating lease rentals</b>				
Properties	25 462	22 469	-	-
Other	2 052	1 751	-	-
	<b>27 514</b>	<b>24 220</b>	<b>-</b>	<b>-</b>
<b>Auditors' remuneration</b>				
Audit services				
- current year	3 764	3 152	379	405
- prior year	743	149	302	-
Other services	224	1 003	-	4
	<b>4 731</b>	<b>4 304</b>	<b>681</b>	<b>409</b>
<b>Employee benefit expenses</b>				
Salaries, bonuses, wages and allowances	183 685	185 415	-	-
Social security costs (eg UIF, medical benefits)	7 202	6 171	-	-
Pension costs - defined contribution plans	11 827	10 471	-	-
	<b>202 714</b>	<b>202 057</b>	<b>-</b>	<b>-</b>
For directors' emoluments refer to report of the board of directors.				
Commission paid to brokers and financial planners	306 393	274 696	-	-
Marketing costs	9 929	9 456	-	-
Administration cost	123 775	106 301	141	120
Loss on sale of fixed assets	97	-	-	-
Loss on sale of associate	-	408	-	-
Loss on sale of intangible asset	301	-	-	-
Other expenses	7 898	11 663	811	619
<b>Total marketing, administration and other expenses</b>	<b>709 194</b>	<b>655 952</b>	<b>1 633</b>	<b>1 148</b>

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>22. FINANCE COSTS</b>				
Contracts for difference	28 603	28 731	-	-
Other borrowings	15 793	7 466	12 108	5 338
	<b>44 396</b>	<b>36 197</b>	<b>12 108</b>	<b>5 338</b>
<b>23. TAXATION</b>				
<b>Normal taxation</b>				
Current year	37 743	34 554	-	1
Prior year	(7)	(484)	-	-
	<b>37 736</b>	<b>34 070</b>	<b>-</b>	<b>1</b>
<b>Deferred taxation</b>				
Current year	(66)	(3 290)	(1 028)	(338)
Prior year	42	353	-	-
	<b>(24)</b>	<b>(2 937)</b>	<b>(1 028)</b>	<b>(338)</b>
<b>Secondary tax on companies</b>				
Current taxation	6 447	2 883	-	2 453
Deferred taxation	-	(205)	-	-
	<b>6 447</b>	<b>2 678</b>	<b>-</b>	<b>2 453</b>
<b>Foreign taxation</b>				
Current taxation	48	48	48	48
	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>
<b>Total income statement charge</b>	<b>44 207</b>	<b>33 859</b>	<b>(980)</b>	<b>2 164</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

	GROUP		COMPANY	
	2010	2009	2010	2009
	R000	R000	R000	R000
	%	%	%	%
<b>23. TAXATION (continued)</b>				
<b>Reconciliation of income tax charge</b>				
South African normal tax rate	28,0	28,0	28,0	28,0
Adjusted for:				
Non-taxable income	(1,9)	(4,7)	(27,9)	(27,7)
Capital gains tax differential in rates	0,5	0,1	0,3	0,0
Non-deductible charges	1,7	0,7	0,0	0,0
Prior year (over)/underprovision	(0,4)	(0,1)	0,0	0,0
Secondary tax on companies and other withholding tax	4,3	2,0	(1,3)	2,8
S12H allowance	(0,1)	(0,4)	(0,4)	(0,6)
Taxable earnings	32,1	25,6	(1,3)	2,5
Gross calculated tax losses at the end of the year available for utilisation against future taxable income	7 875	14 914	4 803	4 703
Deferred tax asset provided on Available for future utilisation	(7 875)	(14 914)	(4 803)	(4 703)
	-	-	-	-
R984 000 of STC credits are available for future utilisation (2009: R205 000).				
<b>The tax (charge)/credit relating to components of other comprehensive income is as follows:</b>				
<b>Before tax</b>				
Exchange differences on translating foreign operations	(1 169)	(660)	-	-
Fair value gains/(losses) on available-for-sale investments	2 075	(359)	2 075	(359)
Recycling adjustment on available-for-sale investments	(1 586)	-	(1 586)	-
	(680)	(1 019)	489	(359)
<b>Tax (charge)/credit</b>				
Exchange differences on translating foreign operations	-	-	-	-
Fair value (gains)/losses on available-for-sale investments	(290)	50	(290)	50
Recycling adjustment on available-for-sale investments	222	-	222	-
	(68)	50	(68)	50
<b>After tax</b>				
Exchange differences on translating foreign operations	(1 169)	(660)	-	-
Fair value gains/(losses) on available-for-sale investments	1 785	(309)	1 785	(309)
Recycling adjustment on available-for-sale investments	(1 364)	-	(1 364)	-
<b>Other comprehensive (loss)/income for the year, net of tax</b>	(748)	(969)	421	(309)

	GROUP	
	2010 R000	2009 R000
<b>24. EARNINGS PER SHARE (CENTS)</b>		
The calculation of earnings per share is based on the following:		
Total earnings attributable to ordinary shareholders	91 805	97 093
Headline earnings adjustments (net of tax and outside shareholders):		
Loss/(profit) on disposal of intangible assets	301	(622)
Profit on sale of fixed assets	(20)	(62)
Loss on sale of fixed assets	70	–
Loss on sale of associated companies	–	408
Profit on sale of business to associate	(1 288)	–
Non-headline items of associate	(113)	–
Profit on sale of available-for-sale investment	(1 354)	–
<b>Headline earnings</b>	<b>89 401</b>	<b>96 817</b>
	<b>Number of shares 000</b>	<b>Number of shares 000</b>
The calculation of the weighted average number of shares is as follows:		
Number of shares at beginning of the year	733 088	731 556
Treasury shares acquired	(261)	–
Weighted number of shares issued	–	1 112
<b>Weighted number of shares at end of the year</b>	<b>732 827</b>	<b>732 668</b>
Headline earnings per share (cents)	12,20	13,21
Basic and diluted earnings per share (cents)	12,53	13,24

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

## 25. CAPITAL COMMITMENTS AND CONTINGENCIES

### *Third-party claims*

A claim has been lodged by a third party to the amount of R3 389 762 in 2007. The company is defending the claim, which was up for arbitration in December 2007. The proceedings were, however, deferred until further notice. 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 and an arbitration process has commenced.

As reported in the preliminary results press release of February 2009, certain irregularities were uncovered at one of the group's subsidiaries during March 2009. The extent of the irregularities was quantified and was an isolated incident. Following legal proceedings, the full amount of the losses incurred by the subsidiary was recovered from the two employees involved. A claim was brought against the subsidiary by a client of the subsidiary because of alleged losses incurred due to the irregular activities referred to above. The subsidiary's legal team has lodged a notice of exception to the High Court due to the grounds of the claim being incomplete and vague. The subsidiary also has a counter-claim against the client which is in excess of the amount claimed. Management is of the opinion that no exposure exists to the company.

### *Other commitments*

As part of the subscription agreement in respect of Konsjhol Investments (Proprietary) Limited (previously Multinet Underwriters), PSG Konsult undertook to issue so many PSG Konsult shares at R1,70 per share, should the profit before tax (for a four-year period) of the PSG Konsult business in Konsjhol Investments, fall below a specified amount. PSG Konsult will have the option to pay the other shareholders in Konsjhol Investments the equivalent of the value of the PSG Konsult shares to be issued in cash. The undertaking has been re-negotiated and the four-year period will now commence 1 March 2010.

Capital expenditure in terms of computer hardware and computer software was approved by the directors before the end of the financial year. The aim of this is to build IT capacity and improve turnaround time. The total amount approved was R4 509 000.

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>Operating lease commitments</b>				
Future commitments in terms of:				
<i>Rental agreements</i>				
Due within one year	4 765	1 166	-	-
Due after one year but not more than five years	6 377	3 912	-	-
Due after more than five years	-	-	-	-
<i>Operating leases – premises</i>				
Due within one year	16 464	12 665	-	-
Due after one year but not more than five years	33 172	14 995	-	-
Due after more than five years	-	-	-	-

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25. **CAPITAL COMMITMENTS AND CONTINGENCIES** *(continued)*

***Suretyship provided***

Effective 4 March 2008, PSG Konsult entered into an agreement of suretyship with Momentum Finance Company (Proprietary) Limited (Momentum) whereby PSG Konsult will act as surety and coprincipal debtor in connection with an amount of R20 million advanced to Stanford Asset Management (Proprietary) Limited (the principal debtor) by Momentum.

The group has also provided guarantees to the value of R10,5 million (2009: R4,6 million) in favour of various entities for the purchase of books of business by advisors

26. **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 14 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

## 27. RELATED-PARTY TRANSACTIONS

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

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>Amounts receivable from associates and other companies in the PSG Group</b>				
<b><i>Included in loans and advances</i></b>				
PSG Konsult Securities (Proprietary) Limited	–	–	21 306	30 041
PSG Konsult Trust (Proprietary) Limited	–	–	5 526	4 852
Abrafield (Proprietary) Limited	–	–	4 178	1 634
PSG Online Solutions (Proprietary) Limited	–	–	4 409	–
Topexec Management Bureau (Proprietary) Limited	–	–	28 363	9 192
PSG Konsult Academy (Proprietary) Limited	–	–	4 233	3 753
PSG Consult Limited	–	–	1 580	1 440
	–	–	69 595	50 912
<b><i>Included in receivables</i></b>				
PSG Konsult Nhluvuko Limited	11 438	1 527	11 508	1 471
PSG Konsult Nhluvuko Employees Trust	13	–	13	–
Nhluvuko Financial Planning (Proprietary) Limited	11 410	–	–	–
Nhluvuko Risk Administrators (Proprietary) Limited	6 794	–	–	–
PSG Consult Limited	2 598	2 795	–	–
Cinetaur (Proprietary) Limited	606	540	–	–
Jamwa Beleggings (Proprietary) Limited	681	173	–	–
Karana Property Investments (Proprietary) Limited	1 068	–	–	–
PSG Konsult Verre-Noord (Proprietary) Limited	–	–	31	31
PSG Konsult Optimum (Proprietary) Limited	–	–	763	660
PSG Konsult Vereeniging (Proprietary) Limited	–	–	198	197
PSG Konsult Commercial Division (Proprietary) Limited	–	–	35	34
PSG Konsult Nucleus (Proprietary) Limited	–	–	21	19
PSG Konsult Management Services (Proprietary) Limited	–	–	121 323	94 002
Tanzanite (Proprietary) Limited	–	1	–	–
PSG Collective Investments Limited	4 136	3 024	–	–
PSG Fund Management (CI) Limited Guernsey	1 474	433	–	–
PSG Investment Services (Proprietary) Limited	1	–	–	–
	40 219	8 493	133 892	96 414
	40 219	8 493	203 487	147 326

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>27. RELATED-PARTY TRANSACTIONS (continued)</b>				
<b>Amounts payable to associates and other companies in the PSG Group</b>				
<b><i>Included in borrowings</i></b>				
Make-a-Million (Proprietary) Limited	285	778	-	-
Alphen Asset Management (Proprietary) Limited	787	275	-	-
Axiam Holdings Limited	-	500	-	-
PSG Corporate Services (Proprietary) Limited	63 835	462	63 586	-
PSG Fund Management (Proprietary) Limited	16	230	-	-
PSG Prime (Proprietary) Limited	30	6	-	-
Tanzanite (Proprietary) Limited	13	-	-	-
PSG Konsult Financial Planning (Proprietary) Limited	-	-	37 751	56 603
PSG Konsult Namibia (Proprietary) Limited	-	-	710	1 196
Online Securities Limited	-	-	15 837	3 606
PSG Konsult Academy (Proprietary) Limited	-	-	-	-
Crest Constantia Management Services (Proprietary) Limited	-	-	24 414	24 359
PSG Online Solutions (Proprietary) Limited	-	-	-	889
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	-	-	59 627	52 890
	<b>64 966</b>	<b>2 251</b>	<b>201 925</b>	<b>139 543</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>27. RELATED-PARTY TRANSACTIONS (continued)</b>				
The following significant related-party transactions occurred during the year:				
<b>Income received from companies in the PSG Group</b>				
PSG Konsult Limited and its subsidiaries:				
Management and other fees received	–	–	9 725	5 237
	–	–	9 725	5 237
<b>Management and other fees received from companies in the PSG Group</b>				
PSG Group Limited and its subsidiaries:				
Alphen Asset Management (Proprietary) Limited	19	18	–	–
PSG Collective Investments Limited	37 583	31 479	–	–
PSG Fund Management (CI) Limited Guernsey	3 558	3 338	–	–
PSG Fund Management (Proprietary) Limited	1 596	2 819	–	–
PSG Prime (Proprietary) Limited	256	20	–	–
PSG Absolute Investments (Proprietary) Limited	44	33	–	–
Tanzanite (Proprietary) Limited	5	5	–	–
PSG Future Wealth Limited	–	22	–	–
	43 061	37 734	–	–
PSG Corporate Services Limited and its subsidiaries:				
PSG Corporate Services Limited	123	58	–	–
Channel Life Holdings (Proprietary) Limited	51	–	–	–
	174	58	–	–
	43 235	37 792	9 725	5 237
<b>Fees paid to companies in the PSG Group</b>				
PSG Group Limited and its subsidiaries:				
Alphen Asset Management (Proprietary) Limited	778	579	–	–
PSG Fund Management (Proprietary) Limited	5 035	8 609	–	–
Tanzanite (Proprietary) Limited	95	72	–	–
PSG Prime (Proprietary) Limited	733	114	58	–
	6 641	9 374	58	–
PSG Corporate Services (Proprietary) Limited	600	–	163	–
PSG Konsult Financial Planning (Proprietary) Limited	–	–	494	515
PSG Konsult Management Services (Proprietary) Limited	–	–	91	88
	7 241	9 374	806	603

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>27. RELATED-PARTY TRANSACTIONS (continued)</b>				
<b>Interest received from PSG Group Limited companies</b>				
Cinetaur (Proprietary) Limited	58	–	–	–
Jamwa Beleggings (Proprietary) Limited	56	–	–	–
Karana Property Investments (Proprietary) Limited	70	–	–	–
Nhluvuko Financial Planning (Proprietary) Limited	1 365	–	–	–
Nhluvuko Risk Administrators (Proprietary) Limited	786	–	–	–
Online Securities Limited	–	–	–	42
Topexec Management Bureau (Proprietary) Limited	–	–	373	–
PSG Konsult Nhluvuko Limited	740	–	740	–
PSG Consult Limited	27	–	22	41
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited	–	–	1 334	633
	<b>3 102</b>	–	<b>2 469</b>	716
<b>Interest paid to PSG Group Limited companies</b>				
PSG Konsult Namibia (Proprietary) Limited	–	–	69	170
PSG Konsult Short-Term Insurance (Proprietary) Limited	–	–	–	13
Topexec Management Bureau (Proprietary) Limited	–	–	317	446
Axiam Holdings Limited	21	–	–	–
PSG Corporate Services (Proprietary) Limited	5 791	–	5 791	–
	<b>5 812</b>	–	<b>6 177</b>	629
<b>Dividends received from companies in the PSG Konsult Group</b>				
PSG Konsult Namibia (Proprietary) Limited			951	965
Online Securities Limited			32 061	30 412
PSG Konsult Academy (Proprietary) Limited			916	1 790
PSG Konsult Financial Planning (Proprietary) Limited			14 085	50 000
Topexec Management Bureau (Proprietary) Limited			5 000	–
PSG Konsult Short-Term Insurance (Proprietary) Limited			18 000	–
			<b>71 013</b>	<b>83 167</b>
<b>Dividends received from associate</b>				
Konsjhol Investments (Proprietary) Limited (previously Multinet Underwriters)			1 825	2 039

The shareholding of directors and the directors' remuneration are 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  
for the year ended 28 February 2010

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>28. NOTES TO THE STATEMENT OF CASH FLOWS</b>				
<b>28.1 Cash generated by/(utilised in) operating activities</b>				
Results of operating activities	180 182	166 758	86 633	89 202
Adjustment for other non-cash items				
Depreciation of equipment	10 053	8 625	-	-
Amortisation of intangible assets	15 789	14 222	-	-
Exchange losses on borrowings	228	-	-	-
Interest received	(51 721)	(54 881)	(4 341)	(1 728)
Dividends received	(2 963)	(11 984)	(72 904)	(83 209)
Profit on sale of property, plant and equipment	(28)	(62)	-	-
Profit on sale of intangible assets	(1 629)	-	-	-
Realised gains on disposal of available-for-sale financial assets	(1 575)	-	-	-
Loss on sale of fixed assets	97	-	-	-
Loss on sale of intangible asset	301	-	-	-
Fair value gains of derivative financial instruments	(2 263)	-	-	-
Release of deferred revenue included in commission received	(18 709)	-	-	-
Release of DAC included in commission paid	15 687	-	-	-
Loss/(profit) on sale of associated companies	-	408	-	-
	143 449	123 086	9 388	4 265
Changes in working capital				
Inventories	28	-	-	-
Receivables	302 963	(60 579)	(3)	1 930
Intergroup loans	30 989	(5 615)	4 635	(49 001)
Loans and advances	8 355	(4 330)	-	157
Provisions for other liabilities and charges	(3 855)	(6 256)	-	-
Trade and other payables	81 239	23 317	476	9 042
	563 168	69 623	14 496	(33 607)
<b>28.2 Taxation paid</b>				
(Charge)/credit in income statement	(44 207)	(33 859)	980	(2 164)
Movement in deferred tax	(24)	(2 937)	(1 028)	(338)
Movement in taxation liability/asset	(10 910)	(5 250)	116	(67)
	(55 141)	(42 046)	68	(2 569)

## 28. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

### 28.3 Subsidiaries acquired

Acquisitions and/or incorporations of subsidiaries or books of business concluded during the financial year ended 28 February 2010

#### *Tlotlisa Securities (Proprietary) Limited (T-Sec)*

Effective 1 February 2009, PSG Konsult Limited (through its subsidiaries PSG Konsult Financial Planning (Proprietary) Limited and Online Securities Limited) acquired the private client stockbroking division of T-Sec for a consideration of R66 350 000. The acquisition was subject to Competition Commission approval (only obtained during April 2009) which was set as a suspensive condition to the transaction. In line with the requirements of IFRS 3, Business Combinations, the acquisition was only to be recognised in the group's accounting records upon fulfilment of all suspensive conditions

An initial payment of R33 050 000 was made on 5 May 2009, with a final payment of R21 647 517 to be made on 1 March 2010. The consideration was reduced to R54 697 517 as a result of a profit guarantee to achieve during the 12-month period. As a result, the adjustment was made against the goodwill recognised in terms of IFRS 3.

	GROUP 2010 R000
Details of the net assets acquired and goodwill are as follows:	
Cash paid	33 050
Cash due	21 648
Total purchase consideration	54 698
Less: Fair value of net assets acquired	(17 606)
Goodwill recognised on acquisition	37 092

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
Office equipment	274	274
Motor vehicles	52	52
Intangible assets	24 000	–
Deferred taxation	(6 720)	–
	17 606	326

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

## 28. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

### 28.3 Subsidiaries acquired (continued)

#### MDS Empangeni

Effective 1 March 2009, the group (through its subsidiary Topexec Management Bureau (Proprietary) Limited) acquired the book of business and technical know-how of the short-term insurance administrator, MDS Empangeni, for a consideration of R2 500 000. The consideration was paid in cash on 31 May 2009.

	GROUP 2010 R000
Details of the net assets acquired and goodwill are as follows:	
Cash paid	2 500
Cash due	–
Total purchase consideration	2 500
Less: Fair value of net assets acquired	(1 674)
Goodwill recognised on acquisition	826

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
Office and computer equipment	234	234
Motor vehicles	–	–
Intangible assets	2 000	–
Deferred taxation	(560)	–
	1 674	234

## 28. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

### 28.3 Subsidiaries acquired (continued)

Acquisitions and/or incorporations of subsidiaries or books of business concluded during the financial year ended 28 February 2009

#### *Multifund Administrators Group*

Effective 1 March 2008, the group acquired the business operations of the Multifund group for a consideration of R34 million. An initial payment of R24,4 million was made on 1 March 2008, with the balance of R9,6 million to be settled on 1 March 2009. The consideration payable was subject to a profit guarantee.

	GROUP
	2009
	R000
Details of the net assets acquired and goodwill are as follows:	
Cash paid	24 918
Cash due	9 082
Total purchase consideration	34 000
Less: Fair value of net assets acquired	(16 547)
Goodwill recognised on acquisition	17 453

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	Acquiree's
	R000	carrying
	R000	amount
	R000	R000
Office equipment	1 555	1 555
Intangible assets	22 637	-
Provisions	(1 307)	(1 307)
Deferred taxation	(6 338)	-
	16 547	248

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

## 28. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

### 28.3 Subsidiaries acquired (continued)

#### *Brosist (Proprietary) Limited*

Effective 1 March 2008, the group acquired the book of business and technical know-how of the short-term insurance administrator, Brosist (Proprietary) Limited, for a consideration of R15 million. An initial payment was made on 1 March 2008 through the issue of 1 111 112 PSG Konsult Limited shares at R1,80 per share as well as a cash payment of R9,5 million. The balance of R3,5 million will be settled on 1 March 2009 and 1 September 2009 respectively. The consideration payable was subject to a profit guarantee.

#### GROUP

2009

R000

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

Shares issued	2 000
Cash paid	9 500
Cash due	3 500
Total purchase consideration	15 000
Less: Fair value of net assets acquired	7 859
Goodwill recognised on acquisition	7 141

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
Office equipment	540	540
Intangible assets	10 177	–
Deferred taxation	(2 858)	–
	7 859	540

GROUP  
2009  
R000

**28. NOTES TO THE STATEMENT OF CASH FLOWS** *(continued)*

**28.3 Subsidiaries acquired** *(continued)*

Purchase consideration paid in the current year, relating to acquisitions in the prior year amounted to the following:

Brosist (Proprietary) Limited	3 500
Multifund Administrators Group	5 681
PSG Consult Limited	1 468
	10 649

**28.4 Acquisition of investments in associated companies**

**Acquisition of investments in associated companies for the year ended 28 February 2010**

*Karana Property Investment (Proprietary) Limited*

Effective 1 June 2009, the group acquired 30% shareholding in Karana Property Investments (Proprietary) Limited for a consideration of R1 343 490. No intangible assets or goodwill were identified on acquisition in terms of IFRS 3.

**Acquisition of investments in associated companies for the year ended 28 February 2009**

*PSG Konsult Nhluvuko Limited*

The group acquired 49% of the shareholding in PSG Konsult Nhluvuko Limited with effect 1 March 2008 for a consideration of R490. This is a start-up company and therefore no intangible assets or goodwill were identified on acquisition.

*Cinetaur (Proprietary) Limited and Jamwa (Proprietary) Limited*

The group acquired a 35% shareholding in Cinetaur (Proprietary) Limited for a consideration of R35 and a 30% shareholding in Jamwa Beleggings (Proprietary) Limited for a consideration of R30 with effect 1 February 2009. These companies are start-up in nature and therefore no intangible assets or goodwill were identified on acquisition.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

## 28. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

### 28.4 Acquisition of investments in associated companies (continued)

#### Acquisition of investments in associated companies for the year ended 29 February 2008

##### PSG Consult Limited

The group acquired a 50% shareholding in PSG Consult Limited with effect from 13 December 2007 for a consideration of R9 million. An initial payment was made through the issue of 1 018 920 PSG Konsult Limited shares at R1,77 per share, as well as a further cash payment of R3,6 million. The remaining balance of R3,6 million will be settled in two equal instalments on 1 September 2008 and 1 March 2009.

	<b>GROUP</b>
	2008
	R000
Purchase consideration:	
Shares issued	10
Share premium on issued shares	1 790
Cash paid	3 600
Cash due	3 600
Total purchase consideration	<u>9 000</u>
Less: Fair value of net assets acquired	<u>3 244</u>
Goodwill recognised on acquisition	<u>5 756</u>

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

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

	Fair value	Acquiree's carrying amount
	R000	R000
Property and equipment	481	481
Intangible assets	3 411	–
Deferred tax liability	(648)	–
	<u>3 244</u>	<u>481</u>

## 28. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

### 28.5 Transactions with non-controlling interest

#### *PSG Konsult Vereeniging (Proprietary) Limited*

The group acquired the remaining 47,5% in the subsidiary, PSG Konsult Vereeniging (Proprietary) Limited on 1 May 2009. The total consideration payable is R2 869 000.

	GROUP 2010 R000
Details of the transactions are as follows:	
Cash paid	2 008
Cash due	861
Total purchase consideration	2 869
Less: Fair value of net assets acquired	(47)
Goodwill recognised on acquisition	2 822

#### *PSG Konsult Academy (Proprietary) Limited*

The group acquired the remaining 20% in the subsidiary, PSG Konsult Academy (Proprietary) Limited on 1 March 2009. The total consideration paid was R1 907 456.

	GROUP 2010 R000
Details of the transactions are as follows:	
Cash paid	1 907
Cash due	-
Total purchase consideration	1 907
Less: Fair value of net assets acquired	(217)
Goodwill recognised on acquisition	1 690

	GROUP		COMPANY	
	2010 R000	2009 R000	2010 R000	2009 R000
<b>28.6 Cash and cash equivalents and bank overdrafts at end of year</b>				
Cash and short-term funds	147 568	196 248	24 258	9 564
Bank overdrafts	(74)	(303)	-	-
	<b>147 494</b>	<b>195 945</b>	<b>24 258</b>	<b>9 564</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

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## 29. EVENTS AFTER THE REPORTING PERIOD

### ***Acquisitions***

Effective 1 March 2010, PSG Konsult Limited (through its subsidiary Online Securities Limited) acquired a 100% stake in PSG Prime (Proprietary) Limited, a subsidiary of PSG Fund Management Holdings (Proprietary) Limited, for R16,7 million. The consideration will be settled through a combination of cash and PSG Konsult Limited shares. The settlement of the consideration includes two deferred payments, 12 and 18 months after the effective date and is subject to a profit warranty. All stockbroking activities of PSG Group are now housed under PSG Konsult Limited.

Effective 1 March 2010, PSG Konsult Limited acquired a 20% stake in iHound (Proprietary) Limited, a short-term insurance and investment aggregator. The consideration payable is R2 million with an additional R1 million committed to marketing expenses. The consideration payable is subject to a profit guarantee which extends for a 12-month period.

COMPANY	Proportion held directly or indirectly by holding company		Issued share capital		Cost of investment	
	2010	2009	2010	2009	2010	2009
	%	%	R	R	R000	R000
<b>30. INTEREST IN SUBSIDIARIES</b>						
PSG Konsult Financial Planning (Proprietary) Limited <i>(Financial and investment planning and advice and stockbroking)</i>	100	100	101	101	26 803	26 803
PSG Konsult Securities (Proprietary) Limited <i>(Financial and investment planning and advice and stockbroking)</i>	100	100	200,001	200,001	–	–
PSG Konsult Trust (Proprietary) Limited <i>(Provision of corporate and financial administrative and advisory services)</i>	100	100	111	111	714	714
PSG Konsult Academy (Proprietary) Limited <i>(Learning academy and related activities)</i>	100	80	120	120	1 907	–
PSG Konsult Management Services (Proprietary) Limited <i>(Provision of corporate and financial administrative and advisory services)</i>	100	100	100	100	–	–
PSG Konsult (Namibia) (Proprietary) Limited <i>(Investment management, insurance and investment brokers, financial planning and advice)</i>	51	51	300,000	300,000	2 400	2 400
Topexec Management Bureau (Proprietary) Limited <i>(Administration services short-term insurance)</i>	100	100	200	200	43 781	43 781
PSG Konsult Short-Term Insurance Brokers (Proprietary) Limited <i>(Short-term insurance advise and products)</i>	100	100	200	200	136 571	136 571
PSG Online Solutions (Proprietary) Limited <i>(Internet and investor education company that provides a platform for internet-based share trading)</i>	100	100	100	100	–	–
Crest Constantia Management Services (Proprietary) Limited <i>(Investment holding company)</i>	100	100	200	200	22 488	22 488
PSG Konsult Verre-Noord (Proprietary) Limited <i>(Investment management, insurance and investment brokers, financial planning and advice)</i>	100	100	300	300	2 490	2 490
PSG Konsult Nucleus (Proprietary) Limited <i>(Investment management, insurance and investment brokers, financial planning and advice)</i>	60	60	54,000	54,000	923	923

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

COMPANY	Proportion held directly or indirectly by holding company		Issued share capital		Cost of investment	
	2010	2009	2010	2009	2010	2009
	%	%	R	R	R000	R000
PSG Konsult Vereeniging (Proprietary) Limited <i>(Investment management, insurance and investment brokers, financial planning and advice)</i>	100	53	240	240	3 856	987
PSG Konsult Optimum (Proprietary) Limited <i>(Investment management, insurance and investment brokers, financial planning and advice)</i>	51	51	200	200	2 599	2 599
PSG Konsult Brokers (UK) Limited <i>(Investment management, insurance and investment brokers, financial planning and advice)</i>	100	100	198	159	9 599	7 881
Online Securities Limited <i>(Stockbroking)</i>	100	100	3 500	2 500	167 723	152 723
Abrafield (Proprietary) Limited <i>(Property management)</i>	100	100	100	100	–	–
PSG Nominees (Proprietary) Limited <i>(Nominee company)</i>	100	100	100	100	–	–
PSG Konsult Nylstroom (Proprietary) Limited <i>(Investment management, insurance and investment brokers, financial planning and advice)</i>	51	51	200	200	–	–
PSG Konsult Warmbad (Proprietary) Limited <i>(Investment management, insurance and investment brokers, financial planning and advice)</i>	51	51	100	100	–	–
PSG Konsult Ellisras (Proprietary) Limited <i>(Investment management, insurance and investment brokers, financial planning and advice)</i>	51	51	500	500	–	–
PSG Konsult Potgietersrus (Proprietary) Limited <i>(Investment management, insurance and investment brokers, financial planning and advice)</i>	100	100	116 500	116 500	–	–
Total interest in subsidiary companies					<b>421 854</b>	<b>400 360</b>

The company's interest in attributable income and losses of subsidiaries amounts to R93 274 000 (2009: R119 416 000) and R839 000 (2009: R3 693 000) 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 and PSG Konsult Brokers (UK) Limited which is incorporated in the United Kingdom. Further details of investments are available at the registered offices of the relevant group companies.

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### 31. SEGMENT REPORTING

Management has determined the operating segments based on the internal reports reviewed by the executive committee (EXCO) that are used to assess performance and to allocate resources. The operating segments identified are representative of the internal reporting structure of the group, and are reviewed on a monthly basis.

The four core reportable segments identified:

- Stockbroking and portfolio management
- Financial planning and investments
- Short-term insurance and administration
- Training

Stockbroking and discretionary portfolio management entails all portfolio management services, and also includes the execution of mandates for share transactions. For this purpose the online share trading platform of PSG Online is utilised.

Financial planning and investments comprise all financial planning, retirement planning, death and disability cover, healthcare insurance and investment portfolio management services.

Short-term insurance and administration includes all short-term insurance for personal and business assets, as well as the administration on behalf of insurance companies.

Training represents all the training activities undertaken by the group.

EXCO considers the performance of reportable segments based on gross commission, fee income and training income received as a measure of growth and headline earnings as a measure of profitability.

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2010

## 31. SEGMENT REPORTING (continued)

The segment information provided to the EXCO for the reportable segments for the year ended 28 February 2010 is as follows:

Income	Stockbroking and portfolio management R000	Financial planning and investments R000	Short-term insurance and adminis- tration R000	Training R000	Total R000
Total segment income	383 071	249 511	322 560	14 772	969 914
Inter-segment income	(121 167)	–	(20 965)	(1 518)	(143 650)
Income from external customers	261 904	249 511	301 595	13 254	826 264
Unallocated segments					8 428
Investment income					54 684
<b>Total income</b>					<b>889 376</b>
<b>Headline earnings</b>					
Headline earnings per segment	49 052	39 085	39 726	1 936	129 799
Unallocated segments					(40 398)
<b>Total headline earnings</b>					<b>89 401</b>

### 31. SEGMENT REPORTING (continued)

The segment information for the year ended 28 February 2009 is as follows:

Income	Stockbroking and portfolio management R000	Financial planning and investments R000	Short-term insurance and adminis- tration R000	Training R000	Total R000
Total segment income	318 679	254 214	286 828	10 648	870 369
Inter-segment income	(104 395)	–	(14 350)	(2 090)	(120 835)
Income from external customers	214 284	254 214	272 478	8 558	749 534
Unallocated segments					6 311
Investment income					66 865
<b>Total income</b>					<b>822 710</b>
<b>Headline earnings</b>					
Headline earnings per segment	54 913	41 571	45 869	2 345	144 698
Unallocated segments					(47 881)
<b>Total headline earnings</b>					<b>96 817</b>

The amounts disclosed under 'Unallocated segments' comprise those segments which do not qualify as reportable segments per definition as stated in IFRS 8. The headline earnings figure disclosed for unallocated segments mainly comprise costs incurred in respect of the PSG Konsult group's treasury function, executive management and corporate expenses.

The group mainly operates in the Republic of South Africa, with 97,6% (2009: 97,9%) of the income from external customers generated in the Republic of South Africa.

# 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 at Webersburg Wine Estate, Annandale Road, Stellenbosch on Friday, 18 June 2010, at 09:30.

## 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 2010.
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 auditor's remuneration for the year ended 28 February 2010.
5. To confirm the directors' remuneration, as disclosed in the annual financial statements, for the year ended 28 February 2010
6. To re-elect as director:
  - 6.1 Mr J de V du Toit who retires by rotation in terms of the articles of association of the company and, being eligible, offers himself for re-election;
  - 6.2 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.
  - 6.3 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.
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 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, 17 June 2010.

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

By order of the Board

**Helgardt Lindes** (on behalf of PSG Konsult Management Services (Proprietary) Limited)

*Company secretary*

Hermanus  
14 May 2010

Registered address  
Suite 2/1  
Hemel and Aarde Craft Village  
Hermanus  
7200

Postal address  
PO Box 1743  
Hermanus  
7200

# STEPS FOR TRADING PSG KONSULT LIMITED SHARES

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

## EXISTING ACCOUNT HOLDER

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

If you wish to **sell**, post the original share certificate to your broker, accompanied by a signed securities transfer form (CM42). If your shares are held in safe custody by PSG Online Securities this is not applicable.

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

## NEW CLIENTS

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

## IF YOU WERE TO REQUIRE ANY ADDITIONAL INFORMATION CONTACT:

Lecia Lourens

Tel: (021) 915 0000

Email: [lecia.lourens@psgkonsult.co.za](mailto:lecia.lourens@psgkonsult.co.za)

# FORM OF PROXY



(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 09:30 on Friday, 18 June 2010.

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 \_\_\_\_\_ 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 09:30 on Friday, 18 June 2010, at the Webersburg Wine Estate, Annandale Road, 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.	To re-elect:			
6.1	J de V du Toit as director			
6.2	JF Mouton as director			
6.3	DJ Klopper as director			
7.	Ordinary resolution re unissued shares			
8.	Special resolution re 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 \_\_\_\_\_ 2010

\_\_\_\_\_  
Member's name (in full)  
Assisted by (where applicable):

\_\_\_\_\_  
Member's signature

\_\_\_\_\_  
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, 17 June 2010.
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.

# 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 of Hemel and Aarde and Main Road  
Hermanus, 7200

## POSTAL ADDRESS

PO Box 1743, Hermanus, 7200

## COMPANY SECRETARY

HB Lindes (on behalf of PSG Konsult Management Services (Pty) Ltd)

## BANKERS

Absa Bank Limited  
Standard Bank of South Africa Limited

## AUDITORS

PricewaterhouseCoopers Inc.  
Cape Town

## ATTORNEYS

DLA Cliffe Dekker Hofmeyr  
Herbstein & Gihwala Inc.

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