

SALIENT FEATURES
Recurring headline earnings per share

↑ **13%**
to **16.6 cents**

2015: 14.7 cents | 2014: 11.7 cents

Dividend per share

↑ **16%**
to **5.1 cents**

2015: 4.4 cents | 2014: 4.0 cents

Total assets under management

↑ **18%**
to **R167bn**

2015: R142bn | 2014: R122bn

Number of advisers

↑ **11%**
to **738**

2015: 667 | 2014: 629

Overview

PSG Konsult delivered a commendable 13% growth in recurring headline earnings per share since the previous interim period. The board of directors is pleased with this set of results, taking into account the current challenging business environment and overall sluggish economic growth conditions in South Africa. The group's focus on client service excellence through the quality of its advice, products and platforms is proving resilient.

The board approved and declared a gross interim dividend of 5.1 cents per share (2015: 4.4 cents per share) from income reserves for the six months ended 31 August 2016. This is in line with the group's dividend payout policy as approved by the board of directors at the time of listing.

PSG Konsult's key financial performance indicators for the six months ended 31 August 2016 are shown below:

	31 Aug 16 R000	Change %	31 Aug 15 R000
Headline and recurring headline earnings	214 430	15	186 800
Non-headline items	(52)		2 952
Earnings attributable to ordinary shareholders	214 378	13	189 752
Divisional headline earnings			
PSG Wealth	140 553	17	119 882
PSG Asset Management	47 405	2	46 322
PSG Insure	26 472	29	20 596
	214 430	15	186 800
Weighted average number of shares in issue (net of treasury shares)(million)	1 290.2	2	1 267.2
Earnings per share (cents)			
– Headline and recurring headline	16.6	13	14.7
– Attributable	16.6	11	15.0
Dividend per share (cents)	5.1	16	4.4

PSG Wealth achieved headline earnings growth of 17%. Management fees income increased by 20% as the business continues to focus on recurring income and reduce the reliance on transactional brokerage, which has remained flat during the period under review. The division's formidable financial adviser network grew by 14% to 505 advisers since the prior comparable period through both organic and selective adviser acquisition growth. The experience and stature of the advisers joining the firm continues to add credibility to the growing brand equity. Wealth managed assets of R139.1 billion are up 21% since the prior comparable period, which includes record net inflows of R8.2 billion in the past six months. Wealth's platform assets of R37.5 billion are up by 29% since the previous interim period, as the division continues to gain market share. Multi-managed assets now surpass R52 billion and are up 24% since the previous interim period.

PSG Asset Management's headline earnings grew by 2%, impacted by the previously communicated decision to exit white labels to reduce operational risk and lower performance fees as a consequence of market conditions. During the past six months, the investment team delivered sound top-quartile investment performance across its fund range, which further augmented its excellent long-term investment track record. The division did experience

Non-executive directors: W Theron (Chairman), PJ Mouton, J de V du Toit[^], PE Burton*, ZL Combi*, R Stassen* ([^] Lead independent; * Independent)
Executive directors: FJ Gouws (Chief executive officer), MIF Smith (Chief financial officer)
Company secretary: PSG Management Services Proprietary Limited
PSG Konsult head office and registered office: 4th Floor, The Edge, 3 Howick Close, Tyger Waterfront, Tyger Valley, Bellville, 7530, PO Box 3335, Tyger Valley, Bellville, 7536

a small net outflow of funds, partially due to difficult market conditions. We remain confident and optimistic about the long-term growth prospects for this business.

PSG Insure's headline earnings grew by 29%, which is an achievement that the group is especially pleased with, against the backdrop of a particularly difficult industry environment. This division, which is in an early growth phase, continues to make inroads into the highly competitive short-term insurance market and gains further benefits from economies of scale. It achieved revenue growth of 16% compared to the prior comparable period, and continued with its shift away from the commoditised personal lines' to the commercial lines' side of the business, which requires specialised adviser expertise. No significant catastrophe or other related events occurred during this period which, when combined with our continuous demanding underwriting practices, enabled us to achieve an excellent net underwriting margin of 7.8%. The insurance advisers, which now total 233, continue to gain market share.

Credit rating

Rating agency Global Credit Rating Co. (GCR) upgraded PSG Konsult's long-term and short-term ratings during July 2016, to A-(ZA) and A1-(ZA) respectively. GCR stated the following rationale for the rating: "PSG Konsult's upgrade reflects its conservative balance sheet fundamentals, risk profile and sound earnings capacity. The company has been successful in executing its business plan, which has seen its business profile continue to strengthen, supported by robust growth in revenue and earnings over recent years. This has followed the well-defined strategy to refocus on core operations, which has allowed for the capturing of additional margin in the asset management and insurance businesses, albeit still anchored by its traditional, uniquely positioned advisory network."

Looking forward

The group's aim remains to service existing clients well, and gain new clients. Current economic circumstances are uncertain, and volatility in investment markets remains. However, the group is confident that it will continue to build its client franchise despite this market outlook. A number of initiatives are in place to ensure this happens. The group's focus on products, platforms and client service excellence through the quality of its advice is proving to be a resilient strategy.

Unaudited interim financial results

This voluntary short-form announcement is the responsibility of the board of directors of the company. It contains only a summary of the information contained in the full announcement made on the Stock Exchange News Service (SENS) on Thursday, 6 October 2016 and does not contain full or complete details. Please refer to the full announcement for additional information. The full announcement is available for viewing on PSG Konsult's website at www.psg.co.za. It may also be requested and obtained in person, at no charge, at the registered office of the group and the offices of the sponsor during office hours. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement made on SENS and on the group's website as set out above.

The board would like to extend its gratitude to all of the group's stakeholders, including shareholders, advisers, clients, business partners, management and employees, for their efforts and contributions during the past six months.

On behalf of the board

Willem Theron
Chairman

Francois Gouws
Chief executive officer

Tyger Valley
6 October 2016

Transfer secretary: Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107
Listing: Johannesburg Stock Exchange (JSE), Namibian Stock Exchange (NSX)
JSE sponsor: PSG Capital Proprietary Limited **NSX sponsor:** PSG Wealth Management (Namibia) Proprietary Limited **JSE share code:** KST **NSX share code:** KFS
ISIN code: ZAE000191417 **Auditor:** PricewaterhouseCoopers Inc., Cape Town