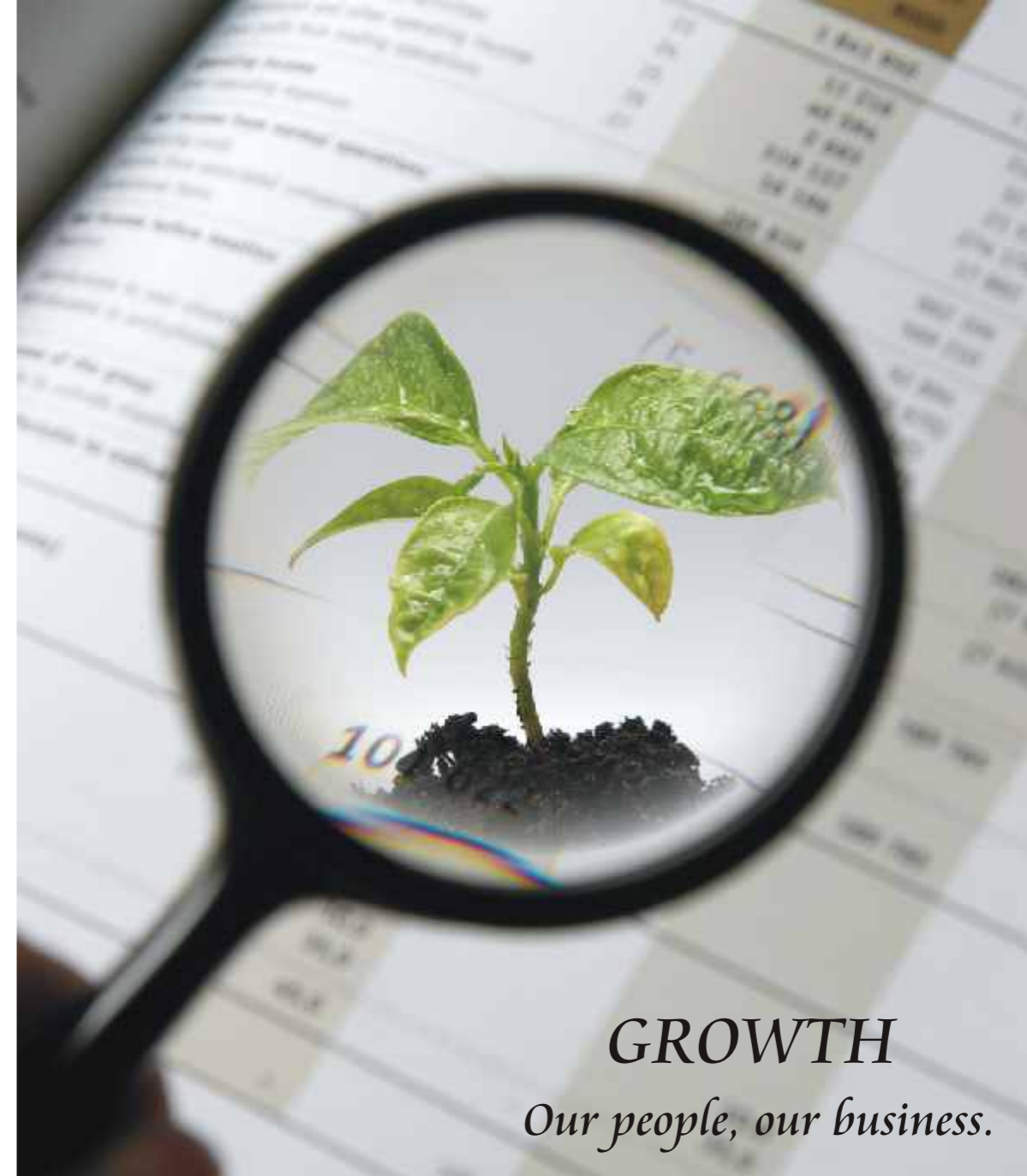


"The best way to predict your future is to create it."

~ Peter Drucker ~



GROWTH
Our people, our business.



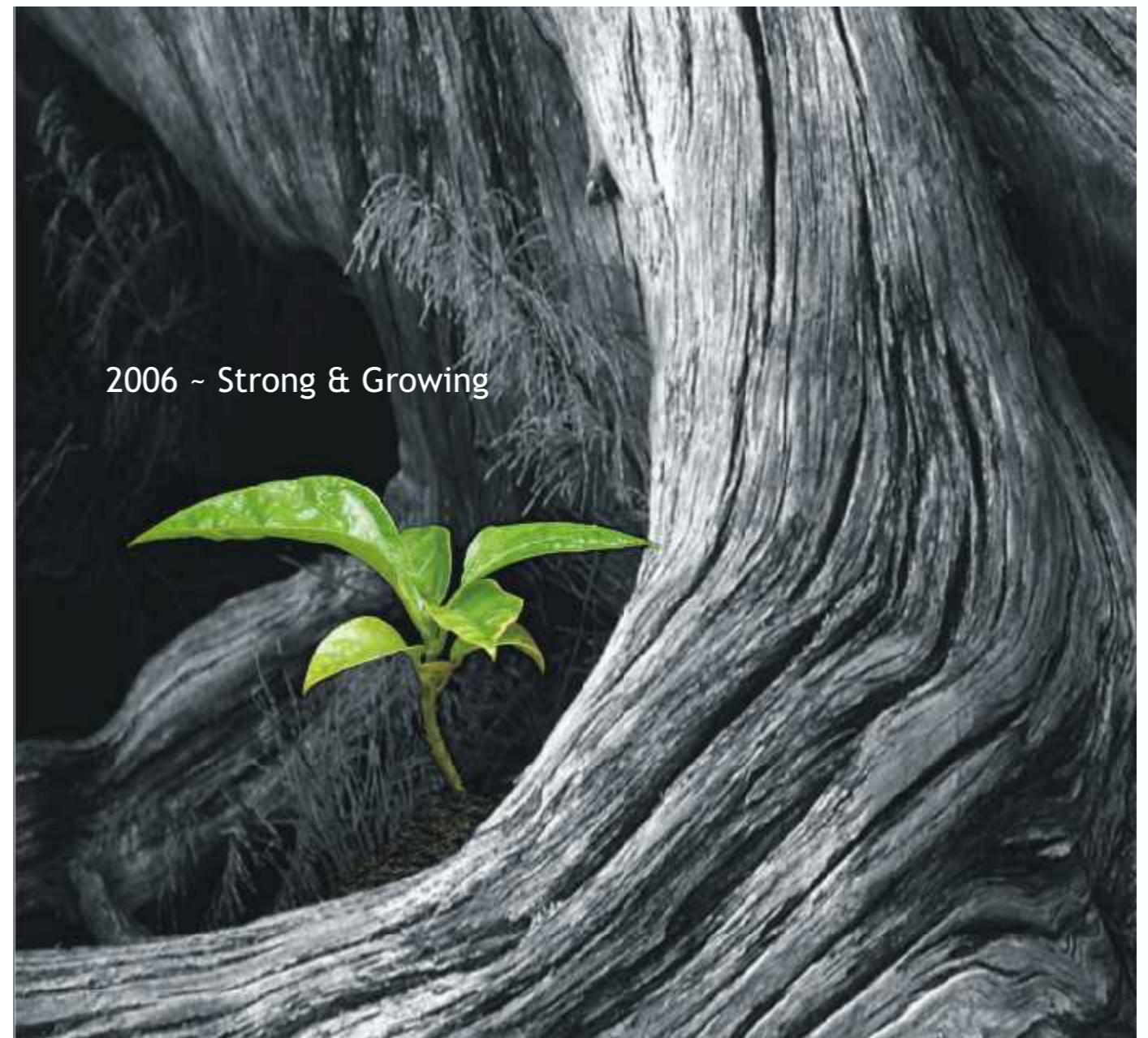
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ANNUAL REPORT 2006

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Chairman: Jaap du Toit (Non-executive) *

Executive directors: Willem Theron (Chief Executive Officer) *
 Theo Biesenbach (Financial Director) *
 Pieter-Willem Moolman (Chief Operational Officer)
 Johan Borchers
 Dan Hugo
 Wallie Krumm (Administration and Compliance)
 Koeloe Landman
 Joe Roux

Non-executive directors: Jannie Mouton
 Wakeford Dondashe
 Dawie Klopper
 Jenny van den Dool
 Johan van der Westhuizen

* Members of the Audit and Remuneration Committees



*The future depends on
 what we do in the present.*

~ Mahatma Gandhi

At PSG Konsult we offer a unique service orientated concept through which clients' financial requirements are personally addressed and managed by highly qualified and experienced financial planners.

PSG Konsult offers a one stop financial service comprising the following:

- Discretionary private client investment portfolios
- Advice in respect of asset allocation and wealth planning
- Advice in respect of foreign investments and financial transactions
- Advice in respect of long-term insurance such as retirement annuities, endowment policies and life insurance
- Stockbroking - execution of transactions including equity, bond and futures transactions
- Advice in respect of medical funds and insurance
- Advice in respect of short-term insurance for personal assets (e.g. motor vehicles and household contents) and business assets (office equipment, machinery, buildings, etc)
- Estate planning to structure clients' financial matters in respect of their will, property, trusts, insurance, income and estate duty
- Retirement planning in respect of clients' retirement needs which will maintain their lifestyle and capital needs
- Advice in respect of employee benefits and related matters as well as pension and provident funds

FINANCIAL INFORMATION			
	IFRS 2006	IFRS 2005	SA-GAAP 2004
Revenue (R'm)	248,5	161,7	72,6
Headline earnings per share (cents)	4.4	2.90	1.95
Headline earnings (R'000)	16,699	10,890	4,484
Distribution per share (cents)	2.90	1.86	1.10
Net asset value per share (cents)	19.4	16.16	14.00
Funds under administration (R'm)	21,195	13,521	9,743



WILLEM THERON
Chief Executive Officer

The group has had a successful year, with headline earnings increasing by 52.4%, from R10.9m to R16.6m. This was achieved against the background of strong financial markets, substantial organic growth and acquisitions.

Acquisitions

In our review of the 2005 financial results we said: "It is our goal to further focus on the acquisition of private client and short-term portfolios during the year ahead". To this end we have acquired the following businesses:

	<i>Nature of business</i>	<i>Price</i>
Vleissentraal	Short-term insurance broking	R35m
Dynarc	Short-term insurance broking and investments	R5m

These transactions were financed through the issuing of 5 663 734 shares at 60 cents per share and the balance by a combination of own funds and borrowings.

During January 2006 PSG Konsult concluded an agreement in terms of which it acquired all the share capital in Multinet and Topexec. Multinet specialises in providing short-term insurance advice and products to its clients while Topexec provides bureau administration services. The purchase price of R180m is subject to adjustment in accordance with a profit warranty by the sellers. The effective date of this transaction was 21 April 2006.

The transaction will be paid for by the issue of 26,205,881 PSG Konsult Limited shares and R162.2m in cash. The cash amount will be settled in three instalments: 25 April 2006, 28 February 2007 and 31 August 2007. The initial payment will be financed by a rights issue (see below) and the balance by a combination of own funds and borrowings. In order to partially fund the cash payment for the acquisition, the board regarded a rights offer as an appropriate means to raise cost-effective capital. An offer to take up 1 ordinary share for every 3 ordinary shares held at 68 cents per share was extended to shareholders and R85,920,398 was successfully raised by the issue of 126,353,526 shares during March 2006.

This transaction is line with PSG Konsult's strategy to improve its annuity-income stream. It will also give PSG Konsult access to an additional 28,000 clients to which its other services can be marketed.

People

To ensure quality of advice and to further look after the well-being of our clients, training is high on our agenda. We have therefore established the PSG Konsult Academy in association with the Business School of the University of Stellenbosch. Courses started on 1 January 2006, not only for our own advisors, but also for the industry at large.

PSG Konsult has now increased its country-wide network to 156 branch offices with 158 financial planners, 182 short-term insurance brokers, 29 stockbrokers and 283 professional associates (accountants and attorneys).

Emerging Markets

PSG Konsult realises the importance of the emerging markets in South Africa. To address this we have appointed a *Manager: Emerging Markets*, who has already firmly established this division.

Distribution to Shareholders

A capital distribution of 0.75 cents per share was made to shareholders at the interim stage of the year. The directors have declared a capital distribution of 2.15 cents per share (giving a total distribution of 2.9 cents per share) subsequent to year-end to shareholders registered in the books of the company on 28 February 2006, payable on 12 May 2006.

The Future

The company is well positioned for strong organic growth during the year ahead. A special effort will be made to introduce Multinet's 28,000 short-term clients to our other products and services such as stockbroking and investments. Apart from continuing to focus on recruiting more financial planners and stockbrokers, we will also keep on ensuring that the quality of advice of our financial planners, especially with regard to regulatory legislation, continues to be of the highest standard. In this regard the company's compliance department will be strengthened with the appointment of a dedicated compliance officer / legal specialist. Further acquisitions will also be considered.

W THERON

Hermanus
28 April 2006

*Where there is no wisdom,
the people perish*

- PROVERBS

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

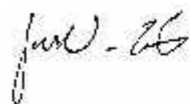
The directors consider that in preparing the financial statements they have used the most appropriate policies, consistently applied and supported by reasonable and prudent judgements and estimates and IFRS that they consider to be applicable have been followed.

The directors are also responsible for the group and company's systems 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.

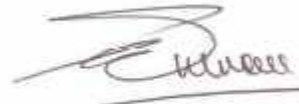
The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the group and company have adequate resources in place to continue in operation for the foreseeable future.

The group's external auditors, PricewaterhouseCoopers Inc., have audited the financial statements and their report is set out on page 8.

The financial statements, set out on pages 9 to 44, were approved by the board of directors and are signed on its behalf.



J DEVDU TOIT
Chairman



W THERON
Chief Executive Officer



TW BIESENBACH
Financial Director

SECRETARIAL CERTIFICATION

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



W KRUMM
Company Secretary

28 April 2006
Hermanus

We have audited the annual financial statements and group annual financial statements of PSG Konsult Limited set out on pages 9 to 44 for the year ended 28 February 2006. These financial statements are the responsibility of the directors of the company. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures included in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the group and company at 28 February 2006 and the results of their operations, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Registered Auditors

28 April 2006
Cape Town

NATURE OF BUSINESS

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

FINANCIAL RESULTS

The operating results and the state of affairs of the group and company are fully set out in the attached balance sheets, income statements, statements of changes in equity, cash flow statements and notes thereto and do not, in our opinion, require further comments.

DIVIDENDS

No dividends were declared or paid during the year (2005: R nil).

SHARE CAPITAL

Details of the authorised and issued share capital appear in note 10 to the financial statements. During the year under review, 5 663 734 shares were issued by the company for the acquisition of businesses.

SUBSEQUENT EVENTS

Other than the acquisitions disclosed in note 25 on page 44, no other matter which is material to the financial affairs of the group and company has occurred between 28 February 2006 and the date of approval of the financial statements.

HOLDING COMPANY

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

DIRECTORS

The directors of the company at the date of this report appear on page 3.

Messrs. WM Dondashe, J van der Westhuizen and Mrs JM van den Dool retire due to the rotation policy, but being eligible, offer themselves for re-election.

DIRECTORS' EMOLUMENTS

The following directors' emoluments were paid by the company and its subsidiaries for the year ended 28 February 2006:

Cash-based remuneration	R000	Basic salary	Bonuses & performance related payments	Expense allowances	Company contributions	Total 2006	Total 2005
Executive		4,968	3,118	910	194	9,190	6,765
Non-executive*		992		36	48	1,076	811
		5,960	3,118	946	242	10,266	7,576

* The non-executive director's salary was paid by a PSG Konsult Limited subsidiary company.

SHAREHOLDING OF DIRECTORS

The shareholding of directors in the company as at 28 February 2006 was as follows:

	Beneficial		Non-beneficial		Total shareholding 2006		Total shareholding 2005	
	Direct	Indirect	Direct	Indirect	Number	%	Number	%
W Theron				16,001,000	16,001,000	4.2	15,969,208	4.3
PW Moolman				10,615,603	10,615,603	2.8	10,615,604	2.8
TW Biesenbach	2,205,892				2,205,892	0.6	1,291,433	0.3
W Krumm	5,528,723				5,528,723	1.5	5,528,723	1.5
DPB Hugo	3,670,916			33,333	3,704,249	1.0	3,037,583	0.8
JB Borchers				1,882,320	1,882,320	0.5	1,095,173	0.3
TA Landman	5,090,500				5,090,500	1.3	5,090,500	1.4
WM Dondashe				44,795	44,795	0.0	44,795	0.0
DJ Klopper		250,000			250,000	0.1	250,001	0.1
JF Mouton					0	0.0	1	0.0
JdeV du Toit					0	0.0	1	0.0
J van der Westhuizen		400,000			400,000	0.1	983,653	0.3
JM van den Dool				397,000	397,000	0.1	397,000	0.1
JB Roux	100,000				100,000	0.0	0	0.0
Total	16,596,031	650,000	0	28,974,051	46,220,082	12.2	44,303,675	11.9

SECRETARY

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

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

PO Box 1743
Hermanus
7200

SUBSIDIARIES

Details of the company's interests in subsidiaries are set out on page 44.

SPECIAL RESOLUTIONS

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

- The company is authorised to repurchase any shares issued under general approval until the next annual general meeting; and
- Authority was given to increase the authorised share capital in order to issue shares to finance new business acquisitions.

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

*The Bliss of Growth,
The Glory of Action.*

~ Kalidasa

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

Basis of preparation

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

The financial statements were prepared in accordance with South African Statements of Generally Accepted Accounting Principles (SA GAAP) until 28 February 2005. SA GAAP differs in some areas from IFRS. In preparing these financial statements, management has amended certain accounting, valuation and consolidation methods applied in the SA GAAP financial statements to comply with IFRS. The comparative figures in respect of 2005 were restated to reflect these adjustments.

Reconciliations and descriptions of the effect of the transition from SA GAAP to IFRS on the group's equity and its net income are provided in note 1.

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

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

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

- **IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures (effective from 1 January 2007).**

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

- **IFRIC 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006).**

IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management is currently assessing the impact of IFRIC 4 on the group's operations.

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

- IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006)
- IAS 19 (Amendment), Employee Benefits (effective from 1 January 2006)
- IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective from 1 January 2006)
- IAS 21 (Amendment to International Accounting Standard 21), The Effects of Changes in Foreign Exchange Rates: Net Investment in a Foreign Operation (effective for years commencing on or after 1 January 2006)
- IAS 39 (Amendment), The Fair Value Option (effective for years commencing on or after 1 January 2006)
- IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006)
- IFRS 6, Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006)
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006)
- IFRIC 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment (effective from 1 December 2005)
- IFRIC 7, Applying the Restatement Approach under IAS29 - Financial reporting in hyperinflationary economies (effective from 1 March 2006)
- IFRIC 8, Scope of IFRS 2 (effective from 1 May 2006)
- IFRIC 9, Reassessment of embedded derivatives (effective from 1 June 2006)
- AC 503, Accounting for Black Economic Empowerment (BEE) Transactions (effective from 1 May 2006)

Group financial statements

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

a) Subsidiaries

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

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

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

b) Transactions and minority interests

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

Segmental reporting

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

Foreign currency translation*a) Functional and presentation currency*

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

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

b) 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 income 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.

c) Group companies

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

- i. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- ii. 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); and
- iii. all resulting exchange differences are recognised as a separate component of equity.

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

Property, plant and equipment

Property, plant 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:

i)	Buildings	25 years
ii)	Motor vehicles	5 years
iii)	Plant	15 years
iv)	Office equipment	5 years
v)	Computer equipment	3 years

Land is not depreciated.

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

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

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

Intangible assets*a) Goodwill*

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

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

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

b) Customer lists and relationships

Acquired customer lists and relationships are shown at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over their estimated useful lives, which varies from 5 to 20 years, which reflects the expected life of the book of business acquired.

a) Deferred acquisition costs

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

Impairment of non-financial assets

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

Financial instruments

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

Offsetting financial instruments

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

Financial assets

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

a) *Financial assets at fair value through income*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through income 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. Derivatives are also categorised as held for trading unless they are designated as hedges. Transaction costs for financial assets at fair value through income are expensed in the income statement.

b) *Held-to-maturity financial assets*

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

c) *Loans and advances*

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the group intends to sell in the short term.

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

d) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

e) *Recognition and measurement of financial assets*

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

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

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

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

The group does not apply hedge accounting.

Receivables

Receivables are carried at cost, due to the short-term nature thereof, 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 effective interest rate. The amount of the provision is recognised in the income statement.

Cash and cash equivalents

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

Share capital

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

Borrowings

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

Deferred income tax

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

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

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

Employee benefitsa) *Pension obligations*

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

b) *Other post-retirement benefits*

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

c) *Profit-sharing and bonus plans*

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

Accruals and provisions

Provisions are recognised when:

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

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a 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 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:

a) Sales of goods

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

b) 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.

c) Interest income

Interest income for financial assets that are not classified as at fair value through income is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding discount as interest income. Interest income from financial assets that are classified as at fair value through income is included in investment income.

d) Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income from financial assets that are classified as at fair value through income is included in investment income.

Leases

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

Dividend distributions

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

Contingencies

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

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

Critical accounting estimates and judgements in applying accounting policies

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the 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 the fair value less cost to sell basis. These calculations require the use of estimates.

Revenue recognition

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

Management expense provisions

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

Impairment of assets

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

Financial risk management

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

Risk management is carried out under policies approved by the Board of Directors. Each entity within the group identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated balance sheet as available-for-sale. The group is not exposed to commodity price risk.

Credit risk

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

Liquidity risk

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

Cash flow and fair value interest rate risk

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

BALANCE SHEETS

as at 28 February 2006

	Notes	GROUP		COMPANY	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
Assets					
Property, plant and equipment	2	3,722	1,775	794	307
Intangible assets	3	105,473	46,620	16,457	12,401
Investments in subsidiaries	4			57,786	29,627
Financial assets					
Equity securities	5	1,479	3,240	1,239	3,000
Loans and advances	6	5,889	2,084	26,130	13,570
Deferred income tax	7	4,433	6,364	313	588
Receivables	8	17,676	9,641	14,373	3,458
Current income tax assets		-	-	259	378
Cash and cash equivalents	9	21,279	18,101	7,544	8,415
Total assets		159,951	87,825	124,895	71,744
Capital and reserves attributable to the company's equity holders					
Share capital	10	3,791	3,734	3,791	3,734
Share premium	10	39,987	44,300	39,987	44,300
Fair value reserve		976	808	976	808
Retained earnings / (Accumulated loss)		28,644	11,516	185	(1,728)
Ordinary shareholders' funds		73,398	60,358	44,939	47,114
Minority interests		764	829		
Total equity		74,162	61,187	44,939	47,114
Liabilities					
Financial liabilities					
Borrowings	11	19,081	13	53,939	8,114
Deferred income tax	7	7,670	46	-	-
Trade and other payables	12	55,185	24,623	26,017	16,516
Current income tax liabilities		3,853	1,956	-	-
Total liabilities		85,789	26,638	79,956	24,630
Total liabilities and equity		159,951	87,825	124,895	71,744

INCOME STATEMENTS

for the year ended 28 February 2006

	Notes	GROUP		COMPANY	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
Income					
Commission and other fee income	13	239,511	157,055	60,466	47,855
Investment income	14	1,584	1,280	1,089	902
Fair value gains and losses on financial instruments	15	623	(8)	623	(8)
Other operating income		6,754	3,348	14,713	8,690
Total income		248,472	161,675	76,891	57,439
Expenses					
Marketing, administration and other expenses	16	(221,131)	(145,248)	(72,920)	(57,720)
Results of operating activities		27,341	16,427	3,971	(281)
Finance costs	17	(1,813)	(28)	(1,654)	(1)
Profit/(loss) before taxation		25,528	16,399	2,317	(282)
Taxation	18	(7,763)	(4,894)	(404)	171
Net profit/(loss) for the year		17,765	11,505	1,913	(111)
Attributable to:					
- Minority interests		637	679		
- Equity holders of the company		17,128	10,826	1,913	(111)
		17,765	11,505	1,913	(111)
Earnings per share (cents)					
Basic and diluted	19	4.6	2.9		

STATEMENTS OF CHANGES IN OWNERS' EQUITY

CASH FLOW STATEMENTS

for the year ended 28 February 2006

	Share capital R'000	Share premium R'000	Fair value reserve R'000	Retained earnings R'000	Minority interests R'000	Total R'000
GROUP						
Balance at 1 March 2004	3,650	46,581	(733)	690	263	50,451
Fair value gains on investments			1,541			1,541
Issue of share capital	84	2,000				2,084
Capital distribution		(4,281)				(4,281)
Net profit for the year				10,826	679	11,505
Dividend paid to minorities					(113)	(113)
Balance at 28 February 2005	3,734	44,300	808	11,516	829	61,187
Other movements in minorities						
Fair value gains on investments			787		(478)	787
Realised gain on disposal			(619)			(619)
Issue of share capital	57	3,342				3,399
Capital distribution		(7,655)				(7,655)
Net profit for the year				17,128	637	17,765
Dividend paid to minorities					(224)	(224)
Balance at 28 February 2006	3,791	39,987	976	28,644	764	74,162
COMPANY						
Balance at 1 March 2004	3,650	46,581	(733)	(1,617)		47,881
Fair value gains on investments			1,541			1,541
Issue of share capital	84	2,000				2,084
Capital distribution		(4,281)				(4,281)
Net profit for the year				(111)		(111)
Balance at 28 February 2005	3,734	44,300	808	(1,728)	-	47,114
Fair value gains on investments			787			787
Realised gain on disposal			(619)			(619)
Issue of share capital	57	3,342				3,399
Capital distribution		(7,655)				(7,655)
Net loss for the year				1,913		1,913
Balance at 28 February 2006	3,791	39,987	976	185	-	44,939

	Notes	GROUP		COMPANY	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
Cash retained from/(utilised in) operating activities					
Cash generated by/(utilised in) operating activities	24.1	43,661	19,154	(1,092)	1,080
Dividends received		25	293	682	411
Interest received		1,559	987	407	491
Finance costs		(1,813)	(28)	(1,654)	(1)
Taxation paid	24.2	(4,446)	(3,186)	(10)	(570)
Net cash flow from operating activities		38,986	17,220	(1,667)	1,411
Cash utilised in investing activities					
Purchases of property and equipment		(2,321)	(1,076)	(690)	(264)
Proceeds from disposal of property and equipment		847	11	-	-
Acquisition of intangibles		(6,417)	(907)	(2,315)	(515)
Disposal of intangibles		84	191	84	-
Acquisition of subsidiaries, net of cash	24.3	(36,143)	-	(28,159)	(70)
Loans and advances granted		-	-	(12,241)	(666)
Additional interest acquired in subsidiary		(7,000)	-	-	-
Proceeds from disposal of equity securities		2,548	7	2,548	7
Net cash flow from investment activities		(48,402)	(1,774)	(40,773)	(1,508)
Cash flow from financing activities					
Capital distribution		(7,655)	(4,281)	(7,655)	(4,281)
Proceeds from issuance of ordinary shares		3,399	2,084	3,399	2,084
Dividends paid to minority interests		(224)	(113)	-	-
Net increase/(decrease) in borrowings		17,077	(873)	45,825	8,106
Net cash flow from financing activities		12,597	(3,183)	41,569	5,909
Net increase/(decrease) in cash and equivalents		3,181	12,263	(871)	5,812
Cash and equivalents at beginning of year		18,088	5,825	8,407	2,595
Cash and equivalents at end of year	24.4	21,269	18,088	7,536	8,407

for the year ended 28 February 2006

1. FIRST TIME ADOPTION OF IFRS

PSG Konsult Limited and its subsidiaries, for the first time, have adopted International Financial Reporting Standards ("IFRS"). The date of transition to IFRS is 1 March 2004. This note provides a reconciliation of net equity at 1 March 2004 and 28 February 2005 and net profit after tax at 28 February 2005.

The following transitional provisions were applied by the group:

IFRS 1, First-time Adoption of International Financial Reporting Standards, requires retrospective compliance with all IFRS effective at the reporting date. However, it contains a number of exemptions to this full retrospective application of IFRS and the group has applied the following exemptions:

Business combinations

The group has taken this exemption and will not apply IFRS 3, Business Combinations, retrospectively to business combinations that occurred prior to 1 March 2004. No adjustments to the accounting treatment of these business combinations were required.

The following transitional provisions were not applicable or not applied by the group:

- Property, plant and equipment: fair value as deemed cost
- Designation of financial instruments
- Share-based payments
- Employee benefits
- Compound and financial instruments
- Assets and liabilities of subsidiaries, associated companies and joint ventures
- Comparatives
- Decommissioning liabilities included in the cost of property, plant and equipment
- Leases
- IFRS 6, Exploration for and evaluation of mineral resources
- Cumulative translation differences
- Fair value of financial instruments and initial recognition

The group applied the following mandatory exceptions from retrospective applications:

- Derecognition of financial assets and liabilities exception
- Hedge accounting exception
- Estimates exception
- Assets held for sale and discontinued operations exception

The following new accounting policies were applied for IFRS reporting:

- Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses
- Upfront payments received for asset management services relating to the rendering of future services are deferred and amortised in proportion to the state of completion of the service for which they were paid.

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

Balance sheet and income statement disclosures

The adoption of IFRS has resulted in a number of reclassifications within the financial statements, for details please refer to note 23.

Reconciliation of IFRS changes in shareholders' equity and net profit after tax

Please refer to the reconciliation of IFRS changes in shareholders' equity and profit attributable to ordinary shareholders on the next page.

Changes to the cash flow statement

There were no material changes to the cash flow statements as a result of the implementation of IFRS.

Accounting principles under IFRS differ in various areas from SA GAAP. The most significant differences between IFRS and SA GAAP affecting net income and owners' equity are detailed below.

GROUP

RECONCILIATION OF IFRS CHANGES IN OWNERS' EQUITY

	Share capital	Share premium	Fair value reserve	Retained earnings	Minority interests	Total
AT TRANSITION DATE:						
Balance at 1 March 2004 reported under SA GAAP	3,650	46,581	(733)	1,618	263	51,379
Adjustments for:						
Revenue recognition in respect of investment contracts				(928)		(928)
Balance at 1 March 2004 reported under IFRS	3,650	46,581	(733)	690	263	50,451
Balance at 28 February 2005 reported under SA GAAP	3,734	44,300	808	8,174	829	57,845
Adjustments for:						
Reversal of goodwill amortisation				4,608		4,608
Amortisation of intangible assets previously recognised in goodwill				(136)		(136)
Revenue recognition in respect of investment contracts				(1,130)		(1,130)
Balance at 28 February 2005 reported under IFRS	3,734	44,300	808	11,516	829	61,187

RECONCILIATION OF IFRS CHANGES IN PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

Net profit after tax for the year ended 28 February 2005 reported under SA GAAP	6,556
Adjustments for:	
Reversal of goodwill amortisation	4,608
Amortisation of intangible assets previously recognised in goodwill	(136)
Revenue recognition in respect of investment contracts	(202)
Net profit after tax for the year ended 28 February 2005 reported under IFRS	10,826

COMPANY

RECONCILIATION OF IFRS CHANGES IN OWNERS' EQUITY

	Share capital	Share premium	Fair value reserve	Retained earnings	Total
AT TRANSITION DATE:					
Balance at 1 March 2004 reported under SA GAAP	3,650	46,581	(733)	(689)	48,809
Adjustments for:					
Revenue recognition in respect of investment contracts				(928)	(928)
Balance at 1 March 2004 reported under IFRS	3,650	46,581	(733)	(1,617)	47,881
Balance at 28 February 2005 reported under SA GAAP	3,734	44,300	808	(1,519)	47,323
Adjustments for:					
Reversal of goodwill amortisation				969	969
Amortisation of intangible assets previously recognised in goodwill				(48)	(48)
Revenue recognition in respect of investment contracts				(1,130)	(1,130)
Balance at 28 February 2005 reported under IFRS	3,734	44,300	808	(1,728)	47,114

RECONCILIATION OF IFRS CHANGES IN LOSS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

Net loss after tax for the year ended 28 February 2005 reported under SA GAAP	(830)
Adjustments for:	
Reversal of goodwill amortisation	969
Amortisation of intangible assets previously recognised in goodwill	(48)
Revenue recognition in respect of investment contracts	(202)
Net loss after tax for the year ended 28 February 2005 reported under IFRS	(111)

2. PROPERTY, PLANT AND EQUIPMENT

GROUP

As at 28 February 2006

	Land and buildings R'000	Motor vehicles R'000	Office equipment R'000	Computer equipment R'000	Total R'000
Cost	33	502	5,056	4,188	9,779
Accumulated depreciation	(4)	(139)	(3,052)	(2,862)	(6,057)
Balance at end of year	29	363	2,004	1,326	3,722

Reconciliation

Balance at beginning of year	-	79	1,123	573	1,775
Additions	-	10	1,208	1,103	2,321
Disposals	(840)	-	-	(7)	(847)
Depreciation	-	(44)	(566)	(489)	(1,099)
Acquisition of operations	869	318	239	146	1,572
Balance at end of year	29	363	2,004	1,326	3,722

As at 28 February 2005

Cost	-	93	3,072	2,119	5,284
Accumulated depreciation	-	(14)	(1,949)	(1,546)	(3,509)
Balance at end of year	-	79	1,123	573	1,775

Reconciliation

Balance at beginning of year	-	-	1,192	368	1,560
Additions	-	79	443	554	1,076
Disposals	-	-	(11)	-	(11)
Depreciation	-	-	(501)	(349)	(850)
Balance at end of year	-	79	1,123	573	1,775

Details of land and buildings are available at the registered offices of the relevant group companies. The market value of land and buildings at 28 February 2006, as determined by the directors, amounted to R33 000 (2005: Rnil).

COMPANY

As at 28 February 2006

	Office equipment R'000	Computer equipment R'000	Total R'000
Cost	718	520	1,238
Accumulated depreciation	(221)	(223)	(444)
Balance at end of year	497	297	794

Reconciliation

Balance at beginning of year	162	145	307
Additions	422	268	690
Depreciation	(87)	(116)	(203)
Balance at end of year	497	297	794

As at 28 February 2005

Cost	296	252	548
Accumulated depreciation	(134)	(107)	(241)
Balance at end of year	162	145	307

Reconciliation

Balance at beginning of year	106	62	168
Additions	104	160	264
Depreciation	(48)	(77)	(125)
Balance at end of year	162	145	307

3. INTANGIBLE ASSETS

GROUP

As at 28 February 2006

	Deferred acquisition costs R'000	Customer lists R'000	Goodwill R'000	Total R'000
Cost	20,097	44,897	60,656	125,650
Accumulated amortisation	(9,928)	(10,249)	-	(20,177)
Balance at end of year	10,169	34,648	60,656	105,473

Reconciliation

Balance at beginning of year	8,202	771	37,647	46,620
Additions	21,687	6,087	5,844	33,618
Acquisition of operations	-	29,640	17,165	46,805
Disposals	-	(84)	-	(84)
Amortisation	(19,720)	(1,766)	-	(21,486)
Balance at end of year	10,169	34,648	60,656	105,473

As at 28 February 2005

Cost	16,468	1,880	37,647	55,995
Accumulated amortisation	(8,266)	(1,109)	-	(9,375)
Balance at end of year	8,202	771	37,647	46,620

Reconciliation

Balance at beginning of year	6,683	701	37,647	45,031
Additions	18,014	907	-	18,921
Disposals	-	(255)	-	(255)
Amortisation	(16,495)	(582)	-	(17,077)
Balance at end of year	8,202	771	37,647	46,620

COMPANY

As at 28 February 2006

	Deferred acquisition costs R'000	Customer lists R'000	Goodwill R'000	Total R'000
Cost	20,097	2,747	3,783	26,627
Accumulated amortisation	(9,928)	(242)	-	(10,170)
Balance at end of year	10,169	2,505	3,783	16,457

Reconciliation

Balance at beginning of year	8,202	416	3,783	12,401
Additions	21,687	2,315	-	24,002
Disposals	-	(84)	-	(84)
Amortisation	(19,720)	(142)	-	(19,862)
Balance at end of year	10,169	2,505	3,783	16,457

As at 28 February 2005

Cost	16,468	516	3,783	20,767
Accumulated amortisation	(8,266)	(100)	-	(8,366)
Balance at end of year	8,202	416	3,783	12,401

Reconciliation

Balance at beginning of year	6,683	-	3,783	10,466
Additions	18,014	515	-	18,529
Amortisation	(16,495)	(99)	-	(16,594)
Balance at end of year	8,202	416	3,783	12,401

3. INTANGIBLE ASSETS (continued)

Details on impairment tests performed:
Goodwill is allocated to cash generating units identified according to the subsidiaries. A subsidiary level summary of the goodwill allocation is as follows:

	GROUP		COMPANY	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
PSG Konsult Limited	3,783	3,783	3,783	3,783
PSG Konsult Financial Planning (Pty) Limited	28,009	28,009	-	-
PSG Konsult Securities (Pty) Limited	3,453	3,453	-	-
PSG Konsult Trust Administrators (Pty) Limited	164	164	-	-
PSG Konsult Namibia (Pty) Limited	2,238	2,238	-	-
PSG Konsult Noord (Pty) Limited	9,534	-	-	-
Probatus Risk Managers (Pty) Limited	11,793	-	-	-
PSG Konsult Free State (Pty) Limited	1,682	-	-	-
	60,656	37,647	3,783	3,783

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

4. INVESTMENTS IN SUBSIDIARIES

Unlisted shares at cost

	COMPANY	
	2006 R'000	2005 R'000
Unlisted shares at cost	57,786	29,627

Refer to page 44

5. EQUITY SECURITIES

Available-for-sale securities

Quoted

Capitec Bank Holdings Limited
PSG Group Limited
m Cubed Holdings Limited

Unquoted

Namibian Stock Exchange rights

	GROUP		COMPANY	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Capitec Bank Holdings Limited	1,239	1,235	1,239	1,235
PSG Group Limited	-	1,753	-	1,753
m Cubed Holdings Limited	-	12	-	12
Namibian Stock Exchange rights	240	240	-	-
	1,479	3,240	1,239	3,000

Reconciliation of movements
Carrying amount at 1 March 2004
Disposals
Unrealised fair value net gains

	GROUP R'000	COMPANY R'000
Carrying amount at 1 March 2004	1,706	1,466
Disposals	(7)	(7)
Unrealised fair value net gains	1,541	1,541
Carrying amount at 28 February 2005	3,240	3,000
Disposals	(2,548)	(2,548)
Unrealised fair value net gains	787	787
Carrying amount at 28 February 2006	1,479	1,239

Current portion
Non-current portion

	GROUP		COMPANY	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Current portion	1,479	3,240	1,239	3,000
Non-current portion	-	-	-	-
	1,479	3,240	1,239	3,000

6. LOANS AND ADVANCES

Staff loans and advances
Loans with minorities
Intergroup loans and advances

Current portion
Non-current portion

Loans and advances

Included in loans and advances are amounts owing in respect of customer lists sold. These are unsecured, repayable within 12 months and carry interest at a rate of prime plus 1%. The remaining loans and advances are unsecured, repayable on demand and are interest-free.

	GROUP		COMPANY	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Staff loans and advances	5,421	2,084	812	493
Loans with minorities	468	-	-	-
Intergroup loans and advances	-	-	25,318	13,07
	5,889	2,084	26,130	13,570
Current portion	5,889	2,084	26,130	13,570
Non-current portion	-	-	-	-
Loans and advances	5,889	2,084	26,130	13,570

7. DEFERRED INCOME TAX

Deferred income tax assets
Deferred income tax liabilities

Net deferred income tax (liabilities) / assets

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

GROUP

Deferred tax assets

At 1 March 2004
(Charged)/credited to income statement

At 28 February 2005
(Charged)/credited to income statement
Acquisition of operations

At 28 February 2006

	GROUP		COMPANY	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Deferred income tax assets	4,433	6,364	313	588
Deferred income tax liabilities	(7,670)	(46)	-	-
Net deferred income tax (liabilities) / assets	(3,237)	6,318	313	588

Deferred tax liabilities

At 1 March 2004
(Charged)/credited to income statement

At 28 February 2005
(Charged)/credited to income statement
Acquisition of operations

At 28 February 2006

	Accruals not currently deductible and other differences		Total
	Tax losses carried forward	Prepaid expenses	
At 1 March 2004	6,592	2,641	9,233
(Charged)/credited to income statement	(1,018)	552	(466)
At 28 February 2005	5,574	3,193	8,767
(Charged)/credited to income statement	(1,957)	701	(1,256)
Acquisition of operations	534	147	681
At 28 February 2006	4,151	4,041	8,192
Deferred acquisition cost and other intangible assets			
Prepaid expenses			
At 1 March 2004	(1,938)	(94)	(2,032)
(Charged)/credited to income statement	(440)	23	(417)
At 28 February 2005	(2,378)	(71)	(2,449)
(Charged)/credited to income statement	31	(229)	(198)
Acquisition of operations	(8,782)	-	(8,782)
At 28 February 2006	(11,129)	(300)	(11,429)

7. DEFERRED INCOME TAX (continued)

COMPANY	Accruals		
	Tax losses carried forward	not currently deductible and other differences	Total
Deferred tax assets			
At 1 March 2004	-	2,362	2,362
Credited to income statement	107	508	615
At 28 February 2005	107	2,870	2,977
Credited/(charged) to income statement	(74)	592	518
At 28 February 2006	33	3,462	3,495
Deferred acquisition cost and other intangible assets			
	Deferred acquisition cost and other intangible assets	Prepaid expenses	Total
At 1 March 2004	(1,938)	(9)	(1,947)
Credited to income statement	(440)	(2)	(442)
At 28 February 2005	(2,378)	(11)	(2,389)
Credited to income statement	(571)	(222)	(793)
At 28 February 2006	(2,949)	(233)	(3,182)

8. RECEIVABLES

	GROUP		COMPANY	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Trade receivables	15,179	8,922	13,506	3,405
Prepayments and sundry debtors	2,497	719	867	53
	17,676	9,641	14,373	3,458
Current portion	17,296	9,641	14,373	3,458
Non-current portion	380	-	-	-
	17,676	9,641	14,373	3,458

No provision against trade receivables has been raised as there is no history of impairment due to the nature of the business.

9. CASH AND CASH EQUIVALENTS

	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Cash at bank and in hand	20,027	11,850	6,292	2,164
Short-term deposits	1,252	6,251	1,252	6,251
	21,279	18,101	7,544	8,415
Bank overdrafts	(10)	(13)	(8)	(8)
	21,269	18,088	7,536	8,407

The effective interest rate on short-term deposits is 7% (2005: 7%). These deposits are held at call.

10. SHARE CAPITAL

Authorised

500 000 000 shares of 1 cent each

GROUP		COMPANY	
2006 R'000	2005 R'000	2006 R'000	2005 R'000
5,000	5,000	5,000	5,000

Issued

At 1 March 2004

	Number of shares (thousands)	Share capital R'000	Share premium R'000	Share capital R'000	Share premium R'000
Shares issued	365,041	3,650	46,581	3,650	46,581
Capital reduction	8,356	84	2,000	84	2,000
	-	-	(4,281)	-	(4,281)

At 28 February 2005

	373,397	3,734	44,300	3,734	44,300
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At 1 March 2005

Shares issued	373,397	3,734	44,300	3,734	44,300
Capital reduction	5,664	57	3,342	57	3,342
	-	-	(7,655)	-	(7,655)

At 28 February 2006

	379,061	3,791	39,987	3,791	39,987
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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.

11. BORROWINGS

Non-current

Other long term borrowings ^
Related party loans ^ ^

GROUP		COMPANY	
2006 R'000	2005 R'000	2006 R'000	2005 R'000
2,000	-	2,000	-
7,500	-	7,500	-

Total non-current borrowings

9,500	-	9,500	-
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Current

Bank overdrafts
Short term portion of other long term borrowings ^
Related party loans ^ ^

10	13	8	8
2,071	-	2,000	-
7,500	-	42,431	8,106

Total current borrowings

9,581	13	44,439	8,114
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Total borrowings

19,081	13	53,939	8,114
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^ This is a loan from Swanvest 120 (Pty) Limited. It carries interest at a rate of prime minus 1%, with the repayment of the capital amount to be made in 4 equal instalments of R1 000 000 each every 6 months commencing on 1 March 2006.

^ ^ This is a loan from Axiom Holdings Limited. It carries interest at a rate of prime plus 1%, with the repayment of the capital amount to be made in 1 instalment of R5 000 000 on 31 May 2006, followed by 4 equal instalments of R2 500 000 each every 6 months commencing on 30 November 2006.

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

12. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Accounts payable	18,154	3,756	8,970	2,989
Accruals	18,669	9,649	3,497	2,925
VAT payable	3,112	1,270	1,432	810
Deferred revenue	12,118	9,792	12,118	9,792
Other payables	3,132	156	-	-
	55,185	24,623	26,017	16,516

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

13. COMMISSION AND OTHER FEE INCOME

	GROUP		COMPANY	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Commission and fees	229,062	151,063	60,466	47,855
Dealing and structuring	6,602	5,992	-	-
Policy administration charges				
Insurance contracts	3,847	-	-	-
	239,511	157,066	60,466	47,855

14. INVESTMENT INCOME

Interest income

Loans and advances	214	257	-	250
Cash and short-term funds	1,345	730	407	241
	1,559	987	407	491

Dividend income

Equity securities - Available-for-sale	25	293	25	-
Dividend income from subsidiary company	-	-	657	411
	25	293	682	411

Total Investment income

	1,584	1,280	1,089	902
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15. FAIR VALUE GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

Foreign exchange gains	4	-	4	-
Foreign exchange losses	-	(8)	-	(8)
Realised gains on disposal of available-for-sale financial assets	619	-	619	-
	623	(8)	623	(8)

16. MARKETING, ADMINISTRATION AND OTHER EXPENSES

Marketing, administration and other expenses consist of:

Depreciation

Motor vehicles	44	-	-	-
Office equipment	566	501	87	48
Computer equipment	489	349	116	77
	1,099	850	203	125

Amortisation of intangible assets

Operating lease rentals

Properties	5,571	4,195	574	493
Other	620	653	55	51
	6,191	4,848	629	544

Audit fees

Audit fees	1,240	505	517	170
Tax services	4	14	-	-
Other services	119	119	28	54
	1,363	638	545	224

Loss on disposal of computer software

Employee benefit expenses

Salaries, wages and allowances	108,426	65,057	13,005	9,070
Social security costs	2,958	2,450	622	552
Pension costs	1,932	1,377	243	156
	113,316	68,884	13,870	9,778

For directors' emoluments refer to report of the board of directors.

Commission paid	34,149	24,046	30,374	24,046
Other expenses	43,527	28,841	7,437	6,409

	221,131	145,248	72,920	57,720
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17. FINANCE COSTS

Bank overdrafts	54	27	-	-
Other borrowings	1,759	1	1,654	1
	1,813	28	1,654	1

18. TAXATION

	GROUP		COMPANY	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Normal taxation				
Current year	5,225	3,081	90	2
Prior year	114	-	-	-
	5,339	3,081	90	2
Deferred taxation				
Current year	1,455	1,147	275	(173)
Prior year	(1)	(264)	-	-
	1,454	883	275	(173)
Foreign taxation				
Current taxation	970	930	39	-
	970	930	39	-
	7,763	4,894	404	(171)
	%	%	%	%
Reconciliation of income tax charge:				
South African normal tax rate	29.0	30.0	29.0	30.0
Adjusted for:				
Non-taxable income	0.0	-0.8	-8.8	43.7
Capital gains tax differential in rates	-0.4	0.0	0.2	0.0
Non-deductible charges	1.0	1.4	0.9	-13.1
Prior year (under)/overprovision	0.4	-1.6	0.0	0.0
Utilisation of previously unrecognised tax losses	-1.0	0.0	0.0	0.0
Foreign tax rate differential	0.6	0.8	0.0	0.0
Tax rate adjustment	0.8	0.0	-3.9	0.0
Effective rate of tax	30.4	29.8	17.4	60.6
Gross calculated tax losses at the end of the year available for utilisation against future taxable income	14,313	18,580	114	357
Deferred tax asset provided on	(14,313)	(18,580)	(114)	(357)
Available for future utilisation	-	-	-	-

No STC credits are available for future utilisation (2005: R nil).

19. EARNINGS PER SHARE (CENTS)

The calculation of earnings per share is based on the following:

	GROUP 2006 R'000	COMPANY 2005 R'000
Total earnings attributable to ordinary shareholders	17,128	10,826
Adjustments (net of tax and outside shareholders):		
Loss on disposal of computer software	-	64
Net realised gains on available-for-sale assets ^	(529)	-
Headline earnings	16,599	10,890

Headline earnings

The calculation of the weighted average number of shares is as follows:

	Number of shares R'000	Number of shares R'000
Number of shares at beginning of the year	373,397	365,041
Weighted number of shares issued in the year	2,809	6,799
Weighted number of shares at end of the year	376,206	371,840
Headline earnings per share (cents)	4.4	2.9
Basic and diluted earnings per share (cents)	4.6	2.9

^ Basic and diluted earnings per share exclude this gain.

20. CAPITAL COMMITMENTS AND CONTINGENCIES

A claim has been lodged by a third party to the amount of R 580 000, of which R 280 000 is included in accounts payable. The company is defending the claim, and the case was directed to the Supreme Court of Appeal. The directors and the company's lawyers are of the opinion that the case will be successfully defended.

Operating lease commitments

Future commitments in terms of:

	GROUP		COMPANY	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
<i>Rental agreements</i>				
Due within one year	3,592	3,552	1,311	225
One to five years	5,071	4,332	1,384	324
<i>Operating leases - premises</i>				
Due within one year	76	192	28	-
One to five years	79	84	42	-

21. 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 11 to the financial statements.

22. RELATED-PARTY TRANSACTIONS

PSG Konsult Limited and its subsidiaries enter into various financial services transactions with members of the PSG Group. These transactions include a range of investment, administrative, advisory and corporate services in the normal course of business. These transactions are executed on terms no less favourable than those arranged with third parties. All intergroup transactions have been eliminated on consolidation.

Amounts receivable from companies in the PSG Group Limited group

	GROUP		COMPANY	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Included in Loans and advances				
PSG Konsult Securities (Pty) Limited	-	-	12,563	12,727
PSG Konsult Trust Administrators (Pty) Limited	-	-	133	134
PSG Konsult Namibia (Pty) Limited	-	-	216	216
PSG Konsult Free State (Pty) Limited	-	-	561	-
PSG Konsult North (Pty) Limited	-	-	8,493	-
Probatus Support Management (Pty) Limited	-	-	2,440	-
PSG Konsult Academy (Pty) Limited	-	-	912	-
	-	-	25,318	13,077
Included in Trade receivables				
PSG Konsult Securities (Pty) Limited	-	-	1,965	-
PSG Konsult Trust Administrators (Pty) Limited	-	-	218	-
PSG Konsult Free State (Pty) Limited	-	-	235	-
PSG Konsult North (Pty) Limited	-	-	3,387	-
Probatus Support Management (Pty) Limited	-	-	155	-
PSG Konsult Financial Planning (Pty) Limited	-	-	6,610	-
PSG Konsult Management Services (Pty) Limited	-	-	86	-
PSG Online Solutions SA (Pty) Limited	6,654	3,887	-	-
PSG Fund Management (Pty) Limited	410	104	-	-
PSG Collective Investments Limited	-	6	-	-
Crest Constantia Management Services (Pty) Limited	3	-	-	-
Alphen Asset Management (Pty) Limited	2	6	-	-
PSG Investment Services (Pty) Limited	1	-	-	-
	7,070	4,003	12,656	-
	7,070	4,003	37,974	13,077
Amounts payable to companies in the PSG Group Limited group				
Included in Borrowings				
Axiam Holdings Limited	15,000	-	15,000	-
PSG Konsult Financial Planning (Pty) Limited	-	-	33,834	8,106
PSG Konsult Management Services (Pty) Limited	-	-	1,097	-
	15,000	-	49,931	8,106
Included in Trade and other payables				
Crest Constantia Management Services (Pty) Limited	86	119	86	112
PSG Online Solutions SA (Pty) Limited	1,503	-	-	82
PSG Investment Services (Pty) Limited	-	77	-	47
Alphen Asset Management (Pty) Limited	58	90	-	-
PSG Independent Consulting (Pty) Limited	-	245	-	-
PSG Fund Management (Pty) Limited	-	11	-	-
	1,647	542	86	241
	16,647	542	50,017	8,347

22. RELATED-PARTY TRANSACTIONS (continued)

The following significant related party transactions occurred during the year

	GROUP		COMPANY	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Income received from companies in the PSG Group Limited group				
PSG Konsult Limited and its subsidiaries				
Management fees			4,763	2,489
Marketing and distribution fees			585	354
Accounting fees			1,128	-
Compliance fees			1,104	707
Training			828	530
Corporate IT charge			1,747	1,153
	-	-	10,155	5,233
Professional Securities Group Limited and its subsidiaries				
Management fees	64	520	64	260
Administration fees	48	9	-	-
Commission	4,647	4,365	-	-
Marketing and distribution fees	432	-	-	-
Rent received	80	185	-	-
	5,271	5,079	64	260
PSG Capital Limited and its subsidiaries				
Administration fees	-	64	-	-
PSG Financial Services Limited and its subsidiaries				
Placement fees	600	-	108	-
PSG Corporate Services (Pty) Limited and its subsidiaries				
Placement fees	-	1,321	-	-
Arch Equity Corporate Services (Pty) Limited and its subsidiaries				
Placement fees	-	465	-	-
PSG Online Holdings (Pty) Limited and its subsidiaries				
Brokerage	56,424	41,708	-	-
Management fees	67	64	-	-
	56,491	41,772	-	-
Capitus Holdings (Pty) Limited and its subsidiaries				
Commission	2,241	5,036	913	1,277
	64,603	53,737	11,240	6,770

22. RELATED-PARTY TRANSACTIONS (continued)

Fees paid to companies in the PSG Group Limited group

	GROUP		COMPANY	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Professional Securities Group Limited and its subsidiaries				
Management fees	745	713	-	-
Rent paid	337	310	-	-
Administration fees	-	15	-	-
	1,082	1,038	-	-
PSG Capital Limited and its subsidiaries				
Corporate finance fees	-	24	-	24
PSG Online Holdings (Pty) Limited and its subsidiaries				
Settlement fees	11,929	10,663	-	-
Corporate IT charge	909	935	909	575
	12,838	11,598	909	575
Crest Constantia Management Services (Pty) Limited				
Corporate management fees	520	342	520	342
	14,440	13,002	1,429	941
Interest received from companies in the PSG Group Limited group				
PSG Investment Services (Pty) Limited	-	30	-	23
PSG Corporate Services (Pty) Limited	-	152	-	152
PSG Online Solutions SA (Pty) Limited	-	75	-	75
	-	257	-	250
Interest paid to companies in the PSG Group Limited group				
Axiam Holdings Limited	1,290	-	1,290	-

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

Key management compensation

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

23. COMPARATIVE FIGURES

With the transition to IFRS, certain changes in presentation of the 2005 disclosures were made as follows:

GROUP	Current year allocation					2005 reported balance
	Property, plant and assets R'000	Intangible advances R'000	Loans and Receivables R'000	assets R'000	Current income tax liabilities R'000	
Balance sheets						
Property, plant and equipment	1,775	177				1,952
Accounts receivable			2,084	9,641		11,725
Current tax assets					-	378
Current tax liabilities					(1,956)	(2,334)
	1,775	177	2,084	9,641	-	16,389
COMPANY	Current year allocation					2005 reported balance
	Property, plant and equipment R'000	Intangible assets R'000	Investments in subsidiaries R'000	Loans and advances R'000	Receivables R'000	
Balance sheets						
Property, plant and equipment	307	155				462
Investments in subsidiaries			29,627	13,076		(8,106)
Accounts receivable				494	3,458	3,952
	307	155	29,627	13,570	3,458	39,011

The balance sheet is presented in order of liquidity. Previously the non-current/current classification was used.

	GROUP 2005 R'000	COMPANY 2005 R'000
Income statements		
Other operating costs were reallocated to		
Marketing, administration and other expenses	146,549	59,206
Fair value gains and losses on financial instruments	(8)	(8)
	146,541	59,198
Interest income and finance costs was reallocated from net finance costs to		
Investment income	987	491
Finance costs	(28)	(1)
	959	490
Commissions and other operating income was reallocated as follows:		
Commission and other fee income	159,045	49,661
Other operating income	3,348	8,690
	162,393	58,351

24. NOTES TO THE CASH FLOW STATEMENT

24.1 Cash generated by operating activities

	GROUP		COMPANY	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Results of operating activities	27,341	16,427	3,971	(281)
Adjustment for other non-cash items				
Depreciation of property, plant and equipment	1,099	850	203	125
Dividends received	(25)	(293)	(682)	(411)
Interest received	(1,559)	(987)	(407)	(491)
Amortisation of computer software	1,766	582	142	99
Realised gain on available-for-sale financial assets	(619)	-	(619)	-
Loss on disposal of computer software	-	64	-	-
	28,003	16,643	2,608	(959)
Changes in working capital				
Deferred acquisition costs	(1,967)	(1,519)	(1,967)	(1,519)
Loans and advances granted	(3,783)	(2,084)	(319)	(346)
Receivables	(2,336)	(1,820)	(10,915)	(1,638)
Trade and other payables	23,744	7,934	9,501	5,542
	43,661	19,154	(1,092)	1,080
24.2 Taxation paid				
(Charge)/credit in income statement	(7,763)	(4,894)	(404)	171
Movement in deferred tax	1,454	883	275	(173)
Acquisition of operations	(34)	-	-	-
Movement in taxation liability	1,897	825	119	(568)
	(4,446)	(3,186)	(10)	(570)

24. NOTES TO THE CASH FLOW STATEMENT (continued)

24.3 Subsidiaries acquired

(i) PSG Konsult Noord (Pty) Limited (PSG Konsult Noord)

On 1 June 2005, the group acquired an 80% interest in PSG Konsult Noord (Pty) Limited for R13,796,000. An additional 20% was acquired on 1 December 2005 for R3,427,000.

PSG Konsult Noord is incorporated in the Republic of South Africa and offers insurance brokerage.

The acquired business contributed revenues of R26 136 000 and net profit of R542 000 to the group for the period from 1 September 2005 to 28 February 2006.

	GROUP 2006 R'000
Details of the net liabilities acquired and goodwill are as follows:	
Purchase consideration:	
- Cash paid	13,695
- Direct costs relating to the acquisition	101
Total purchase consideration	13,796
Less: Loans acquired	(10,864)
Add: Fair value of net liabilities acquired	2,997
Goodwill	5,929

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

The assets and liabilities arising from the acquisition of the 80% interest are as follows:

	Fair value R'000	Acquiree's carrying amount R'000
Property, plant and equipment	1,203	1,203
Intangible assets	13,894	4,306
Financial assets		
Loans and advances	22	22
Deferred income tax	(3,605)	(824)
Receivables	4,291	4,291
Cash and cash equivalents	(1,699)	(1,699)
Financial liabilities		
Borrowings	(13,760)	(13,760)
Trade and other payables	(4,595)	(4,595)
Net liabilities acquired	(4,249)	(11,056)
Less: Minority interests	1,252	1,252
	(2,997)	(9,804)
	GROUP 2006 R'000	
Purchase consideration settled in cash	13,796	
Less: Cash and cash equivalents in subsidiary acquired	1,699	
Cash outflow on acquisition	15,495	

24. NOTES TO THE CASH FLOW STATEMENT (continued)

(ii) Probatus Risk Managers (Pty) Limited (Probatus Risk Managers)

On 1 June 2005, the group acquired an 80% interest in Probatus Risk Managers (Pty) Limited for R14,018,000. An additional 20% was acquired on 1 December 2005 for R3,573,000.

Probatus Risk Managers is incorporated in the Republic of South Africa and is an insurance administrator.

The acquired business contributed revenues of R4,230,000 and net loss of R31,000 to the group for the period from 1 September 2005 to 28 February 2006.

	GROUP 2006 R'000
Details of the net assets acquired and goodwill are as follows:	
Purchase consideration:	
- Cash paid	14,018
- Direct costs relating to the acquisition	-
Total purchase consideration	14,018
Less: Loans acquired	(206)
Less: Fair value of net assets acquired	(4,974)
Goodwill	8,838

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

The assets and liabilities arising from the acquisition of the 80% interest are as follows:

	Fair value R'000	Acquiree's carrying amount R'000
Property, plant and equipment	230	230
Intangible assets	8,563	-
Deferred income tax	(2,422)	61
Receivables	1,408	1,408
Cash and cash equivalents	1,016	1,016
Financial liabilities	-	-
Borrowings	(320)	(320)
Trade and other payables	(2,223)	(2,223)
Current income tax liabilities	(34)	(34)
Net assets acquired	6,218	138
Less: Minority interests	(1,244)	-
	4,974	138

	GROUP 2006 R'000
Purchase consideration settled in cash	14,018
Less: Cash and cash equivalents in subsidiary acquired	(1,016)
Cash outflow on acquisition	13,002

24. NOTES TO THE CASH FLOW STATEMENT (continued)

(iii) PSG Konsult Free State (Pty) Limited (PSG Konsult Free State)

On 1 September 2005, the group acquired a 100% interest in PSG Konsult Free State (Pty) Limited.

PSG Konsult Free State is incorporated in the Republic of South Africa and offers investment management, insurance and investment brokerage, financial planning and advice.

The acquired business contributed revenues of R3,606,000 and net loss of R9,000 to the group for the period from 1 September 2005 to 28 February 2006.

	GROUP 2006 R'000
Details of the net assets acquired and goodwill are as follows:	
Purchase consideration:	
- Cash paid	5,093
- Direct costs relating to the acquisition	53
Total purchase consideration	5,146
Less: Fair value of net assets acquired	(3,464)
Goodwill	1,682

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

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

	Fair value R'000	Acquiree's carrying amount R'000
Property, plant and equipment	139	139
Intangible assets	4,683	-
Deferred income tax	(1,358)	-
Net assets acquired	3,464	139

	GROUP 2006 R'000
Purchase consideration settled in cash	5,146
Less: Cash and cash equivalents in subsidiary acquired	-
Cash outflow on acquisition	5,146

(iv) Purchase of operations (Probatas)

On 1 September 2005, the group acquired 100% of the insurance and administration business carried on under the name of Probatas from Abentrix (Pty) Limited, a company incorporated in the Republic of South Africa.

	GROUP 2006 R'000
Details of the net assets and goodwill are as follows:	
Purchase consideration:	
- Cash paid	2,500
Total purchase consideration	2,500
Less: Fair value of net assets acquired	(1,784)
Goodwill	716

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

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

	Fair value R'000	Carrying R'000
Intangible assets	2,500	-
Deferred income tax	(716)	-
Net assets acquired	1,784	-

	GROUP 2006 R'000
Purchase consideration settled in cash	2,500
Cash outflow on acquisition	2,500

24.4 Cash and cash equivalents at end of year

	GROUP		COMPANY	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
Cash and short-term funds	21,279	18,101	7,544	8,415
Bank overdrafts	(10)	(13)	(8)	(8)
	21,269	18,088	7,536	8,407

25. EVENTS AFTER BALANCE SHEET DATE

Business combinations

On 21 April 2006, the group acquired 100% of the share capital of Multinet Makelaars (Pty) Limited (Multinet) and Topexec Management Bureau (Pty) Ltd (Topexec). Multinet specialises in providing short-term insurance advice and products to its clients while Topexec provides bureau administrative services.

The transaction will be paid for by the issue of 26,205,881 PSG Konsult Limited shares and R162.2m in cash. The cash amount will be settled in three instalments: 25 April 2006, 28 February 2007 and 31 August 2007. The initial payment will be financed by a rights issue and the balance by a combination of own funds and borrowings. In order to partially fund the cash payment for the acquisition, the board regarded a rights offer as an appropriate means to raise cost-effective capital. An offer to take up 1 ordinary share for every 3 ordinary shares held at 68 cents per share was extended to shareholders and R85,920,398 was successfully raised by the issue of 126,353,526 shares during March 2006.

The group is still in the process of determining the fair value of the net identifiable assets and liabilities. The expected goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise following the group's acquisition of Multinet and Topexec. The fair value of the shares issued, amounting to R17.8m, was based on the rights offer during March 2006 at 68 cents per share.

Company

PSG Konsult Financial Planning (Pty) Limited
(Financial and investment planning and advice and stockbroking)

PSG Konsult Securities (Pty) Limited
(Financial and investment planning and advice and stockbroking)

PSG Konsult Trust Administrators (Pty) Limited
(Provision of corporate and financial administrative and advisory services)

PSG Konsult Academy (Pty) Limited
(Learning academy and related activities)

PSG Konsult Bestuursdienste (Pty) Limited
(Provision of corporate and financial administrative and advisory services)

PSG Konsult (Namibia) (Pty) Limited
(Investment management, insurance and investment brokers, financial planning and advice)

PSG Konsult Free State (Pty) Limited
(Investment management, insurance and investment brokers, financial planning and advice)

Probatas Risk Managers (Pty) Limited
(Insurance administrators)

PSG Konsult Noord (Pty) Limited
(Insurance brokers and Investment holding)

	Proportion held directly or indirectly by holding company		Issued share capital	
	2006 %	2005 %	2006 R'000	2005 R'000
PSG Konsult Financial Planning (Pty) Limited <i>(Financial and investment planning and advice and stockbroking)</i>	100	100	-	-
PSG Konsult Securities (Pty) Limited <i>(Financial and investment planning and advice and stockbroking)</i>	100	100	200	200
PSG Konsult Trust Administrators (Pty) Limited <i>(Provision of corporate and financial administrative and advisory services)</i>	100	100	-	-
PSG Konsult Academy (Pty) Limited <i>(Learning academy and related activities)</i>	80	-	-	-
PSG Konsult Bestuursdienste (Pty) Limited <i>(Provision of corporate and financial administrative and advisory services)</i>	100	-	-	-
PSG Konsult (Namibia) (Pty) Limited <i>(Investment management, insurance and investment brokers, financial planning and advice)</i>	51	51	300	300
PSG Konsult Free State (Pty) Limited <i>(Investment management, insurance and investment brokers, financial planning and advice)</i>	100	-	1	-
Probatas Risk Managers (Pty) Limited <i>(Insurance administrators)</i>	100	-	-	-
PSG Konsult Noord (Pty) Limited <i>(Insurance brokers and Investment holding)</i>	100	-	-	-

The company's interest in attributable income and losses of subsidiaries amounts to R 16 088 000 (2005: R 11 616 000) and R 236 000 (2005: R nil) 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) (Pty) Limited which is incorporated in Namibia. Further details of investments are available at the registered offices of the relevant group companies.

CORPORATE INFORMATION

Company secretary:	Wallie Krumm
Bankers:	ABSA Bank Limited Standard Bank of South Africa Limited
Auditors:	PricewaterhouseCoopers Inc. Cape Town
Attorneys:	Hofmeyr, Herbstein & Gihwala Inc.
Registration number:	1993/003941/06
Country of incorporation:	Republic of South Africa
Date of incorporation	14 July 1993
Registered address:	Suite 2/1 Hemel and Aarde Craft Village Cnr Hemel and Aarde & Main Road Hermanus 7200
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Website:	www.psgkonsult.co.za
Financial Services Board Licence no.	728

*All men dream,
but not equally ...*

LAURENCE OF ARABIA