

## B O A R D O F D I R E C T O R S

**JANNIE MOUTON** (53)\* BCom (Hons), CA(SA), AEP  
Executive chairman

**LOUIS DE WAAL** (49) BA  
Executive director – PSG Matrix

**LEON DE WIT** (45)\* BCom, FIA  
Chief executive officer – PSG Channel Holdings

**JAAP DU TOIT** (45)\* BAcc, CA(SA), CFA  
Chief executive officer – PSG Investment Services

**ANDRÉ LA GRANGE** (49)\* BCom (Hons), MCom  
Chief executive officer – PSG Investment Bank Holdings

**MICHIEL LE ROUX** (50) BCom, LLB  
Chief executive officer – Keynes Rational

**HUGH OOSTHUIZEN** (39) BCompt (Hons), CA(SA)  
Executive director – PSG Investment Bank Holdings

**CHRIS OTTO** (50)\* BCom, LLB  
Executive director

**LEONÉ ROUILLARD** (49)  
Managing director – Graphicor

**BOTHA SCHABORT** (42)  
Pr Eng, B Eng (Hons), MBA  
Business consultant

**CHARLES TURNER** (48) CA(SA), H Dip Tax, AEP  
Deputy chairman – PSG Investment Bank Holdings

**COLIN VAN DER MEULEN** (47) BBusSc, FFA, ASA  
Managing director – PSG Anchor Life

**ROB WILLIAMS** (42) BEcon, BCom (Hons), MBA  
Director – Siphumelele Investments

\* Member of audit committee

\* Member of remuneration committee



*From left front row:  
Colin van der Meulen,  
Jannie Mouton, Leoné Rouillard,  
Charles Turner, Louis de Waal,  
Botha Schabort  
Middle row: André la Grange,  
Connie Myburgh, Michiel le Roux  
Back row: Chris Otto, Leon de Wit,  
Jaap du Toit, Hugh Oosthuizen,  
Rob Williams, Botha Schabort*

# ADMINISTRATION

## ***Secretaries and registered office***

PSG Corporate Services (Pty) Limited  
Ou Kollege  
35 Kerk Street  
Stellenbosch, 7600  
PO Box 7403  
Stellenbosch, 7599  
Telephone (021) 887-9602  
Telefax (021) 887-9619

## ***Transfer secretaries***

Computershare Services Limited  
Edura  
41 Fox Street  
Johannesburg, 2001  
PO Box 61051  
Marshalltown, 2107  
Telephone (011) 370-7700  
Telefax (011) 836-0792

## ***Company registration number***

1970/008484/06

## ***Investment bank***

PSG Investment Bank Limited

## ***Auditors***

PricewaterhouseCoopers Inc

## ***Bankers***

ABSA Bank

## ***Attorneys***

Hofmeyr Herbststein Gihwala Inc

## ***Website address***

[www.psg.co.za](http://www.psg.co.za)



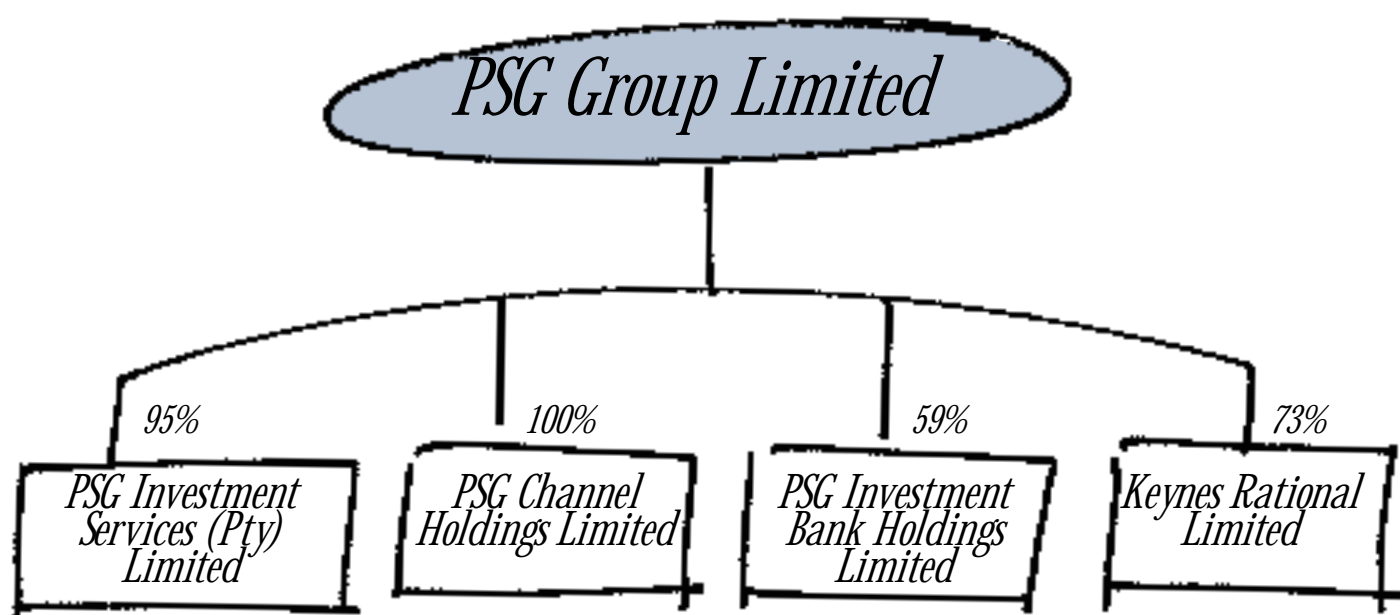
## FINANCIAL HIGHLIGHTS

## PSG GROUP LIMITED

*PSG Group is one of South Africa's leading independent financial services groups, listed in the Financial Services sector on the Johannesburg Stock Exchange.*

	2000	Increase %	1999	Increase %	1998
Headline earnings per share (cents)	120,6	40	85,9	82	47,3
Headline earnings (R000)	164 745	101	82 031	138	34 467
Distribution per share (cents)	36	44	25		
Return on equity (%)	19,1		14,0		11,3
Market capitalisation (Rm)	1 395	25	1 117	(5)	1 172

## GROUP STRUCTURE

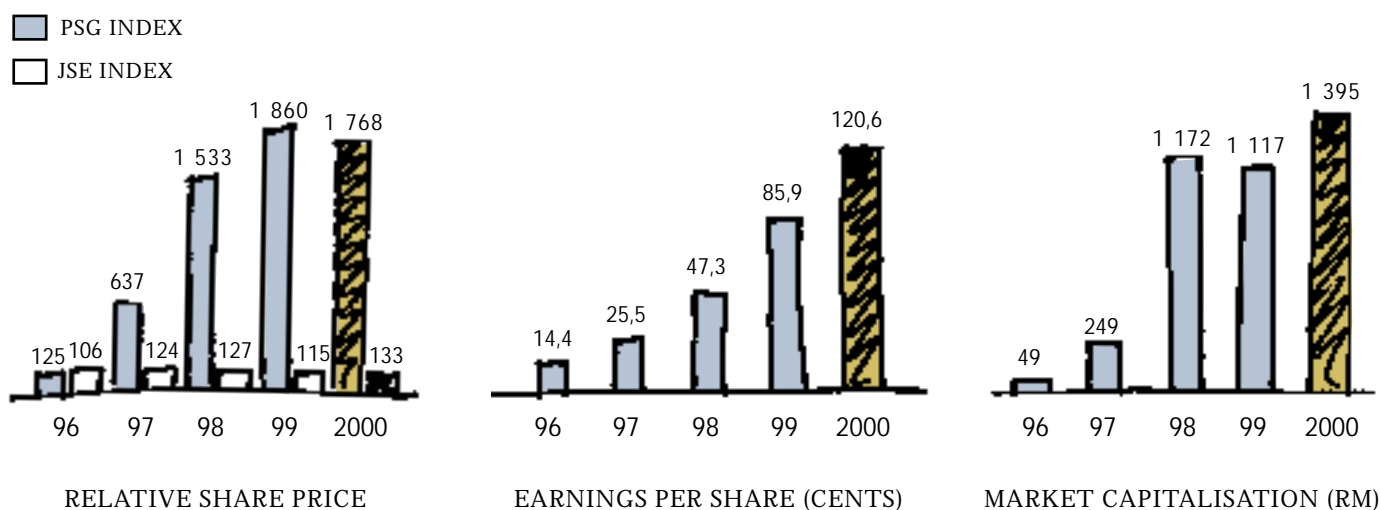




## STOCK EXCHANGE PERFORMANCE

	2000	1999	1998	1997	1996	1995
Market price (cents)						
– High for the year	1 585	1 900	1 550	510	300	125
– Low for the year	800	495	445	210	20	22
– Closing price	1 000	1 170	1 530	470	225	60
– Average	1 114	1 172	966	401	78	63
Closing price/earnings	8,3	13,6	32,3	17,9	16,4	14,6
Volume of shares						
traded (000)	45 265	30 219	23 443	14 120	22 210	442
Value of shares						
traded (R000)	504 273	354 050	226 564	56 557	17 238	278
Volume/weighted						
average shares (%)	33,1	37,1	32,2	36,7	101,8	2,0
JSE Financial						
Services index*	419	527	427	240	110	100
JSE All Share index*	133	115	127	124	106	100
PSG share price index*	1 768	1 860	1 533	637	125	100

\* Index March 1995 = 100

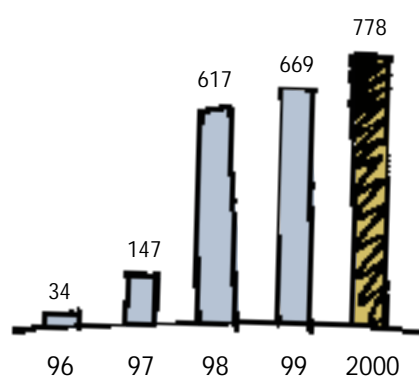


## OUR TRACK RECORD

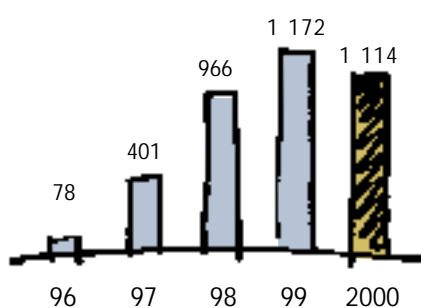
	2000	1999	1998	1997	1996	1995	Five-year compounded growth %
Headline earnings per share (cents)	<b>120,6</b>	85,9	47,3	25,5	14,4	4,3	95
Headline earnings (R000)	<b>164 745</b>	82 031	34 467	10 105	3 133	941	180
Distribution per share (cents)	<b>36</b>	25					
Ordinary shareholders' funds (Rm)	<b>1 085</b>	638	535	78	7	4	207
Net worth per share (cents)	<b>778</b>	669	617	147	34	20	108
Return on average equity (%) <sup>*1</sup>	<b>19,1</b>	14,0	11,3	23,8	53,6	24,7	
Total assets (Rm) <sup>*2</sup>	<b>3 275</b>	2 088	1 105	144	24	13	202
Return on average assets (%) <sup>*1</sup>	<b>6,1</b>	5,1	5,5	12,0	16,9	9,4	
Market capitalisation (Rm)	<b>1 395</b>	1 117	1 172	249	49	13	155
Number of shares (000)							
– issued	<b>139 500</b>	95 445	86 611	52 930	21 818	21 818	
– weighted average	<b>136 613</b>	95 445	72 869	39 588	21 818	21 818	

<sup>\*1</sup> Ratios calculated using headline earnings

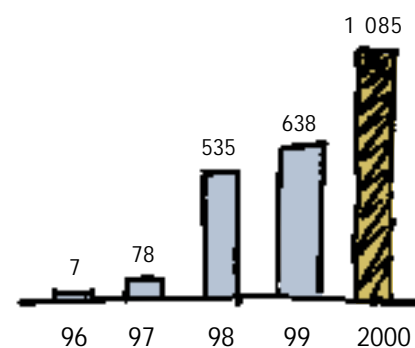
<sup>\*2</sup> Excluding investments of assurance subsidiaries



NET WORTH PER SHARE (CENTS)



AVERAGE SHARE PRICE (CENTS)



SHAREHOLDERS' FUNDS (RM)



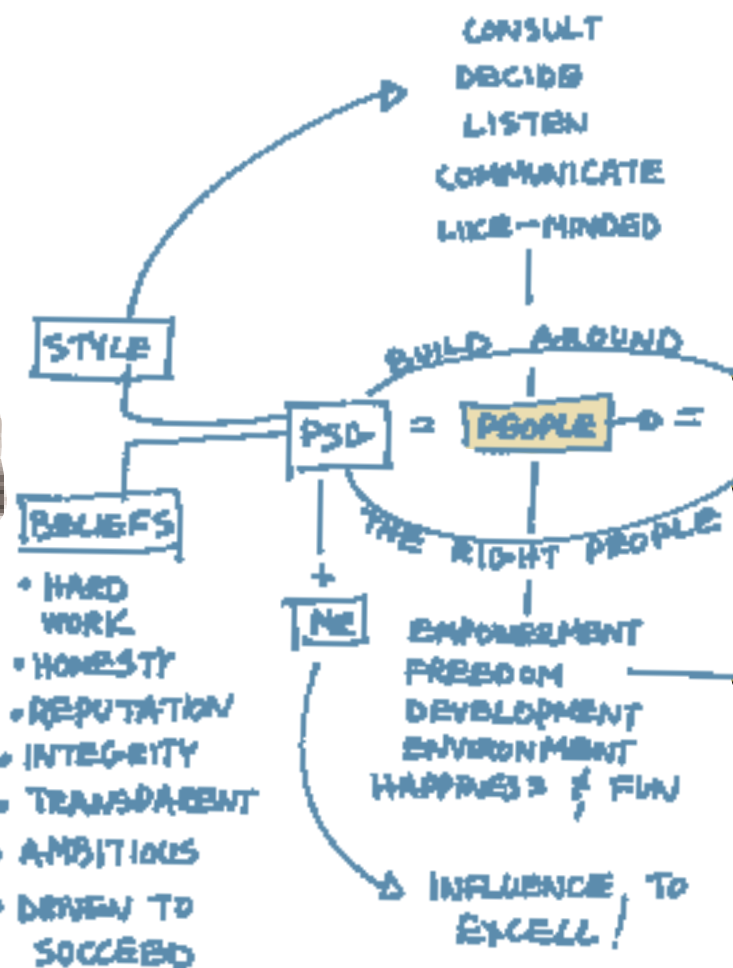
PSG GROUP LIMITED

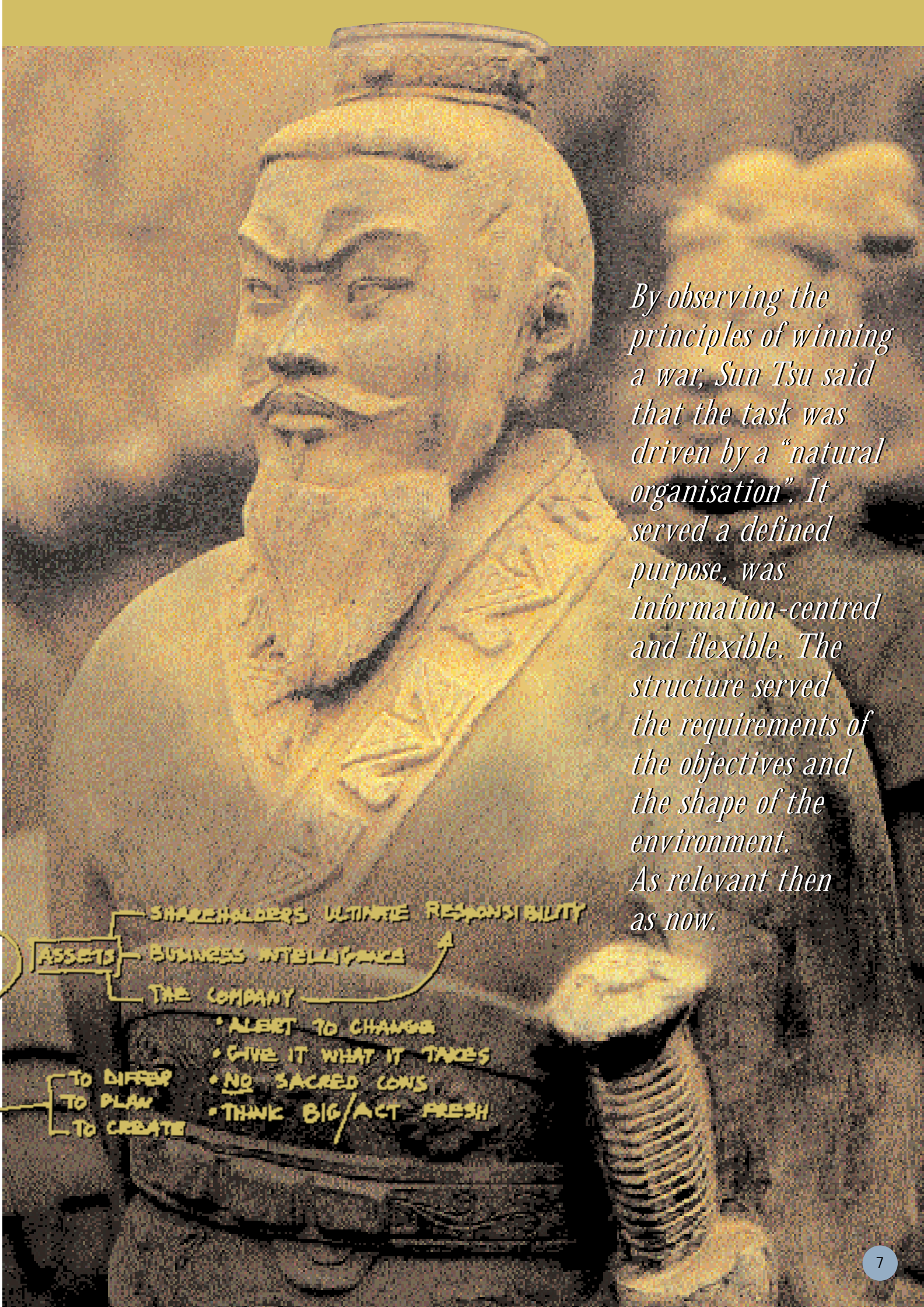
# ULTIMATE EMPOWERMENT



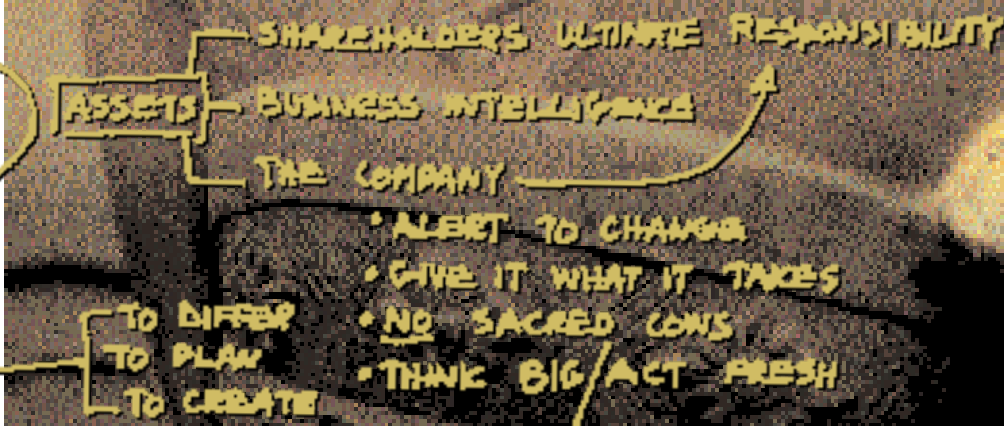
*Jannie Mouton*

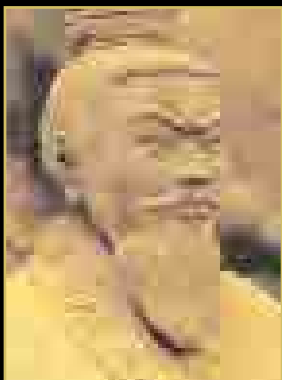
EXECUTIVE CHAIRMAN





*By observing the principles of winning a war, Sun Tsu said that the task was driven by a “natural organisation”. It served a defined purpose, was information-centred and flexible. The structure served the requirements of the objectives and the shape of the environment. As relevant then as now.*





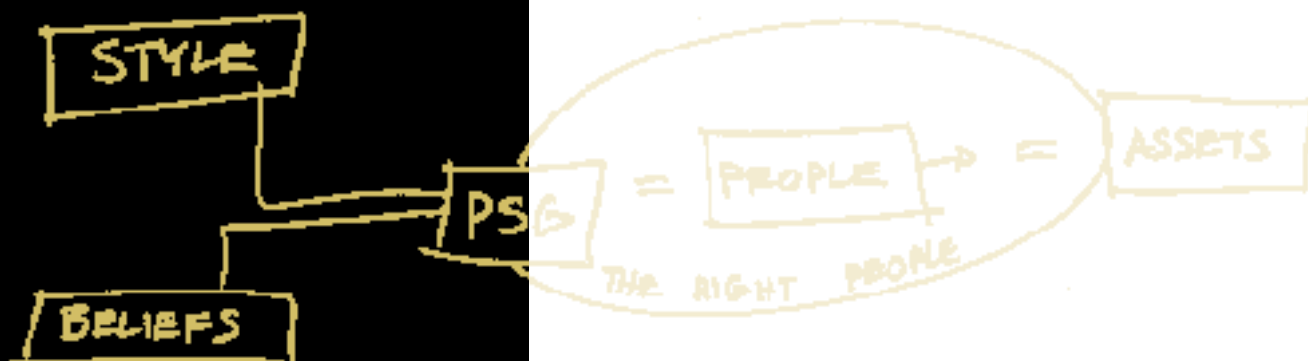
*Ultimate empowerment  
is our style and strategy.*



PSG GROUP LIMITED

It gives me great pleasure to review the results of a year during which our group performed exceptionally. Headline earnings per share for the past year increased by 40% from 85,9 cents to 120,6 cents which equals a compounded growth rate of 95% for the past five years. Headline earnings rose by 101% from R82,0 million in 1999 to R164,7 million in 2000.

The group's net asset value per share increased by 16% from 669 cents at the 1999 year-end to 778 cents at 29 February 2000. Ordinary shareholders' funds rose by 70% to R1 085 million and total assets, excluding investments of assurance subsidiaries, rose by 57% to R3 275 million during the period.





## DIVISIONAL CONTRIBUTION

	Interest %	Capital invested Rm	Return on investment %	Medium term growth %	Rm	Contribution to headline earnings %
PSG Investment Services	95	54	16,7	30	9,0	5
PSG Investment Bank	59	640	19,5	20	125,1	76
Keynes Rational	73	208	7,7	50	16,1	10
PSG Channel Holdings	100	60	14,3	45	8,6	5

By further investments and higher growth rates from the non-banking companies, we aim to have a more balanced portfolio in years to come and be less dependent on PSG Investment Bank.

## OUR FOCUS

- Financial services
- Market segments that are growing or have significant growth potential
- Cash generating companies instead of capital-intensive industries
- Startup and greenfields operations instead of matured companies
- Support creative entrepreneurs instead of professional managers
- Support, gather and develop intellectual capital
- Invest in leaders with flair
- Buy teams/people instead of companies

- Transparency and fairness – we live by it and believe that transparency is the jury for fairness.
  - Success is not the key to happiness. Happiness is the key to success.
  - Enthusiasm – *“Nothing great was ever achieved without enthusiasm”* – Ralph Emerson
  - Impeccable corporate governance (our way of life)
    - Audit committee (chaired by independent non-executive Prof J van Zyl Smit)
    - Remuneration committee (chaired by independent non-executive Adv Fran du Plessis)
    - Integrity of results and management information
- “For what is a man profited, if he shall gain the whole world, and lose his own soul”* – Matthew 16:26

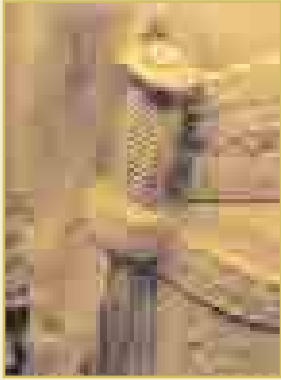
## VALUES AND CULTURE

It embraces the following:

- No hierarchies. We believe in a flat structure.
- Bureaucracy – we encourage an open, informal, creative environment where we can take decisions quickly. Yes, we make mistakes, because of our culture of quick decision-making.

## OUR GOALS

- Earnings per share of 200 cents by 2002
- Return on equity of 20% by 2002
- Offshore profit contribution 30% by 2002
- Dividend policy: 30% pay-out
- Rule of 25:25 – 25% annual growth and 25% return on investments



*The more we empower  
our people, the more the  
company grows.*

#### STYLE AND STRATEGY

We believe that our people in PSG are our most important asset. We strive to give them the two biggest gifts in life – “Purpose and Freedom” through our philosophy of ultimate empowerment.

**Ultimate Empowerment** is our style and strategy and involves the following:

- Develop corporate identities (new companies and greenfield operations)
- Develop strategic thinking at company level
- Independent and own board of directors for each entity
- Board and management prepare their own business plan
- Set their own goals
- Finalise their own vision and mission statements
- Employ competent people with flair and creativeness
- Share the well-being of the company with all involved
- Create new managing directors with a purpose
- Must be proud and motivated to achieve goals
- Must be free to think and to perform

It could lead to a new listing or even unbundling in the true spirit of ultimate empowerment.

It will lead to the creation of wealth for all stakeholders.

#### THE FRUITS OF ULTIMATE EMPOWERMENT

We are proud and convinced that our strategy of ultimate empowerment works in practice. The milestones for the past year are:



## PSG GROUP LIMITED

- Acquired minorities in PSG Online and merged with PSG Securities.
- Established PSG Online Solutions, the platform of our drive into e-commerce.
- Merged PSG Noble and PSG Investment Bank and listed on JSE on 2 August 1999 to have seventh largest bank in SA with shareholders' funds in excess of R1,5 billion.
- Established PSG Life with a share capital of R20 million.
- Grew PSG Escher's assets under management to R12 billion – a success story.
- Acquired Superflex UK to form the springboard for Escher's overseas expansion.
- Launched PSG Vantage – our cell captive insurance operation.
- Launched PSG Progressive – our corporate finance boutique.
- Took a 26% interest in Indequity (Private Equity).
- Simplified corporate structure by taking out minorities in PSL and delisting of PSL.
- Sold our 20% interest in Teljoy to focus more on financial services.
- Established the Keynes Rational Group.
  - Raised R225 million cash.
  - Increased micro-service branches to 125.
  - Merged with Anchor Life.
- We have recently announced the new Velocity deal between PSG Investment Bank and the management in

the press. With R1 billion now under management the company is well placed for future growth.

- We have aggressively built our distribution channels by developing PSG Konsult, PSG Independent Consulting and PSG International.
- Both Channel Management Services and PSG Channel Matrix are established, focused and in business.
- For more details refer to the individual investment reports.
- The more we empower our people the more the company grows.

### CONCLUSION

This past year has been successful, exceptional and exciting and would not have been possible without the talents and enthusiasm of all the people in the PSG Group. I thank them most sincerely for their vital contributions.

I look forward to the new financial year as our group continues to develop its full potential.

Jannie Mouton

Stellenbosch

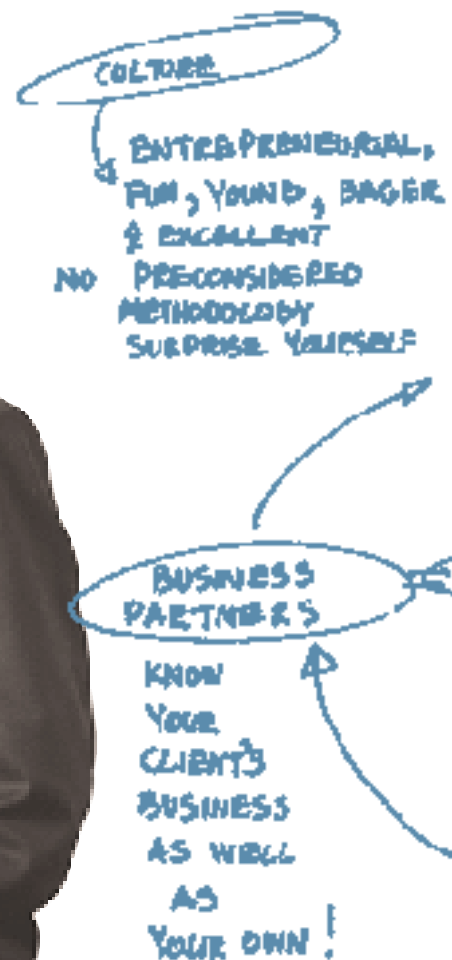
10 April 2000



# PSG INVESTMENT BANK

*PSG Investment Bank is a niched and focused investment bank with a strong capital base and exceptional intellectual skills and expertise. PSG Investment Bank started the year with a capital base of R388 million and ended the financial year with R1,6 billion. This substantial balance sheet will enable the bank to fulfil its mandate of innovating, bridging and trading in selected specialised areas. The banking group has focused on the acquisition of talented teams and building specialised complementary businesses. The bank was granted a banking licence in September 1998 and listed successfully on the JSE in August 1999. The banking group is one of the top 100 companies and one of the top ten banks in South Africa in respect of market capitalisation and share capital, respectively.*

André la Grange  
GROUP CHIEF EXECUTIVE



*Mehmed II showed particular interest in and knowledge of the expertise of the best scholars, craftsmen and artists worldwide.*

*Much of his successful reign resulted from his wisdom, in gathering and empowering specialists to perform at their best, irrespective of their nationalities.*

### STYLE

TELL EVERYONE WHAT YOU THINK & THEY WILL ADD TO IT TO MAKE IT WORK (EMPOWERMENT)

### SCOREBOARD

=

### FIN. PERFORMANCE

DEMONSTRATE ACHIEVEMENTS

### SUCCESS

### NICHE

### FOCUS

INTELLECTUALLY ASTOUNDINGLY DIFFERENT EXPERTISE

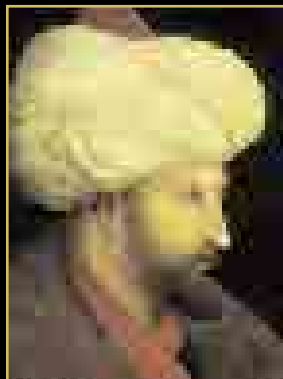
TO BE SUCCESSFUL YOU HAVE TO DO MANY THINGS EXCEPTIONALLY WELL

### QUANTIFIABLE GOALS

FOCUS ON ACHIEVABLE CLEAR STRATEGICAL STEPS

### ENVIRONMENT

FREE FLOW OF INFORMATION, CONTACT, IDEAS & SPACE.



## FUTURE STRATEGIES

- IMPLEMENTING OUR STRATEGY OF INNOVATION, BRIDGING AND TRADING
- DEPLOY CAPITAL WHERE WE GET OUR REQUIRED ROE
- INTERNATIONALISE
- BE THE BEST IN OUR FOCUS AREAS
- BE ENTREPRENEURIAL AND INNOVATIVE
- COURAGE TO DO THINGS DIFFERENTLY
- HAVE FUN



## OPERATING ENVIRONMENT

The period under review was characterised by subdued financial markets, increased corporate failures, falling interest rates and a run on some banks – in summary very “demanding and challenging conditions”.

In spite of these difficulties, PSG Investment Bank (PSGBH) successfully listed in August 1999 and continued to grow its core business while breaking into important new financial markets.

The group started the year with a capital base of R388 million and ended the financial year with R1,6 billion. We believe this meaningfully sized balance sheet will enable PSGBH to fulfil its mandate of innovating, bridging and trading in selected “niche” areas. It is also our belief that size counts in the banking sector.

PSGBH has an A2 rating awarded by Fitch IBCA and a D1 rating by Duff & Phelps.

## PERFORMANCE

PSGBH recorded exceptional growth of 183% in attributable income for the year ended 29 February 2000, benefiting from the acquisition of PSG Noble Capital and its unique positioning in the market. The group achieved a materially improved revenue mix with a substantial contribution from after-tax sources and annuity-based income.

The profit on disposal of one of the group’s investments, Teljoy, enhanced earnings and added R176 million to free cash assets.

Annuity income comprised 63% of total income. With the exception of Velocity Funds Management, all operations contributed positively to the group’s 183% growth in attributable income to R211 million. The average return on equity (ROE) of 14,4% for the year is below the target of 20% plus. However, it is important to recognise that a “snap shot” ratio does not reflect the true return profile of the group. PSGBH is writing business at, and above, the market on an ongoing basis. With its low cost

structure, focus and business strategy, it will, in time, achieve a ROE ratio ahead of the market.

Total assets increased to R2,7 billion against R1,4 billion in February 1999. Provisions amount to approximately 1,8% of total loans.

PSGBH will continue cautiously pursuing its organic and inorganic growth strategies while focusing on niche operations. It will also take advantage of opportunities that become available as a result of its capital base and flexible structure.

We expect significant rationalisation in the financial services sector this year and, because of our size and available capital, are well-placed to be an active participant in the sector's changes.

## REVIEW OF OPERATIONS

PSGBH has divisions at various stages of development. They all have the ability to identify, and benefit from, trends in the financial services market. The group continues to deploy capital in the operating divisions as required, after they have first satisfied strict risk and investment requirements.

The divisions of the bank are as follows:

### Structured, project, asset finance and corporate lending

A team of experienced executives was brought together in April 1999 to develop and generate debt and interest-financing financial products. All debt investments are tradable and self liquidating and the division does not offer commercial credit facilities.

The highlights of the period were:

- Developing structured finance products for investments totalling plus R2 billion.
- Increasing the project finance book to R520 million and closing the asset finance book at R130 million.

- Building a corporate lending book of R400 million.
- Asset management's successful participation in the reconstruction of the New Republic Bank, the benefits of which will accrue during the next two financial periods.

The division contributed R54 million to attributable income.

### Risk Management International

This international risk management division operates out of the group's Mauritian offices and runs a structured derivative book. It is an active player in the global capital markets but does not use PSGBH capital to create the financial products it sells. It uses sophisticated models to price and manage market risk.

Although market conditions were treacherous during the year, the division's "intellectual capital" and skills resulted in a contribution of R29 million to attributable income.

### Treasury

A fully-fledged treasury was established during the year that trades in the money, capital, foreign exchange and interest rate derivative markets. Trading conditions during the period under review were mixed, volatile and marked with uncertainty and falling interest rates.

The division will be able to broaden its activities after being awarded a foreign exchange licence during the year.

The focus is on proprietary trading and a bank funding treasury. The capital allocation and income streams of the two activities are separately measured and appropriate risk profiles adopted for each. The treasury procured and retained deposits of R900 million at a time when many of its peers were struggling to maintain their funding bases.



ANDRÉ LA GRANGE, HUGH OOSTHUIZEN, CHARLES TURNER





## FOCUS AREAS

- TREASURY: TRADING AND FUNDING
- STRUCTURED PRODUCTS
- STRUCTURED AND PROJECT FINANCE
- PROPRIETARY INVESTMENTS
- CORPORATE FINANCE
- SPECIALISED INSURANCE
- FUNDS MANAGEMENT
- TREASURY OUTSOURCING

## OUR DIFFERENTIATORS

- CAPITAL
- PEOPLE
- STRUCTURE
- FOCUS-SPECIALISATION

The bank treasury invests the group's capital. This division contributed R35 million to attributable income.

### Proprietary Investments

The division makes use of the group's capital base to underwrite rights issues, fund management buy-outs and make select investments.

During the year the division disposed of shares in Teljoy Holdings Limited. The deal resulted in headline earnings of R59 million.

During the year the division invested R169 million in seven new projects. However, competition in the sector is increasing and deal flow and profitability is coming under pressure. This year the focus of this division will be on making a few meaningful investments where it can use its expertise to add value.

In line with this philosophy, PSGBH acquired a 34,9% interest in Vestacor Group for R57,5 million. Post year-end, the group also concluded the purchase of The Business Bank (TBB) on a favourable and opportunistic basis. PSGBH's attributable profit from TBB on the next financial year should exceed R50 million.

Proprietary investments for the year under review contributed R80 million to attributable income.

### Corporate Finance

This division provides the full spectrum of advisory, equity, capital raising, underwriting and mergers and acquisitions services. The review period was characterised by very competitive market conditions and a shift away from new listings to minority schemes, share buy-backs, mergers and acquisitions, management buy-outs and private equity investments. The team completed 34 consulting assignments with a market value of R3,5 billion.

PSGBH sees corporate finance as a window to the financial markets and a source provider for other bank activities. The division is well positioned to increase market share with its focus on the middle market. The division offers innovative solutions and a superior service.

Corporate finance contributed R5 million to attributable income.

### Funds Management

PSGBH's funds management activities were conducted through its listed, 92%-held subsidiary Velocity Holdings Limited. The fund manager's performance was adversely affected by a substantial downward rating in the small-cap stocks and the market's focus on resource stocks. The team also experienced start-up difficulties and declining equity prices.

The highlights of the review period for Velocity were:

- Securing a unit trust licence in July 1999 and launching five unit trusts on 1 August 1999.



- Funds under management growing from R20 million in August 1999 to almost R1 billion by year-end.
- A comprehensive restructuring of the business.

At year-end, PSGBH's indirect investment in fund management amounted to R9 million. Velocity incurred an attributable loss of R7 million during the period but is expected to return to profitability this year.

### Specialised Insurance

PSGBH's specialised insurance activities are marketed by its onshore subsidiary, PSG Vantage, and by the group's Mauritian joint venture company, PSG International Financial Services. Both offer innovative solutions for a wide range of insurable risks. The cell captive insurance business offers customers, or cell holders, the option of participating in the profits of the business.

PSG Vantage was granted its short-term insurance licence in December 1999.

The small attributable loss for the period under review was primarily due to a delay in start up. However, the business has a promising pipeline of new business and expects to make profits by 2001.

### Treasury Outsourcing

This division manages foreign exchange risk, short-term and working capital interest rate risk, administration of foreign debtors and creditors, hedges and cash flow for third parties. The strategic acquisition of Indevco, a 12-year old industrial development consultancy, will increase the division's client base substantially. Indevco is a niche business that identifies trade and industrial incentives and procures capital for corporates.

Treasury outsourcing is well-placed for exponential growth. The review period was characterised by:

- R4 billion forex under management;
- R200 million interest rate management; and
- an active client base of plus 140 clients.

The activity utilises minimal capital and contributed R3 million to attributable income.

### Corporate Services

Administration, risk control, compliance and technology are centralised within the corporate services division. It is the backbone of the group and operates in a matrix format, providing essential backing to all the operating divisions.

### INTANGIBLES

PSGBH's policy was to immediately write off any goodwill, restructure provisions and restraints against share premium. The policy will be changed in line with Accounting Statement 131 in the next accounting period. Write-offs during the period under

review amounted to R189 million equivalent to 14,5 cents per share.

### DIVIDEND AND DISTRIBUTION

PSGBH's policy is to declare dividends and/or distribute amounts annually either by way of a capitalisation award or cash. The group distributed 6,5 cents per share for the period under review (a dividend of 4,15 cents and capital distribution of 2,35 cents per share).

### PROSPECTS

PSGBH is strategically placed to capitalise on the envisaged consolidation in the financial services market. The group continues to focus on managing liquidity, risk and is continually intensifying already stringent controls required to promote an entrepreneurial, empowered work environment.

The next financial period will be demanding, characterised by volatile equity prices, a tighter interest rate environment, the effects of changes in tax legislation, an expected decline in the value of the rand and possibly renewed inflationary pressures.

The investment banking transaction in terms of which PSGBH acquired control of TBB and a substantial minority interest in Vestacor should significantly contribute to profits in the next financial period.

The group, given its intellectual capital and solid capital base, is well-positioned to take advantage of opportunities bound to arise this year.

PSGBH's focus is that of innovation, bridging and trading. This approach, coupled with quality service and integrity, is the cornerstone of our strong, dynamic, youthful group and the qualities that will drive us to superior performance.

### ACKNOWLEDGEMENTS

We are proud to be part of the PSG family. Thanks are due to our shareholders, directors, clients and staff for their support and participation in our activities. A special word of thanks to our chairman Jannie Mouton for his support and wise counsel and our executive for their diligence and exceptional efforts – well done.



PSG CHANNEL

# PSG CHANNEL HOLDINGS

*PSG Channel was formally launched in January 1998, to provide leading-edge products and services in the field of remuneration, employee benefits and asset management. It has established itself as a prominent player by attracting some of the best people in the industry giving autonomy to the staff on an owner manager basis.*

*PSG Channel also benefits from its financially strong entrepreneurial parent company, PSG Group. Channel reinforced its business ties with a leading-edge international player, by way of an exclusive affiliation with William M Mercer Worldwide.*

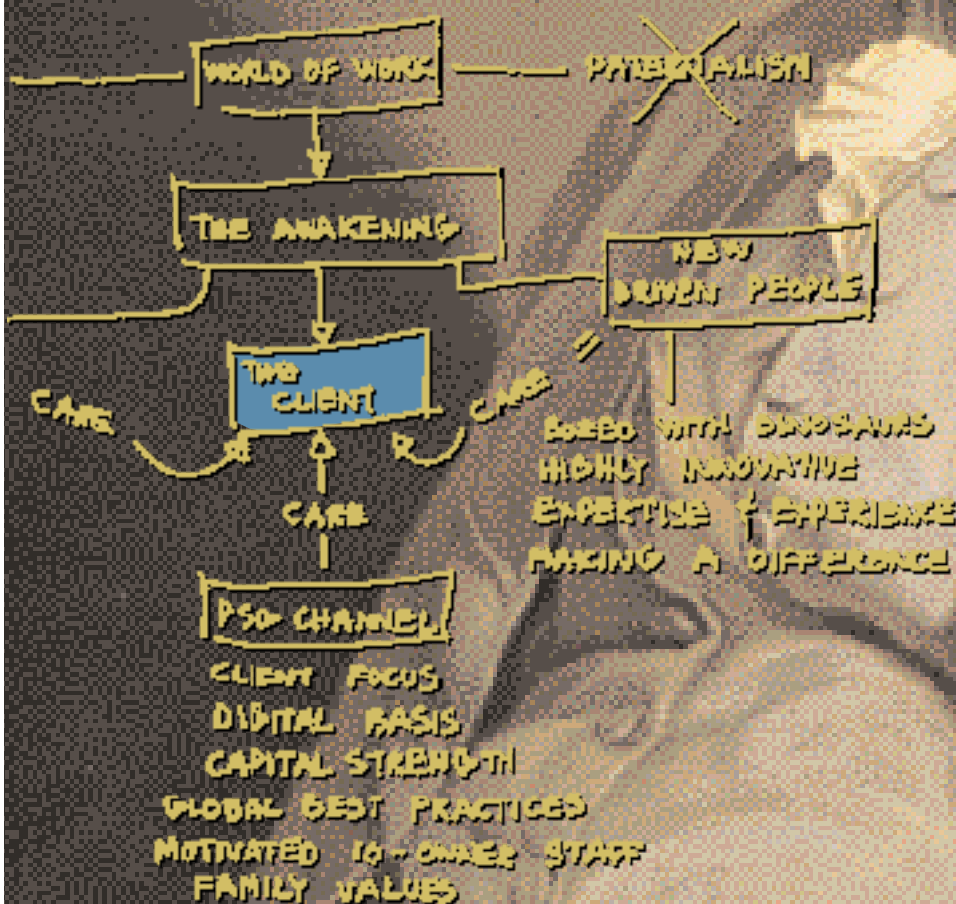
Leon de Wit  
CHIEF EXECUTIVE

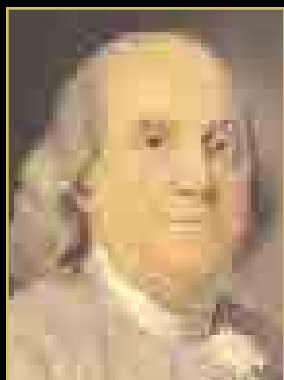


~~TRADITIONALISM~~

NEW ECONOMY  
↓  
NEW SIZE  
NEW ABILITY  
NEW TECHNOLOGY

*American printer, author, inventor and diplomat. Characterised by industry, science, thrift and common sense. Benjamin Franklin's superb awareness of the trends and the needs in areas where his diplomatic prowess was applied, made it possible to lead traditional thinkers to accept advantageous new, effective and fair practices.*





## PRODUCTS AND SERVICES

- INSTITUTIONAL ASSET MANAGEMENT
- INVESTMENT ASSURANCE
- HEALTH CARE CONSULTING
- REMUNERATION CONSULTING
- ACTUARIAL CONSULTING
- RETIREMENT ADMINISTRATION SERVICES



PSG CHANNEL

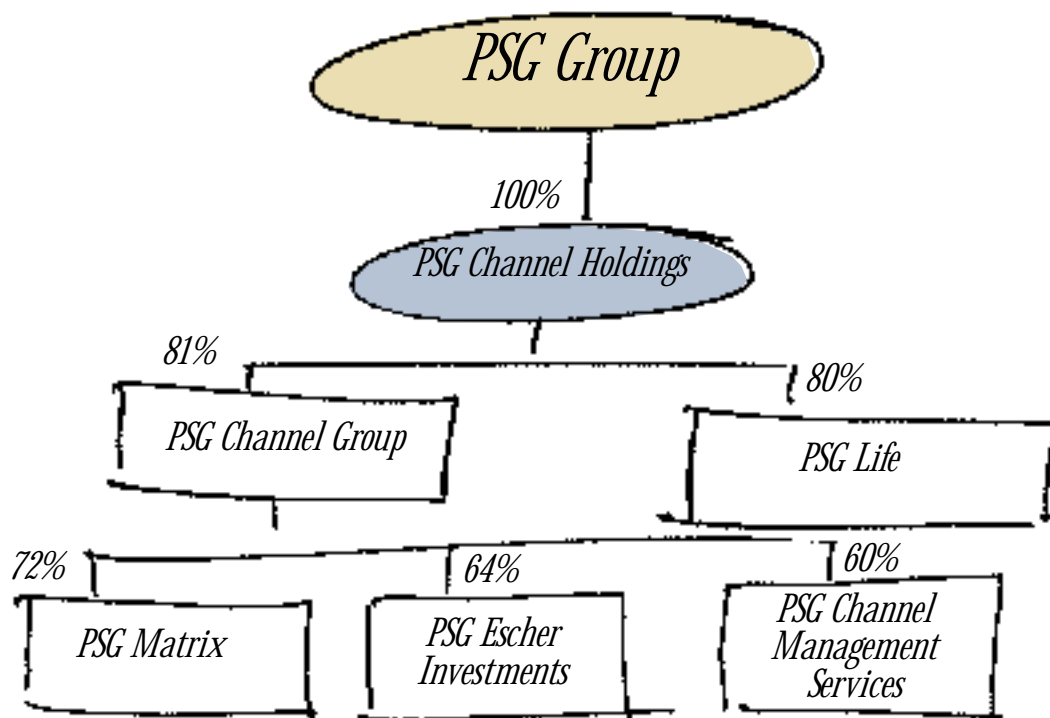
When PSG decided to enter the remuneration and employee benefits market early in 1998 with the formation of the PSG Channel Group, we realised that it was never going to be easy. As a truly greenfields operation, the Channel Group had to go through the phases of “forming, storming and norming”.

In our first full year of operation to 28 February 1999, we recorded a modest net profit after tax of R1,7 million. However, we had reason to remain positive as it became apparent that Channel had been successful in attracting a team of quality people from the market place.

In the last twelve months to 29 February 2000, Channel started realising its potential and it is fair to conclude that the company has now entered the “performing” phase. Hence, it is our pleasure to report on Channel’s progress to date, and to comment on the way forward.

## CORPORATE STRUCTURE

The year to 29 February 2000 saw a number of changes in Channel’s corporate structure. Our remuneration, actuarial and healthcare consulting businesses were consolidated to form a much stronger PSG Matrix Consultants (Pty) Limited. PSG Life Limited was established in August 1999, with a primary capital base of R20 million. This caused us to establish PSG Channel Holdings Limited, in order to consolidate PSG’s interests in Channel.

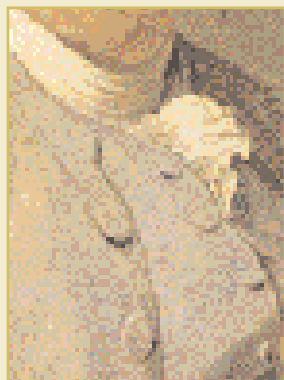


PSG's effective shareholding in Channel, weighted by profits in the 2000 financial year, is some 57%. The remainder of the shareholding belongs to founder members and other executives (33%) and share incentive trusts for staff (10%).

Primary capital increased from R40 million to R60 million during the year.



SEATED: IZAK FOURIE, JOHAN MARAIS, ERIC VISSER, LOUIS DE WAAL  
STANDING: PHILIP CROESER, LEON DE WIT, CORNIE FOORD



## FUTURE STRATEGIES

- GROW TO TOP THREE POSITION IN SOUTHERN AFRICA
- DEVELOP NETWORK OF BUSINESSES
- INCREASE PROFIT BY 50% IN 2001
- FOCUS HEAVILY ON INTERNET BUSINESS
- EXPAND GLOBALLY
- RETURN 30%+ ON SHAREHOLDERS' FUNDS
- CONSIDER PUBLIC LISTING OF SUCCESSFUL BUSINESSES

## WORLD OF WORK

Channel's playing field is the very exciting "World of Work", be it remuneration and employee benefits consulting, human resources and pensions administration, institutional asset management, or the closely aligned underwriting of investment products.

All of these businesses are complementary by nature, and cross-selling of services are on the increase. For example, the combination of Channel's administration and asset management competencies in the area of pensions to provide members with flexible investment options, is unique in South Africa.

We will continue to expand in order to become influential in the South African World of Work.

## ESCHER: A DREAM COME TRUE

PSG Escher's story is a fairy tale that fills one with pride. They started the year as a young and untested team, but with an uncompromising belief in themselves and a clear business vision. A modest R200 million of assets under management turned into an impressive R11,0 billion by year-end.

Escher has in a short period of time become a leading specialist multi-manager in southern Africa. Philip Croeser, Tracy Ledger, Gerrit le Roux and their colleagues have their sights on international expansion, whilst continuing the impressive growth path locally.

Escher has been the greatest contributor to Channel's profits in the year to 29 February 2000, and we expect this position to prevail for the foreseeable future.

## MATRIX: AN INFLUENCE BUSINESS

**Jack Welch of General Electric once said –**

*"An organisation's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage."*

This is particularly true in the case of PSG Matrix, a multi-disciplinary team of consultants under the able leadership of Dr Izak Fourie, Louis de Waal and Gayle Whitcher. A growing relationship with the world's leading remuneration and employee benefits consulting business, William M Mercer Worldwide, provides Matrix with a competitive advantage in terms of international best practices.

## CHANNEL MANAGEMENT SERVICES: EXCITING BUT TRICKY

The establishment of a pension administration business based on flexible investment choice for members of defined contribution

funds, is not for the faint-hearted. A truly J-shaped business with onerous capital requirements.

However, we believe that it dovetails particularly well with Escher's asset management business to form a combination that is fast becoming a leader in the southern African market. Channel Management Services expanded its network to include offices in Johannesburg, Pretoria and Durban. Our unique Channel umbrella funds attracted more than R150 million, and total members under administration are approaching 50 000.

Eric Visser and his executives are realistic about the future: we need to do it right first time, render a professional service and reach a critical mass (100 000 members). We are confident about the way ahead, particularly in view of a developing e-commerce business strategy. Channel is committed to the success of this company.

### PSG LIFE: THE 'FAT BABY'

PSG Life was born on 19 August 1999, as a pure linked investment life office. Today, a mere six months later, PSG Life has a balance sheet that boasts assets approaching R11,0 billion – mostly assets sourced by PSG Escher. Johan Marais set the wheels in motion by launching the impressive Pegasus range of global investment products. More than R150 million has been sourced by way of single premium policies issued to high net worth individuals and corporates.

A business with great potential that produced cash profits from the outset. The future lies in a combination of unique product development and fresh distribution channels – once again, the internet is high on our agenda.

### THE WAY FORWARD

- We shall continue to grow organically and incrementally, as part of our vision to be one of the top three providers of remuneration and employee benefit services in southern Africa.
- We shall do so by developing a network of like-minded and co-operative businesses.
- We expect to increase our profits by more than 50% in the year ahead.
- We intend to become a truly "new economy" business, with the internet playing an increasingly important role.

### FINANCIAL HIGHLIGHTS

	2000 Rm	1999 Rm
REVENUE		
assurance	10 732,1	–
operating	80,5	20,5
investment and interest	2,0	2,8
	10 814,6	23,3
EXPENSES		
assurance	10 732,1	–
remuneration	31,3	13,9
other	30,1	7,1
	10 793,5	21,0
Net profit before tax	21,1	2,3
Income tax	7,1	0,6
Net profit after tax	14,0	1,7
Minorities	5,3	0,3
Attributable to ordinary shareholders	8,7	1,4

### KEY FINANCIAL RATIOS INCLUDE

	2000	1999
Net profit after tax as % of non-assurance revenue	17,0	7,3
Headline earnings per share (cents)	23,5	3,8
Dividend per share (cents)	9,6	0,0
Dividend cover (times)	2,5	–
Return on shareholders' funds (%)	26,5	6,6

- We have acquired a multi-manager business from our global associates, William M Mercer, in the United Kingdom and intend expanding our activities abroad.
- We shall increasingly concentrate on returning 30%+ on shareholders' funds, rather than absolute shareholder control.
- We shall consider a public listing of operating subsidiaries should it be deemed appropriate.



PSG INVESTMENT SERVICES

# PSG INVESTMENT SERVICES

*Since inception in 1996, PSG Investment Services has grown to a highly focused niche market and entrepreneurial company mostly catering to the investment requirements of high net worth individuals.*

*The year under review was an exciting one. PSG Investment Services added 25 new offices and 55 new financial advisors to the business. In addition, we substantially increased the size of the unit trust business, launched our first wrap fund, and took quantum leaps in the development of the PSG Online initiative – which is set to transform our service delivery.*

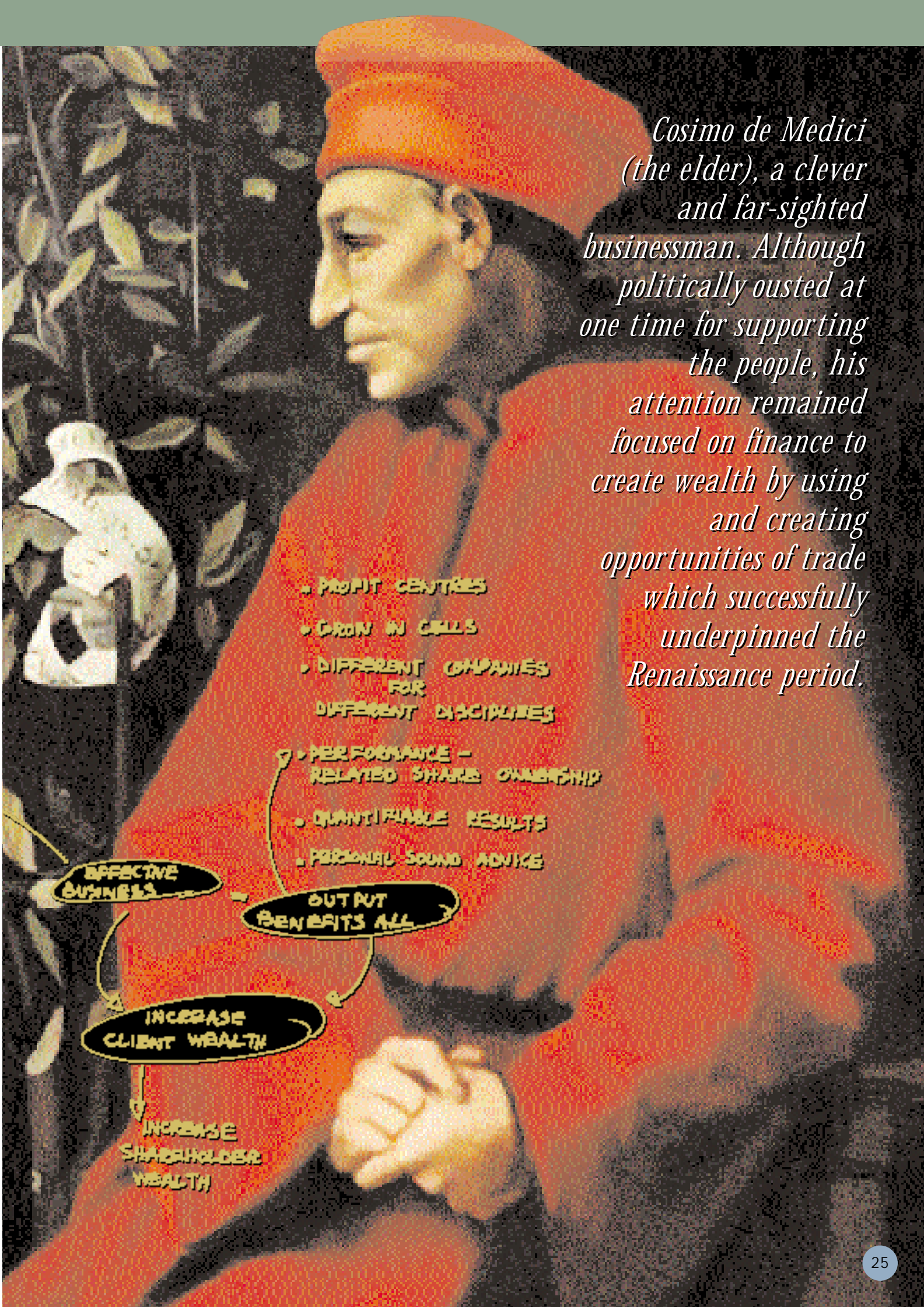
Jaap du Toit

CHIEF EXECUTIVE OFFICER



- DISTRIBUTION
- HYBRID APPROACH (ON-LINE & PERSONAL)
- CLIENT EDUCATION
- KNOWLEDGEABLE PEOPLE
- EXTREME TAILOR-MAKING



A portrait of Cosimo de' Medici, an elderly man with a long white beard, wearing a red cap and a red robe. He is looking slightly to the left. The background is dark and textured.

*Cosimo de' Medici  
(the elder), a clever  
and far-sighted  
businessman. Although  
politically ousted at  
one time for supporting  
the people, his  
attention remained  
focused on finance to  
create wealth by using  
and creating  
opportunities of trade  
which successfully  
underpinned the  
Renaissance period.*

- PROFIT CENTRES
- GROW IN CELLS
- DIFFERENT COMPANIES FOR DIFFERENT DISCIPLINES

- PERFORMANCE - RELATED SHARE OWNERSHIP
- QUANTIFIABLE RESULTS
- PERSONAL SOUND ADVICE

EFFECTIVE BUSINESS

OUTPUT BENEFITS ALL

INCREASE CLIENT WEALTH

INCREASE SHAREHOLDER WEALTH



## FUTURE STRATEGIES

- FOCUS ON INVESTMENTS
- IMPLEMENTING E-BUSINESS INITIATIVE
- STRENGTHEN OWN BRAND
- REACHING POTENTIAL 70 000 CLIENTS
- SETTING UP STRATEGIC ALLIANCES TO EXPAND INTERNATIONALLY
- SEPARATE LISTING



## PSG INVESTMENT SERVICES

The year under review was characterised by volatile market conditions that affected investor confidence – particularly until August last year. However, PSG Investment Services continued to develop and re-engineer the business, placing it at the leading edge of service delivery to ensure its continued success into the future.

Both the tough market conditions and business development costs impacted negatively on results for the year, which were not as pleasing as in previous years.

Income has increased by 67% to R80,9 million (1999: R48,5 million), while profit after tax is reported at a 9% increase at R9,5 million (1999: R8,7 million). This profit represents a compound growth of 73% since the inception of the business in 1996.

	1997	1998	1999	2000
	R000	R000	R000	R000
Headline earnings	1 832	5 535	8 715	9 483

- **Profit margins** during the year under review were substantially affected by the investment into two greenfields operations:

The first is the **PSG Online** operation, which broke even for the first time in the last few months of the year. This follows two years of capital investment in the form of internal systems and technology development, training expenses and the R7,5 million acquisition of the WenTech business, which provides investor education and technical analysis software products.

The second is the **unit trust** business. While the individual funds performed well, substantial investment was made in a sales and marketing drive to increase the size of the funds. Although this drained profitability in the year under review, the local and offshore unit trust assets under PSG's management have reached a pleasing R509 million and R191 million respectively.

- The **offshore profit** contribution for the year under review was a satisfactory 35%. This is a result of full utilisation of structures which were set up abroad in the previous financial year as well as a concerted marketing drive.
- To finance the **new business developments** as well as the opening of many additional offices, the capital structure of the business changed significantly during the year – with a 57% increase in capital to R55 million (1999: R35 million). Intangible assets of R42,4 million have been written off against share premium to provide the balance sheet figure of R12,6 million. In a post-balance sheet transaction in March, the capital was further increased to R95 million.

## CORPORATE MILESTONES

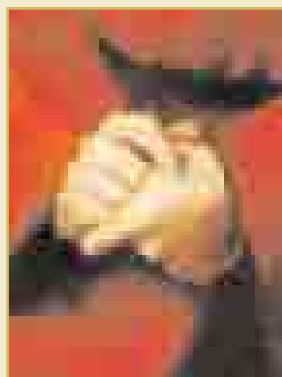
- To gear for future growth, PSG Investment Services has been consolidated in a profit-centre structure based on core business – **distribution of investment products, fund management, stockbroking and e-commerce** – as shown in the company structure.
- During the year, 25 new PSG Konsult offices opened around the country. Fifty-five new financial advisors joined the business bringing the total to 90 advisors servicing more than 70 000 private clients. This is a phenomenal achievement considering that less than two years ago, there were only six advisors servicing clients.
- In addition to offering PSG Investment Services' innovative products through traditional advisors, there is an enormous trend worldwide to doing business from an electronic platform. Therefore substantial investment was made in gearing the business for e-commerce. The focus was on improving the quality and scope of content available to our client base



### PSG INVESTMENT SERVICES EXECUTIVE COMMITTEE

SEATED: THEO BIESENBACH, JAAP DU TOIT, MARTUS CLAASSEN

STANDING: JOHNNY MACRIDES, LOUIS VAN DER WALT, DIEDRICH SCHUTTE, THEO VORSTER



## PRODUCTS AND SERVICES

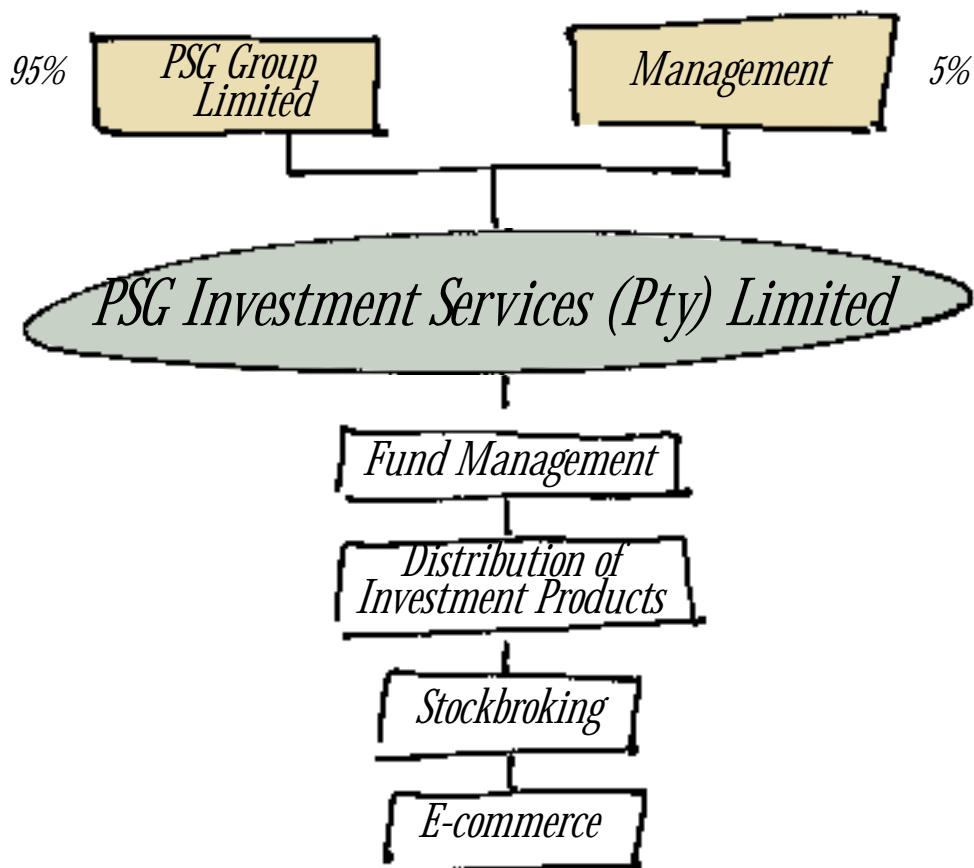
- ASSET MANAGEMENT
- FULL-SERVICE STOCKBROKING
- ONLINE TRADING
- INVESTMENT CONSULTING
- UNIT TRUSTS
- OFFSHORE SERVICES
- FINANCIAL PLANNING

electronically. We are pleased to say that PSG Online now offers the most comprehensive service available to the personal investor.

- To ensure a holistic and integrated approach to the online business, minority shares in PSG Online have been acquired by PSG Investment Services, and initiatives are under way to include the distribution of other PSG products through the internet.
- Another highlight of the year was the successful introduction of PSG's own wrap fund range. A relatively new innovation in the market, the wrap fund combines a diverse combination of unit trusts, overseen by a wrap fund manager. In a short space of time, the asset base of the funds has reached more than R150 million.
- In addition, individual funds managed by PSG continued to perform well. The PSG Growth Fund has shown strong growth of 50% since inception, ranking it first in its category. Both the PSG International Fund and Balanced Fund were ranked second in their categories, with strong growth rates of 34% and 53% respectively since inception.
- In addition, PSG Asset Management's Balanced Fund for pension funds was ranked seventh out of 42 funds in its first three-year review in the ABSA Consultants and Actuaries Pension Fund Survey.
- Incentivising key people remains critical in the financial services industry, and new achievement-based incentives based on profit-centre performance were introduced during the year to ensure that we retain and build intellectual capital.

## PROSPECTS

- Looking ahead, the economic forecast is positive. PSG Investment Services' strong performance in the last quarter of the year confirms that volatile trading conditions seem to have stabilised, with investors once again showing confidence in longer-term investments.
- This, together with PSG Investment Services' ability to combine personal and online delivery of our products, stands the company in good stead for a strong financial performance in the year ahead.
- Reaching the potential target base of 70 000 investors remains our key challenge for the year ahead.
- The expected growth in e-commerce and online trading is expected to start paying dividends as we merge old with new



ways of doing business in a way that is profitable and acceptable to this South African user base.

- The introduction of Share Transactions Totally Electronic (STRATE) is expected to have a significant impact on the stockbroking business, and managing this process will be a priority in the year ahead.

- As a fast-thinking entrepreneurial company, we will continue to monitor new trends in the investment industry and will continue setting up strategic alliances, with the specific aim of furthering international growth.
- A separate listing for PSG Investment Services remains a possibility should the need arise under the right circumstances.

## SENIOR MANAGEMENT

### PSG INVESTMENT SERVICES

Jaap du Toit (45), BAcc, CA(SA), CFA, Chief Executive Officer

Martus Claassen (41), BCom, Deputy Chief Executive Officer

Theo Biesenbach (36), CA(SA), Financial Director

### PSG INTERNATIONAL TRUST COMPANY

Martus Claassen (41), BCom, Deputy Chief Executive Officer

### PSG KONSULT

Willem Theron (47), BCompt(Hons), CA(SA), Executive Chairman

P W Moolman (40), BCom(Hons), CFA, ACII, Managing Director

### PSG INDEPENDENT CONSULTING

Ian Crooks (58), Director

Mike Allen (53), CA(SA), FCA, ACII, Director

Frans Nolte (47), BEcon(Hons), B(B&A), Director

Marius Kruger (46), Director

### PSG PRIVATE

Johan van der Westhuizen (53), Director

Theo Vorster (37), BCom(Hons), Director

### PSG INVESTMENT SOLUTIONS

Dawie Klopper (41), BCom(Hons), MBL, Director

### PSG ASSET MANAGEMENT

Louis van der Walt (33), CA(SA), Managing Director

### PSG UNIT TRUSTS AND PSG GLOBAL

Jeanette Marais (32), BSc(Hons), Managing Director

### PSG ONLINE SECURITIES

Johnny Macrides (52), MISB, Managing Director

– Compliance Officer

Emil Linde (33), BCom, Managing Director

### PSG ONLINE SOLUTIONS

André Maartens (31), Managing Director

Diedrich Schutte (33), CA(SA), Managing Director

Charles Chapman (32), CA(SA), CISA,

Financial Director



# KEYNES RATIONAL

*There is an opportunity to provide financial services to the lower income segment of our society. Keynes Rational has taken control of four PSG companies operating in this field. They have been restructured in Keymatrix which is building a national capacity, Anchor Life, a life insurer, and Anchor Finance, a payroll-based lending company.*

Michiel le Roux  
CHAIRMAN



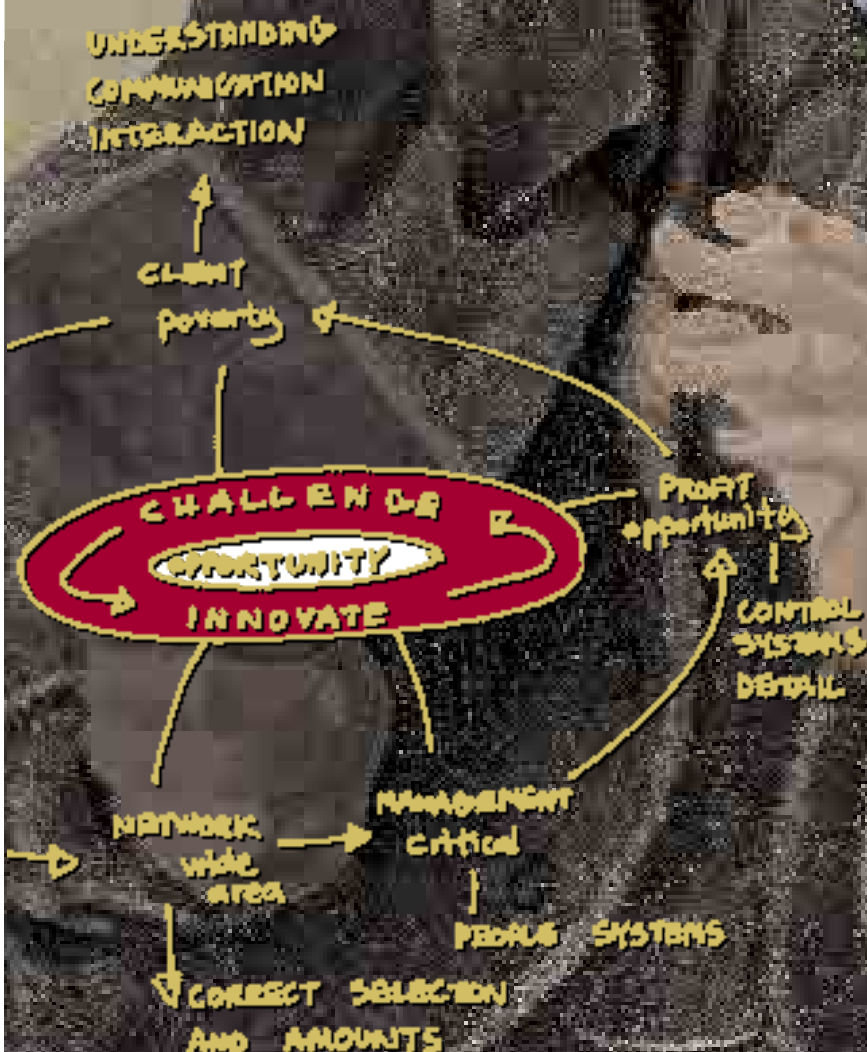
RELATIONSHIP  
EDUCATE  
SUPPORT

↑  
SERVICE  
EXPENSIVE





*John Maynard Keynes  
laid the foundation  
for thinkers who could  
with intelligence  
contribute to the  
development of  
capitalism to become  
the most successful,  
flexible financial  
system, benefiting all  
levels of society.*





## FUTURE STRATEGIES

- KEYNES RATIONAL HAS EVOLVED INTO A PROFITABLE GROUP
- THE FOUNDATION HAS BEEN LAID FOR A VERY PROMISING FUTURE
- THE ULTIMATE GOAL IS TO BECOME A FULLY-FLEDGED FINANCIAL SERVICES PROVIDER FOR THE UNDERSERVED MARKET
- WE WILL TAKE ADVANTAGE OF THE GROWTH OPPORTUNITIES IN THE MARKET SEGMENT

This section in last year's annual report was dedicated to PSG Specialised Lending (Pty) Limited. This was the holding company for PSG Smartfin and PSG Anchor Finance, two newly established companies. From these modest beginnings, Keynes Rational has evolved into a profitable group with a strong balance sheet.

The foundation has been laid for a very promising future. Keynes Rational is well capitalised to take advantage of the growth opportunities within its market segment and the necessary expertise and experience have been obtained to enable it to succeed.

The ultimate goal is to become a listed and credible fully-fledged financial services provider for the underserved market. Existing services include life assurance products, medium-term and short-term loans. Apart from growing these businesses, receiving money on deposit is the next step in reaching the ultimate goal, and moves are afoot to become a deposit-taking institution.

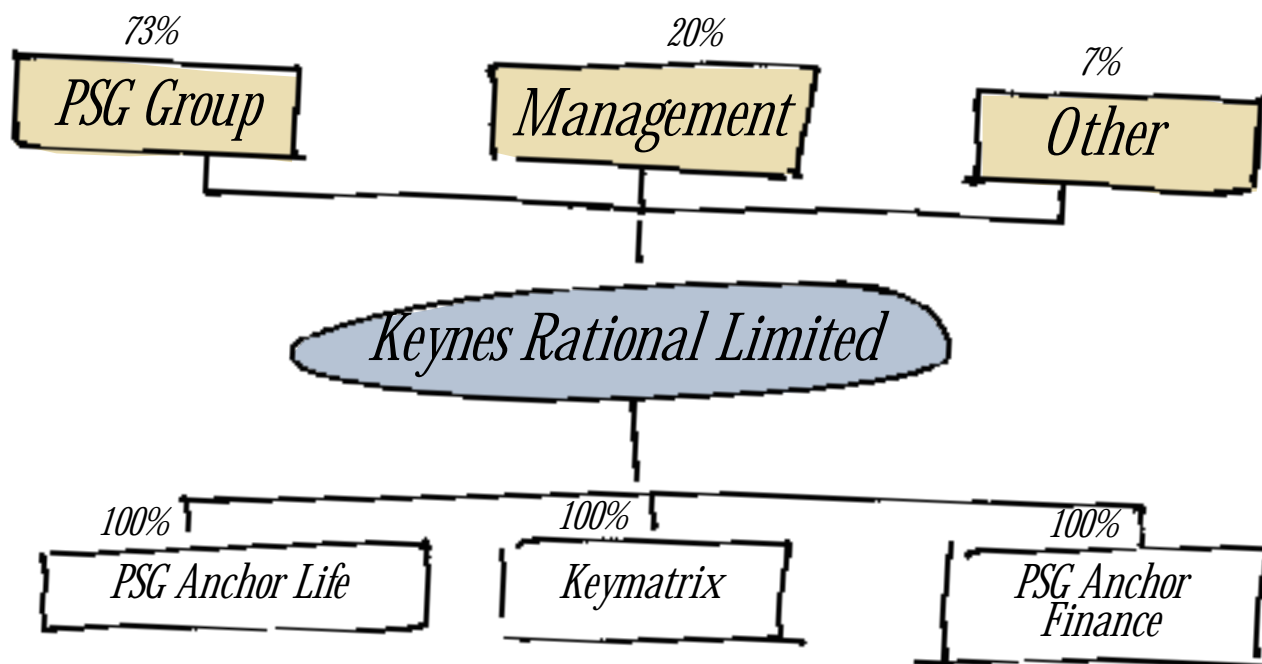
Two of the immediate challenges that Keynes Rational faces are the threat of Government intervention into, and negative perceptions concerning the short-term loan industry. Keynes Rational fully supports a regulated industry that is allowed to develop subject to the normal market forces of supply and demand. This would be in the best interests of both suppliers and users of credit. Keynes Rational believes a large and credible player will create confidence amongst consumers and regulators.

With effect from 1 March 1999, PSG Smartfin (short-term loans), PSG Anchor Finance (medium-term loans) and PSG



Anchor Life (life assurance) became 100%-held subsidiaries of PSG Specialised Lending. 100% of Finaid Financial Services, a company operating in the short-term loan industry, was also purchased with effect from this date. The businesses of Finaid

and PSG Smartfin were subsequently merged and the company renamed Keymatrix. PSG Specialised Lending was also renamed Keynes Rational Limited. Below is a diagram of the group structure at 29 February 2000.

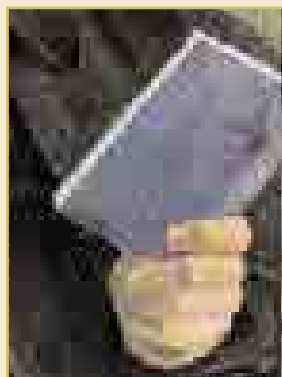


## FINANCIAL

The restructuring did not detract Keynes Rational from its primary objectives of growing the businesses and doing so profitably. The following illustrates the financial progress made during the past year:

	2000 R000	Change %	(Pro forma)* 1999 R000
Net income after tax from: Assurance activities	2 036	(38)	3 267
Banking and head office	15 695	1 840	809
Earnings attributable to shareholders	17 731	335	4 076
Weighted number of shares in issue ('000)	288 957	5	276 100
Earnings per share (cents)	6,1	307	1,5
Total assets	609 667	(3)	628 615
Total liabilities	389 589	(28)	541 152
Total shareholders' funds	220 078	152	87 463
Shares in issue at year-end ('000)	446 523	62	276 100
Net asset value per share (cents)	49,3	56	31,7
Return on equity (%)	11,5		N/a
Return on assets (%)	2,9		N/a

\*These figures have been compiled on the basis that the current group structure was in place since 1 March 1998.



- FUNDING OF R227 MILLION OBTAINED
- PROFITS IN KEYMATRIX INCREASED FROM R1,2 MILLION TO R9,8 MILLION
- NATIONAL BRANCH NETWORK NOW IN EXCESS OF 120
- PSG ANCHOR FINANCE ACHIEVED R6,9 MILLION PROFIT
- NEW RANGE OF INSURANCE PRODUCTS LAUNCHED
- 29% INCREASE IN ANNUAL PREMIUM INCOME

## THE DIVISIONS

Some notable achievements from the business units include:

### KEYNES RATIONAL

Keynes Rational raised equity of R147 million and convertible debt of R80 million during the year. The services of Michiel le Roux, an experienced banker, were obtained and he is chairman of the group.

### KEYMATRIX

Profits attributable to shareholders increased from R1,2 million to R9,8 million in 2000. The number of branches increased from 60 in 1999 to more than 120 in 2000 and the number of employees increased from 180 to 463 at year-end. Since the branches are spread over a wide geographical area, which includes Namibia and Botswana, the management of systems and controls is a priority. Management has been strengthened and Gerrie Fourie joined Keymatrix as managing director in April 2000.

### PSG ANCHOR FINANCE

Advances increased from R21,0 million to R84,0 million in 2000 and a loss of R363 000 in 1999 was transformed into a profit of R6,9 million in 2000. As these figures indicate, the business has now also shed its greenfields status and all systems and operations are running effectively. Significant growth opportunities in advancing term loans to private sector employees have been identified and this market segment is being actively targeted.

### PSG ANCHOR LIFE

The year under review saw further development of the company in both the administration and sales areas.

The company's new business in its traditional market in the C and D income brackets increased by 29% from R49 million to R63 million annual premium income. A new range of products was launched based on the universal life concept. This will provide greater flexibility in designing specific products as well as providing customers with wider choice.

Sales of single premium products continued to develop with the launch of guaranteed investment plans. Sales of investment-related products were R57 million against R78 million in the



#### KEYMATRIX

HENK LOURENS, NEELS BORSTLAP, FRANCOIS STASSEN, CASPER OELOFSEN,  
GERRIE FOURIE, WERNER DU PLESSIS



#### PSG ANCHOR LIFE

SEATED: COLIN VAN DER MEULEN  
STANDING: SHACHAR SHLESINGER,  
MICHAEL BLAIN, ETIENNE PROWSE

previous year. Credit life business increased from R2 million to R10 million. Following the launch of PSG Channel's own investment-related life insurance company (PSG Life), the arrangement with PSG Channel was terminated. This means that single premium business of R330 million reflected in last year's accounts was not repeated. The policies placed with the company were transferred to PSG Life.

The company is introducing new marketing strategies in the C and D income market, including distributing products via independent brokers and direct response methods.

The integration of the company into Keynes Rational also presents marketing opportunities for our products.

# VALUE ADDED STATEMENT

FOR THE YEAR ENDED 29 FEBRUARY 2000

	2000		1999	
	R000	%	R000	%
<b>Value added</b>				
Net interest income	216 549	35	55 546	20
Investment income	136 210	22	46 177	17
Other operating income	267 208	43	172 305	63
	619 967	100	274 028	100
Net operating expenses	123 541	20	46 959	17
<b>Value allocated</b>	496 426	80	227 069	83
<b>To employees</b>				
Salaries, wages and other benefits	168 229	34	83 984	37
<b>To providers of capital</b>	56 961	11	11 882	5
Financing costs	18 088	4		
Dividends – own shareholders	16 740	3	9 544	4
– outside shareholders	22 133	4	2 338	1
<b>To Government</b>	59 269	12	36 398	16
Normal taxation	46 993	9	32 874	15
Value-added tax	6 179	2	619	
Financial services levy	247		336	
Regional services levy	1 558		571	
Stamp duties	4 292	1	1 998	1
<b>To expansion and growth</b>	211 967	43	94 805	42
Depreciation	11 474	2	3 361	2
Retained income – own shareholders	133 504	27	57 156	25
– outside shareholders	66 989	14	34 288	15
	496 426	100	227 069	100

## EMPLOYEE STATISTICS

	Number	%
<b>Gender</b>		
Male	969	42
Female	1 331	58
<b>Race</b>		
Black	1 298	56
White	1 002	44
<b>Education</b>		
Up to grade 11	316	14
Grade 12	1 172	51
Post grade 12 (eg diploma/certificate)	430	19
University degree	284	12
Post graduate degree or professional qualification	98	4
<b>Hierarchy</b>		
Executive directors (including CEOs and MDs)	50	2
Executive management	80	3
Operational	1 875	82
Support	295	13
<b>Total number of employees</b>	2 300	

# C O R P O R A T E   G O V E R N A N C E

**P**SG is committed to the principles of transparency, integrity and accountability as advocated in the King Report on Corporate Governance. Accordingly PSG's corporate governance policies have been appropriately applied during the period under review.

The group's major subsidiaries are similarly committed having, inter alia, their own audit and remuneration committees.

## BOARD OF DIRECTORS

Details of the executive and non-executive directors are provided on page 3 of the annual report.

The board, which meets not less than nine times per annum, comprises the company's executive directors, the chief executives of each of the major operating subsidiaries and independent outside directors. The group is owner-managed with each director owning or representing a shareholding in the company.

Executive directors do not have service contracts but may not be appointed for a period exceeding five years. Where appropriate, the chief executives and executive directors of subsidiary companies have entered into service contracts and/or restraints of trade with that subsidiary.

The board considers it in the company's and the group's best interest to have an executive chairman.

## REMUNERATION COMMITTEE

The remuneration committee comprises Adv F-A du Plessis BCom, LLB, CA(SA), BCom (Hons) (Taxation) (chairman) and Messrs A B la Grange, C A Otto and L de Wit.

## AUDIT COMMITTEE

The audit committee comprises Dr J van Zyl Smit (57) BCom, LLB, CA(SA), DCom (chairman) and Messrs J de V du Toit, J F Mouton and C A Otto.

## EMPLOYEE PARTICIPATION

A significant percentage of employees are either shareholders in the company, participants in the share incentive scheme, shareholders in subsidiary companies or participants in share incentive schemes in those subsidiaries. Employees are co-owners of the business and are treated as such with transparent communication a priority.

## AFFIRMATIVE ACTION

The group is committed to being a new South Africa company and is representative of all the people in South Africa. An affirmative action programme has been adopted to ensure proper compliance. Our economic empowerment partner, Siphumelele, will assist in this process.

## ETHICS

PSG's code of ethics commits the group to maintaining high ethical and moral codes of conduct in our professional and social dealings. This is ingrained in the culture of the group.

## YEAR 2000 COMPLIANCE

The advent of Y2K had no impact on PSG group nor any of its divisions.

## STATEMENT OF AUDIT COMMITTEE

The annual financial statements are the responsibility of the directors of PSG Group Limited.

In meeting this responsibility they are guided by the management of the group, who prepares the financial statements and maintains the systems of control, and are assisted by the external auditors and audit committee of the board.

The audit committee, chaired by an independent non-executive, meets regularly with the auditors and management to consider matters of governance and fair presentation of financial information in terms of generally accepted accounting practice.

These financial statements have also been reviewed by the audit committee and recommended for acceptance by the board of directors.

The auditors, management and staff of the group have unrestricted access to this committee.

**Dr J van Zyl Smit**

*Chairman of audit committee*

6 April 2000

## STATEMENT OF REMUNERATION COMMITTEE

The PSG Group Remuneration Committee is chaired by an independent non-executive and further comprises one executive director as well as the chief executive officers of two group divisions. Furthermore each major group subsidiary has its own remuneration committee chaired by the same independent non-executive.

This committee operates according to a board-approved charter and is primarily responsible for overseeing the remuneration and incentives of the executive directors as well as providing strategic guidance to the other divisional remuneration committees. It takes

cognisance of both local and international best remuneration practices in order to ensure that such total remuneration is fair and reasonable to both the employee and the company.

The committee has satisfied itself that the correct procedures have been followed throughout the group and that current remuneration practices within PSG is in line with best practice.

**Adv F-A du Plessis**

*Chairman of remuneration committee*

17 April 2000

# RISK MANAGEMENT

Each group company has its own board of directors responsible for the management, including risk management, of that company and its business. In the instance of PSG Investment Bank Holdings (PSGBH) its sophisticated risk management controls and procedures are comprehensively dealt with in their annual report. PSGBH manages financial risk for reward using their experience and knowledge in the financial services arena. A summary of their risk management procedures is set out below.

## MARKET RISK MANAGEMENT

Market risk is the risk of a loss from on- and off-balance sheet positions if there are unfavourable market movements. Market risk is managed by setting strict risk limits approved by the board. Responsibility for the day-to-day risk management activities has been delegated to an independent risk management committee, who makes extensive use of mathematical and statistical methodologies including Value at Risk techniques.

## INTEREST RATE AND LIQUIDITY RISK MANAGEMENT

Interest rate risk is the impact the repricing of the bank's assets and liabilities may have on future cash flows and earnings. Liquidity risk is the ability to meet financial obligations as they fall due while managing the mismatch in the maturity of assets and liabilities. The asset and liability committee is responsible for the establishment and monitoring of lending and funding policies. It ensures that the balance sheet is flexible enough to adapt to changing economic conditions and that quality assets are taken on.

## CREDIT RISK MANAGEMENT

Credit and counterparty risk is the possibility that clients may default on their future cash flow obligations to the bank. Policies and procedures to measure and manage credit risk exposure have been determined by the credit committee and approved by the board of directors. Responsibility for the day-to-day risk management activities is delegated to an independent credit risk management department that reports to the credit committee and the board of directors.

## OPERATIONAL RISK

Operational risk refers to the risk of losses arising from events related to people, processes and technology risks and external dependencies. The financial and operational committee manages operational risk with day-to-day responsibilities being delegated to the operational director.

Legal, human resource, technology and process risks are mitigated by policies and practices that include amongst others a dedicated internal legal function, employee training and development, code of conduct policies, segregation of duties, comprehensive business recovery planning processes and an internal audit function.

## CAPITAL ADEQUACY

PSGBH's capital adequacy risk is managed by the asset and liability committee which monitors the adequacy of its capital using Bank of International Settlement and SA Reserve Bank ratios. These ratios measure capital adequacy by comparing PSGBH's eligible capital with its balance sheet assets, off-balance sheet commitments and market and other risk positions at a weighted amount to reflect their relative risk. The Banks Act specifies the minimum capital holding required in relation to risk-weighted assets. The current regulatory requirement is 8%, compared to PSGBH's 55%.

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A P P R O V A L O F  
A N N U A L F I N A N C I A L S T A T E M E N T S

The directors are responsible for the maintenance of adequate accounting records and to prepare annual financial statements that fairly represent the state of affairs and the results of the group. The external auditors are responsible for independently auditing and reporting on the fair presentation of these annual financial statements. Management fulfils this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. Such controls provide assurance that the group's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable. The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and incorporate full and reasonable disclosure. Appropriate and recognised accounting policies are consistently applied.

The audit committee of the group meets regularly with the external auditors, as well as senior management, to evaluate matters concerning accounting policies, internal control, auditing and financial reporting. The external auditors have unrestricted access to all records, assets and personnel as well as to the audit committee.

The financial statements are prepared on the going concern basis, since the directors have every reason to believe that the group has adequate resources to continue for the foreseeable future.

The financial statements set out on pages 42 to 67 were approved by the board of directors of PSG Group Limited and are signed on its behalf by:



**J F Mouton**  
Chairman



**C A Otto**  
Director

10 April 2000  
Stellenbosch



# REPORT OF THE INDEPENDENT AUDITORS

## *To the members of PSG Group Limited*

We have audited the financial statements and the group financial statements set out on pages 42 to 67 for the year ended 29 February 2000. 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.

## *Scope*

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that 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;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

## *Audit opinion*

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the group at 29 February 2000 and the results of their operations, changes in equity and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act.



**PricewaterhouseCoopers Inc**  
Chartered Accountants (SA)  
Registered Accountants and Auditors

10 April 2000  
Stellenbosch

# DECLARATION BY THE COMPANY SECRETARY

We declare that, to the best of our knowledge, the company has lodged with the Registrar all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.



**PSG Corporate Services (Pty) Limited**  
Per J A Swanepoel  
Company secretary

10 April 2000  
Stellenbosch

# DIRECTORS' REPORT

## ***Nature of business***

The company's subsidiaries and associated entities offer diversified financial services.

## ***Operating results***

The operating results and the state of affairs of the company and the group are fully set out in the attached income statements, balance sheets and notes thereto. The group's headline earnings attributable to shareholders amounted to R164,7 million (1999: R82,0 million).

## ***Share capital***

Details of the authorised and issued share capital appear in note 26 to the financial statements.

## ***Dividends and capital distribution***

Details of dividends and the capital distribution appear in note 9 to the financial statements.

## ***Share incentive scheme***

At 29 February 2000 the PSG Group Share Incentive Trust held 15 596 241 shares at a cost of R136 820 513. Of these, 14 896 446 have been allocated to employees at a total consideration of R133 793 465.

The remaining shares are under the control of the trustees of the trust to offer to eligible employees.

## ***Directorate***

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

Since the date of the previous report Messrs A B la Grange and M S du P le Roux have been appointed as directors of the company and Mr C F Myburgh resigned as a director of the company.

In terms of the company's articles of association, Messrs A B la Grange and M S du P le Roux, being new appointments to the board, retire as directors at the next annual general meeting, but being eligible, offer themselves for re-election.

Messrs L A de Waal, L de Wit and H H Oosthuizen retire by rotation but being eligible, offer themselves for re-election.

The directors' total shareholding in the issued share capital of the company as at 29 February 2000 was as follows:

	Direct	Indirect
Beneficial	245 300	7 339 654
Non-beneficial		15 167 997

## ***Secretary***

The secretary of the company is PSG Corporate Services (Pty) Limited. The business and postal addresses are shown on the inside back cover.

# ACCOUNTING POLICIES

## 1. Basis of presentation

The annual financial statements have been prepared on the historical cost basis in conformity with South African Statements of Generally Accepted Accounting Practice. These policies are in all material respects consistent with those adopted in the previous year. One of the assurance subsidiaries changed its policies in respect of the recognition of revenue (see note 20), but the effect of this change is not considered to be material to the group.

## 2. Group financial statements

The group annual financial statements comprise those of the company, its subsidiaries and associated companies.

### SUBSIDIARIES

Subsidiary undertakings, which are those companies in which the group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which the effective control is transferred to the group and are no longer consolidated from the date of disposal. All intercompany transactions and balances between group companies have been eliminated. Investments by group companies in the policyholders' funds of assurance subsidiaries are however not eliminated as these are being done on an arm's length basis.

### ASSOCIATED COMPANIES

Associated companies are those companies which are not subsidiaries and in which the group holds a long-term investment and exercises significant influence over their financial and operating policies. The results of associated companies are accounted for according to the equity method, based on their most recent audited financial statements.

### INTANGIBLE ASSETS ON ACQUISITION

Premiums in respect of the purchase consideration of shares and businesses in excess of the book value of the net tangible assets are set off against the share premium account. Deficits on acquisition are credited against a non-distributable reserve.

## 3. Investments

### INVESTMENTS OF ASSURANCE SUBSIDIARIES

Investments other than fixed properties are reflected at market value. The unrealised surpluses or deficits arising on the adjustment of listed investments to market value are taken to the income statement.

Fixed properties are reflected at directors' valuation and unrealised surpluses or deficits arising on the revaluation are transferred directly to the policyholders' fund.

The difference between the consideration paid to date and the fair value of the net tangible assets of the subsidiaries at the date of acquisitions is transferred directly to the life policyholders' fund.

### OTHER INVESTMENTS

Investments in which the group has a long-term interest but which do not meet the criteria for subsidiaries or associated companies are classified as other investments. These investments are stated at cost to the group unless, in the opinion of the directors, a permanent diminution in the value of an investment has occurred. In these circumstances the investment is stated at its written down value and the relevant diminution is written off against income.

## 4. Fixed assets

Fixed assets are stated at cost less accumulated depreciation.

Land and buildings are not depreciated. Depreciation on office equipment and computer equipment 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:

- |                      |         |
|----------------------|---------|
| – Office equipment   | 5 years |
| – Computer equipment | 3 years |

# ACCOUNTING POLICIES

## 5. Offsetting

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

## 6. Revenue recognition

### INCOME OF ASSURANCE SUBSIDIARIES

#### *Premium income*

Premium income is raised when due by policyholders.

#### *Investment income*

Investment income is stated net of all property operating expenses and also includes realised investment surpluses and deficits and unrealised listed investment surpluses and deficits based on the difference between the market value at the beginning of the year and the proceeds of sale at the date of disposal.

#### *Commission*

Commission paid in advance is deferred and expensed as they become earned.

Commission received from reinsurers, as far as they relate to expense recoveries, are recognised as income when they become due and payable by reinsurers. The deemed commission recoveries are deferred and recognised in accordance with the premiums received on the underlying insurance policies.

### INCOME OF BANKING-RELATED ACTIVITIES

#### *Financial instruments*

Investments in financial instruments are held in investment and trading portfolios.

Financial instruments held in trading portfolios are stated at market value, and any surplus or deficit included in net income. Financial futures contracts and options are stated at fair value and gains and losses are included in net income.

Financial instruments held in investment portfolios are stated at book value and profits or losses are recognised on realisation. Investments with a fixed redemption date are stated at original cost plus accrued interest.

#### *Finance leases*

When assets are sold under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

#### *Repurchase agreements*

Where the group sells securities from its portfolios and agrees to repurchase these at a future date and risk of ownership remains with the group, the consideration received and accrued interest are included in loans and deposits. The cost attached to such an advance is included under interest expense. The securities continue to be recorded on the balance sheet.

Conversely, where securities are purchased under such a repurchase agreement with a commitment to resell them at a future date and the risks of ownership have not passed to the group, the consideration paid is included under loans and advances with the resulting income shown as interest income. The securities are not recorded on the balance sheet.

#### *Doubtful advances*

Advances are stated net of amounts for specific and general provisions. Specific provisions are made against identified doubtful advances. General provisions are maintained to cover potential losses, which although not specifically identified, may be present in any financial institution's portfolio of advances. The provisions created net of any recovery is included in net income.

**OTHER TRADING ACTIVITIES*****Commission and fees***

Commission and fees include fees earned from providing advisory services, portfolio management and brokerage activities. All such commission and fees are recognised as revenue when the related services are performed.

***Income of microlending activities***

Revenue is recognised in the financial statements at the date when services are rendered to clients. Finance charges earned are computed at the effective rates of interest in the contracts and are brought to income in proportion to balances outstanding.

Accrual of interest on advances is suspended when the recoverability of the advance becomes uncertain. Advances are written off once the probability of recovering any significant amounts becomes remote.

**7. Foreign currency translation****FOREIGN TRANSACTIONS**

Transactions in foreign currencies are converted to South African Rand at the rate of exchange ruling at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Such balances are translated at year-end rates.

**FOREIGN ENTITIES**

Assets and liabilities in the financial statements of foreign subsidiaries are translated into South African Rand at middle closing rates of exchange ruling at the year end. Income, expenditure and cash flow items are translated at the weighted average rates of exchange during the relevant financial year.

Exchange differences arising on translation are taken to a non-distributable reserve.

**8. Deferred taxation**

Deferred taxation is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred taxation.

No deferred tax asset is raised.

**9. Retirement benefits**

Current contributions to retirement funds are charged against income as incurred. The group has no liabilities with regard to post-retirement medical benefits.

## I N C O M E   S T A T E M E N T S

FOR THE YEAR ENDED 29 FEBRUARY 2000

	Notes	Group		Company	
		2000 R000	1999 R000	2000 R000	1999 R000
<b><i>Income</i></b>					
Net interest income	1	216 549	55 546		4 265
Investment income	2	136 210	46 177	16 740	40 866
Other operating income	3	267 208	172 305		
<b><i>Total income</i></b>		<b>619 967</b>	<b>274 028</b>	<b>16 740</b>	<b>45 131</b>
<b><i>Expenses</i></b>					
Employee compensation and benefits		168 229	83 984		
Other operating expenses		147 291	53 844		123
<b><i>Net income from normal operations</i></b>	4	<b>304 447</b>	<b>136 200</b>	<b>16 740</b>	<b>45 008</b>
Financing costs	5	18 088			
Income from associated companies		18 737	14 066		
Exceptional items	6		20 684		
<b><i>Net income before taxation</i></b>		<b>305 096</b>	<b>170 950</b>	<b>16 740</b>	<b>45 008</b>
Taxation	7	51 229	37 610		11 455
<b><i>Net income of the group</i></b>		<b>253 867</b>	<b>133 340</b>	<b>16 740</b>	<b>33 553</b>
Attributable to outside shareholders		89 122	36 626		
<b><i>Earnings attributable to ordinary shareholders</i></b>		<b>164 745</b>	<b>96 714</b>	<b>16 740</b>	<b>33 553</b>
<b><i>Earnings per share (cents)</i></b>	8				
Headline earnings		120,6	85,9		
Total earnings		120,6	101,3		
<b><i>Distribution per share (cents)</i></b>	9				
Dividend		12,0	10,0		
Capital		24,0	15,0		

## BALANCE SHEETS

AS AT 29 FEBRUARY 2000

		Group		Company	
	Notes	2000 R000	1999 R000	2000 R000	1999 R000
<b>Assets</b>					
Fixed assets	10	48 419	23 944		
Investment in subsidiaries	11			1 188 238	912 249
Investment in associated companies	12	12 510	297 412		
Other investments	13	100 705	36 538		
Other assets	14	258 111	86 129		
Accounts receivable	15	274 901	138 829	72 807	37 123
Loans and advances	16	658 827	149 091		
Investment and trading securities	17	891 159	404 328		
Short-term negotiable securities	18	651 581	663 257		
Cash and short-term funds	19	378 275	287 958	25	
		3 274 488	2 087 486	1 261 070	949 372
Investments of assurance subsidiaries	20	10 932 044	456 457		
		14 206 532	2 543 943	1 261 070	949 372
<b>Liabilities</b>					
Long-term liabilities	21	25 583			
Deferred taxation	22	1 704			
Accounts payable and other liabilities	23	447 894	207 072	33 586	35 316
Loans and deposits	24	849 772	894 797		
Short-term borrowings	25	94 362			
		1 419 315	1 101 869	33 586	35 316
<b>Shareholders' and policyholders' funds</b>					
Share capital	26	1 395	954	1 395	954
Share premium		553 159	240 172	553 159	240 172
Non-distributable reserves	27	175 526	39 273		
Retained earnings	28	355 214	357 960	672 930	672 930
Ordinary shareholders' funds		1 085 294	638 359	1 227 484	914 056
Outside shareholders		770 672	325 564		
Total shareholders' funds		1 855 966	963 923	1 227 484	914 056
Policyholders' funds	20	10 931 251	478 151		
		12 787 217	1 442 074	1 227 484	914 056
		14 206 532	2 543 943	1 261 070	949 372

# STATEMENTS OF CHANGES IN OWNERS' EQUITY

FOR THE YEAR ENDED 29 FEBRUARY 2000

	Group		Company	
	2000	1999	2000	1999
	R000	R000	R000	R000
Ordinary shareholders' funds at beginning of year	638 359	534 754	914 056	862 811
<i>Movements in share capital</i>				
Shares issued	441	88	441	88
<i>Movements in share premium</i>				
Shares issued	524 780	88 245	524 780	88 245
Issue cost	(1 356)	(207)	(1 356)	(207)
Goodwill on acquisition*	(177 445)	(46 573)	(177 445)	(46 573)
Capital distribution*	(32 992)	(14 317)	(32 992)	(14 317)
	312 987	27 148	312 987	27 148
<i>Movements in non-distributable reserves</i>				
Transferred to retained earnings		(298)		
Foreign exchange translation	2 263	1 184		
Non-distributable reserve on acquisition of subsidiary	133 572	37 984		
Revaluation reserve	418	105		
	136 253	38 975	—	—
<i>Movements in retained earnings</i>				
Net income for the year	164 745	96 714	16 740	33 553
Ordinary dividends	(16 740)	(9 544)	(16 740)	(9 544)
Change in shareholding of subsidiary	(150 751)	(50 074)		
Transfer from non-distributable reserves		298		
	(2 746)	37 394	—	24 009
<b>Ordinary shareholders' funds at end of year</b>	<b>1 085 294</b>	<b>638 359</b>	<b>1 227 484</b>	<b>914 056</b>

\* The capital distribution and write-off of intangibles on acquisition are to be approved for purposes of a capital reduction in terms of section 90 of the Companies Act.



## CASH FLOW STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2000

		Group		Company	
	Notes	2000 R000	1999 R000	2000 R000	1999 R000
<b>Cash retained from operating activities</b>					
Cash generated by operating activities	36.1	10 571 927	540 408	16 740	45 008
Change in net current assets	36.2	80 390	(48 127)	(35 578)	(28 237)
Financing costs		(18 088)			
Taxation paid	36.3	(56 249)	(18 374)	(11 455)	
Cash available from operating activities		10 577 980	473 907	(30 293)	16 771
Policyholders' fund – terminal bonuses paid		(460)	(927)		
Dividends and capital distributions	36.4	(40 113)		(40 113)	
		10 537 407	472 980	(70 406)	16 771
<b>Cash utilised in investing activities</b>					
Net investment in fixed assets		(36 489)	(17 576)		
Restraint and intellectual property payments		(49 490)	(7 020)		
Investments					
Acquisition of subsidiaries	36.5	834 503	(34 886)	13 609	(334 628)
Additional shares in subsidiaries acquired		(108 912)			
Net cash flow on sale of subsidiaries			128 632		
Investment in associates acquired		(16 076)	(342 411)		
Proceeds on disposal of associates		175 187			
Loans to subsidiaries and associates		(567)	(1 394)		
Investments made by assurance subsidiaries		(10 306 341)	(360 420)		
Other investments and loans		(195 929)	(70 714)		
Restructuring costs		(18 841)			
		(9 722 955)	(705 789)	13 609	(334 628)
<b>Cash flow attributable to investment in short-term income earning assets</b>					
Change in loans and deposits		(103 669)	894 797		
Change in loans and advances		(454 446)	(149 899)		
Change in investment and trading securities		(444 726)	(264 653)		
Change in short-term negotiable securities		36 662	(663 257)		
		(966 179)	(183 012)	–	–
<b>Cash flow from financing activities</b>					
Net increase in shareholder funding	36.6	56 822	(207)	56 822	(207)
Outside shareholder funding		74 532	304 816		
Change in long-term borrowings		16 328			
Change in short-term borrowings		5 683			
		153 365	304 609	56 822	(207)
<b>Net increase/(decrease) in cash and equivalents</b>					
		1 638	(111 212)	25	(318 064)
<b>Cash and equivalents at beginning of year</b>					
		287 958	399 170		318 064
<b>Cash and equivalents at end of year</b>					
	36.7	289 596	287 958	25	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2000

	Group		Company	
	2000	1999	2000	1999
	R000	R000	R000	R000

## 1. Net interest income

### Interest income

Loans and advances	163 722	15 893		
Investment and trading securities	10 766	5 078		
Short-term negotiable securities	98 712	27 868		
Cash and short-term funds	110 468	30 738		
Other	11 246	14 179		4 265
	394 914	93 756	—	4 265

### Interest expense

Loans and deposits	170 872	36 551		
Other interest bearing liabilities	7 493	1 659		
	178 365	38 210	—	—

<b>Net interest income</b>	<b>216 549</b>	<b>55 546</b>	<b>—</b>	<b>4 265</b>
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## 2. Investment income

Profit on realisation of investments	67 461	17 118		
Loss on realisation of investments	(11 515)	(2 354)		

### Income from investment securities

Dividends	62 432	30 654		
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### Income from other investments

Interest	11 884	122		
Dividends	5 948	637		

### Income from subsidiaries

Interest				28 588
Dividends			16 740	12 278

<b>Investment income</b>	<b>136 210</b>	<b>46 177</b>	<b>16 740</b>	<b>40 866</b>
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	Group		Company	
	2000	1999	2000	1999
	R000	R000	R000	R000

### 3. Other operating income

#### *Income from assurance subsidiaries*

##### *Premium income*

Recurring premiums	79 901	80 654
Single premiums	11 090 574	382 911

Gross premium income	11 170 475	463 565
Less: Premiums paid	(40 450)	(33 014)

Net premium income	11 130 025	430 551
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##### *Investment income*

Dividends	15 256	1 119
Interest	156 509	29 420
Net property income	(683)	(871)
Realised surplus/(deficit) on investments	51 487	(15 785)
Unrealised surplus on investments	1 455 422	(6 872)

Net investment income	1 677 991	7 011
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Reassurance commission	20 453	25 007
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Total income	12 828 469	462 569
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##### *Expenses*

Commission and marketing	50 787	38 529
Claims and other policyholders' benefits	2 261 204	9 394
Other operating expenses	49 900	33 871
	2 361 891	81 794

##### *Appropriations*

Policyholders' funds	10 459 869	374 855
Policyholders' bonuses		2 409
	10 459 869	377 264

##### *Net income from assurance activities*

	6 709	3 511
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#### *Other operating income*

Commission and fees	156 305	70 591
Dealing and structuring transactions	65 363	93 751
Treasury operations	38 831	4 452
	260 499	168 794

	267 208	172 305
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2000

	Group		Company	
	2000	1999	2000	1999
	R000	R000	R000	R000

## 4. Net income from normal operations

The following items have been charged in arriving at net income from normal operations:

Depreciation

Office equipment	2 900	908
Computer equipment	8 574	2 453
	<b>11 474</b>	<b>3 361</b>

Loss on sale of fixed assets

— 181

Rental and operating lease charges

Properties	15 058	5 987
Other	5 523	888
	<b>20 581</b>	<b>6 875</b>

Auditors' remuneration

Audit fees	3 151	1 586
Other consulting services	901	762
	<b>4 052</b>	<b>2 348</b>

Remuneration other than to employees

Administration and managerial	14 739	705
Secretarial	1 656	238
Technical	8 474	2 884
	<b>24 869</b>	<b>3 827</b>

Retirement benefits

5 959 2 436

Foreign exchange differences

Foreign exchange gains	1 329	27
Foreign exchange losses	556	3
	<b>773</b>	<b>24</b>

Directors' emoluments

Executive directors

Remuneration	9 038	3 795
Benefits	532	260
Performance related bonus		8 250
	<b>9 570</b>	<b>12 305</b>

Non-executive directors

Fees	22	22
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9 592 12 327

Less: Paid by subsidiaries

9 592 12 327

— —

	Group		Company	
	2000	1999	2000	1999
	R000	R000	R000	R000

### 5. Financing costs

Long-term liabilities	1 803			
Short-term liabilities	16 285			
	18 088	—		

### 6. Exceptional items

Net surplus on sale of investments				
Attributable to ordinary shareholders		14 683		
Attributable to outside shareholders		6 001		
	—	20 684		

### 7. Taxation

South African normal tax				
Current tax – current year	43 861	36 405		11 455
Current tax – previous year	(329)			
Deferred tax – current year	1 759	(3 856)		
Deferred tax – previous year	(55)			
Secondary tax on companies	755			
Tax related to income from associates	4 236	4 736		
Foreign taxation	1 002	325		
Tax for the year	51 229	37 610	—	11 455

#### Reconciliation of rate of taxation

	%	%	%	%
South African normal tax rate	30,0	35,0	30,0	35,0
Adjusted for:				
Exempt income	(15,8)	(11,4)	(30,0)	(9,5)
Disallowable expenditure	1,7	3,7		
Foreign tax rate differential	(3,1)	(5,3)		
Income from associated companies		(0,2)		
Secondary tax on companies	0,3			
Deferred tax not provided for	5,2	0,3		
Utilisation of assessed loss	(1,5)	(0,1)		
Effective rate of tax	16,8	22,0	—	25,5

Gross calculated tax losses at the end of the year available for utilisation against future taxable income.	42 736	505	—	—
Tax relief calculated at current rates	12 821	177	—	—
STC credits available within the group	33 004	18 503	3 013	3 013

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2000

	Group		Company	
	2000	1999	2000	1999
	R000	R000	R000	R000

## 7. Taxation (continued)

Taxation on income derived from the carrying on of the long-term assurance business is computed in terms of the Income Tax Act, 1962, in accordance with the special formula applicable to life assurance companies.

PSG Anchor Life Limited has last been assessed for the year ended 28 February 1998 and estimates its available assessed loss in the individual policyholders' fund to be R141 million (1999: R127 million) and the corporate fund R71 million (1999: R30 million). The loss in the corporate fund will be largely utilised in the next financial year due to the change in the tax basis applicable from 1 March 2000 and is therefore not all available for offset against future taxable income.

## 8. Earnings per share

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

Total earnings attributable to ordinary shareholders	<b>164 745</b>	96 714
Exceptional items (net of outside shareholders)		14 683
Headline earnings	<b>164 745</b>	82 031
Weighted average number of shares (000)	<b>136 613</b>	95 445

## 9. Distributions to shareholders

Dividends				
12,0 cents per share (1999: 10,0 cents)	<b>16 740</b>	9 544	<b>16 740</b>	9 544
Capital				
24,0 cents per share (1999: 15,0 cents)	<b>32 992</b>	14 317	<b>32 992</b>	14 317
	<b>49 732</b>	23 861	<b>49 732</b>	23 861

	Group		Company	
	2000	1999	2000	1999
	R000	R000	R000	R000

### 10. Fixed assets

#### Historic costs

	Land and buildings	Office equipment	Computer equipment	Total 2000	Total 1999
Balance at the beginning of the year	1 303	10 208	18 529	30 040	12 686
Additions		16 076	27 578	43 654	18 425
Disposals		(1 533)	(7 588)	(9 121)	(2 189)
Subsidiaries acquired		68	40	108	1 118
Balance at the end of the year	1 303	24 819	38 559	64 681	30 040

#### Accumulated depreciation

	Land and buildings	Office equipment	Computer equipment	Total 2000	Total 1999
Balance at the beginning of the year		1 607	4 489	6 096	4 075
Depreciation charge		2 900	8 574	11 474	3 361
Disposals		(374)	(1 001)	(1 375)	(1 340)
Subsidiaries acquired		27	40	67	
Balance at the end of the year	—	4 160	12 102	16 262	6 096

#### Net carrying value

	1 303	20 659	26 457	48 419	23 944
--	-------	--------	--------	--------	--------

Details of land and buildings are available at the registered office of the relevant group company.

The market value of land and buildings at 29 February 2000, as determined by the directors of the relevant property owning group company, amounted to R1 800 000 (1999: R1 303 000).

### 11. Investment in subsidiaries

Unlisted shares at book value	1 188 238	912 249
Included in accounts receivable are amounts due by subsidiaries	72 807	37 123
Refer Annexure A		

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2000

	Group		Company	
	2000	1999	2000	1999
	R000	R000	R000	R000

## 12. Investment in associated companies

### Listed

Shares at cost	14 977	336 867
Goodwill written off	(9 562)	(51 113)
Retained earnings		9 006
	<b>5 415</b>	<b>294 760</b>

### Unlisted

Shares at cost	5 471	1 210
Goodwill written off	(2 787)	
Retained earnings	2 450	48
Unsecured loans	1 961	1 394
	<b>7 095</b>	<b>2 652</b>

**12 510**      297 412

Market value of listed investments

**14 977**      326 521

Directors' valuation of unlisted investments

**16 710**      2 652

Refer Annexure A

## 13. Other investments

Listed investments at cost	24 865	22 361
Unlisted investments at cost	75 840	14 177
	<b>100 705</b>	<b>36 538</b>

Market value of listed investments

**24 596**      20 111

Directors' valuation of unlisted investments

**71 725**      14 177

Refer Annexure A

## 14. Other assets

Amounts advanced to share incentive trusts	227 256	76 800
Other	30 855	9 329
	<b>258 111</b>	<b>86 129</b>



	Group		Company	
	2000	1999	2000	1999
	R000	R000	R000	R000

### 15. Accounts receivable

Trade debtors	110 247	71 647		
Prepayments	115 005	29 691		
Other	49 649	37 491	72 807	37 123
	274 901	138 829	72 807	37 123

### 16. Loans and advances

#### Category analysis

Secured loans	255 019	29 736		
Unsecured loans	116 253	5 800		
Leases and installment debtors	168 048	53 948		
Microloans	123 422	24 600		
Other	10 181	37 300		
	672 923	151 384		
Specific and general provisions	14 096	2 293		
	658 827	149 091		

#### Maturity analysis

On demand to one month	190 655	46 783		
One month to six months	86 359	45 872		
Six months to one year	44 050	8 972		
Greater than one year	351 859	49 757		
	672 923	151 384		

#### Analysis of provisions

Specific provisions for bad and doubtful debts	7 663	1 490		
General provision	6 433	803		
	14 096	2 293		

#### Movement in provisions

Balance at beginning of year	2 293			
Debts written off	(5 548)	(1 079)		
Charge to income statement to increase provision	17 351	3 372		
Provision at year-end	14 096	2 293		

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2000

	Group		Company	
	2000	1999	2000	1999
	R000	R000	R000	R000

## 17. Investment and trading securities

### Category analysis

Government and government guaranteed	50 578	72 869
Listed securities	274 196	6 739
Unlisted securities	566 385	324 720
	<b>891 159</b>	<b>404 328</b>

### Analysis by portfolio

Liquid assets	50 578	14 629
Investment	783 385	324 661
Trading	57 196	65 038
	<b>891 159</b>	<b>404 328</b>

### Maturity analysis

On demand to one month	152 005	6 897
One month to six months	129 228	
Six months to one year	30 733	14 629
Greater than one year	579 193	382 802
	<b>891 159</b>	<b>404 328</b>

## 18. Short-term negotiable securities

Bills	411 588	86 564
Negotiable certificates of deposits	217 730	
Money market instruments	22 263	576 693
	<b>651 581</b>	<b>663 257</b>

## 19. Cash and short-term funds

Balances with central bank	16 338	5 100		
Balances with other banks	265 913	65 763		
Money on call and short notice	55 660	174 945		
Reserved deposits	21 562			
Bank and cash	18 802	42 150	25	—
	<b>378 275</b>	<b>287 958</b>	<b>25</b>	<b>—</b>

	Group		Company	
	2000	1999	2000	1999
	R000	R000	R000	R000

## 20. Interest in assurance subsidiaries

The following information relates to the group's interest in assurance activities:

Name of company and nature of business	Carrying value of investment	
PSG Anchor Life Limited	69 670	69 670
– Life assurance to C and D income groups		
PSG Life Limited	20 000	–
– Investment management activities		

### Policyholders' funds

Opening balance at market value	478 151	113 241
Amount transferred from the income statement in respect of increase in actuarial liabilities and additional reserves	10 459 869	374 855
Property and subsidiary revaluation	(6 309)	
Change in accounting policy		(11 427)
Cash and terminal bonuses:		
declared		2 409
paid	(460)	(927)
Closing balance at market value	10 931 251	478 151

### Comprising:

Individual policyholders' funds	199 102	147 523
Investment-linked managed portfolios	10 732 149	330 628
	10 931 251	478 151

### Policyholders' assets

Policyholders' assets are included in the balance sheet under both Cash and short-term funds and Investments of assurance subsidiaries. A certain proportion of these are also attributable to shareholders' funds.

### Investments of assurance subsidiaries comprise:

Unit trusts	55 833	672
Government, public utility and municipal stock	2 769 546	14 566
Preferential investment	2 828	
Equity portfolios, including cash	4 634 109	412 376
Ordinary debentures, mortgages and loans	50 118	163
Property investments	312 301	19 300
Secured loans	20 415	9 380
Money market	2 147 228	
Offshore funds	939 666	
Investments at market value	10 932 044	456 457

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2000

	Group		Company	
	2000	1999	2000	1999
	R000	R000	R000	R000

## 20. Interest in assurance subsidiaries (continued)

### Financial soundness

In their reports to the respective companies, the statutory actuaries reported that they have valued the policy liabilities consistent with the fair value of the corresponding assets in accordance with the applicable guidelines of the Actuarial Society of South Africa. They were also satisfied that the companies are financially sound and that the excess of its assets over its liabilities are more than sufficient to cover its capital adequacy requirements.

### Change in accounting policies

During the year PSG Anchor Life changed its accounting policies in respect of the recognition of premium income, commission received from reinsurers and commissions paid. There is no effect of the changes in accounting policies on the current year income, comparative amounts and retained income brought forward. Changes in premium income, commission income and expenses are offset by equal changes in the transfer to the policyholders' fund. This arises from the fact that the accounting policies used by PSG Anchor Life are part of the key assumptions that underlie the actuarial valuation. The changes in accounting policies give rise to corresponding changes in the valuation assumptions used by the actuary. The effect on the amounts disclosed in the 1999 balance sheet, was a debit to the opening balance of the policyholders' fund of R11,4 million and a credit to deferred assets of R17,0 million and a transfer to the policyholders' fund of R5,6 million.

## 21. Long-term liabilities

Redeemable preference shares	25 000	
(25 000 shares in PSG Financial Services Limited of R0,01 each issued at a premium of R999,99)		
Other	583	
	<b>25 583</b>	—

Dividends are paid half yearly at a rate of 75% of the prime overdraft rate and shares are redeemable in full on 6 November 2002.

PSG Group Limited has issued an undertaking to repurchase the shares should PSG Financial Services Limited fail to redeem the shares in full at the redemption date or fail to pay the final dividend.

## 22. Deferred taxation

Balance at the beginning of the year		3 856
Temporary difference charges to income statement	<b>1 704</b>	(3 856)
Balance at the end of the year	<b>1 704</b>	—
The deferred tax liability at year-end consists of the following items:		
Prepaid expenses	95	
Provisions	(1 103)	
Investment revaluations	<b>2 539</b>	
Other	173	
	<b>1 704</b>	—

	Group		Company	
	2000	1999	2000	1999
	R000	R000	R000	R000

### 23. Accounts payable and other liabilities

Accounts payable	391 879	149 716	106	
Taxation	22 535	33 495		11 455
Payments to shareholders	33 480	23 861	33 480	23 861
	447 894	207 072	33 586	35 316

### 24. Loans and deposits

#### Category analysis

Call deposits	239 139	289 715		
Term deposits	27 488	133 181		
Repurchase agreements	372 920	471 901		
Structured products	171 700			
Deposits from banks	38 525			
	849 772	894 797		

#### Maturity analysis

On demand to one month	813 240	761 241		
One month to six months	36 532	133 556		
	849 772	894 797		

### 25. Short-term borrowings

Bank overdrafts	88 679			
Unsecured loans	5 683			
	94 362	—		

### 26. Share capital

#### Authorised

200 000 000 shares of 1 cent each	2 000	2 000	2 000	2 000
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#### Issued

139 500 000 shares of 1 cent each (1999: 95 444 666 )	1 395	954	1 395	954
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The unissued shares in the company are placed under the control of the directors until the next annual general meeting.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2000

	Group		Company	
	2000	1999	2000	1999
	R000	R000	R000	R000

## 27. Non-distributable reserves

Foreign exchange translation	3 447	1 184		
On acquisition of subsidiary	171 556	37 984		
Other	523	105		
	<b>175 526</b>	<b>39 273</b>		

## 28. Retained earnings

Company	47 542	198 293	672 930	672 930
Consolidated subsidiaries	307 672	159 667		
	<b>355 214</b>	<b>357 960</b>	<b>672 930</b>	<b>672 930</b>

## 29. Capital expenditure approved

Expenditure contracted for	1 790	1 950		
Expenditure authorised but not contracted for		12 895		
	<b>1 790</b>	<b>14 845</b>		

Capital expenditure will be financed from working capital generated within the group.

## 30. Operating lease commitments

Future commitments in terms of:

### Rental agreements

Due within one year	1 555	838		
Due thereafter	3 472	2 546		

### Operating leases – premises

Due within one year	20 958	8 404		
Due thereafter	47 832	18 128		

	Group		Company	
	2000	1999	2000	1999
	R000	R000	R000	R000

### 31. *Contingent liabilities*

#### ***Guarantees***

Underwriting commitments in respect of structured products	15 228			
Suretyships in favour of banks for facilities granted to a subsidiary			84 122	
Undertakings to repurchase preference shares issued by a subsidiary	25 000		125 000	

#### ***Deferred tax liabilities***

Contingent liabilities in respect of taxes that would be payable on unremitted earnings of certain foreign subsidiaries	16 272			
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### 32. *Borrowing powers*

In terms of the company's articles of association, borrowing powers are unlimited.

### 33. *Pension fund*

The group provides a retirement fund to all employees. It is a defined contribution fund and is regulated by the Pension Funds Act.

### 34. *Related party transactions*

During the year restraints of trade amounting to R37,9 million were paid to executive directors of PSG Investment Bank Holdings Limited as part of the restructuring and listing of that company.

A management fee of R7,8 million was paid to Whistler Limited, a company of which an executive director of PSG Investment Bank Holdings Limited is a director.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2000

## 35. Financial instruments

### Derivative instruments

The table below provides a detailed breakdown of the fair values of the derivative instruments as at year-end. Exchange traded futures and options are marked to market and cash settled daily and the market values are therefore not included in this table.

Transactions in derivative financial instruments have been entered into during the normal course of business. These instruments allow the bank and its clients to transfer, modify or reduce their risks.

R000	2000 Fair value		1999 Fair value	
	Assets	Liabilities	Assets	Liabilities
<i>Interest rate derivatives</i>				
OTC options bought and sold	2 987	280	6 574	16 708
Interest rate swaps and forward rate agreements	34 766	37 547		
<i>Foreign exchange derivatives</i>				
Spots and forward foreign exchange	16 459	20 569		
Currency swaps		2 226		

### Financial assets and liabilities

The table below sets out the fair values of financial assets and liabilities carried on the balance sheet. Unless otherwise indicated below, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the group (i.e. assets) as well as potential future exposure. This credit risk exposure is managed as part of the overall borrowing limits granted to clients as discussed in more detail in the risk management review section of the annual financial statements.

R000	2000		1999	
	Carrying value	Fair value	Carrying value	Fair value
<i>Assets</i>				
Investment in associated companies	12 510	31 687	297 412	329 173
Other investments*	100 705	96 321	36 538	34 288
Other assets*	258 111	246 289	86 129	86 129
Accounts receivable	274 901	274 901	138 829	138 829
Loans and advances	658 827	658 827	149 091	149 091
Investment and trading securities	891 159	910 498	404 328	397 567
Short-term negotiable securities	651 581	653 222	663 257	676 488
Cash and short-term funds	378 275	378 275	287 958	287 958
	<b>3 226 069</b>	<b>3 250 020</b>	<b>2 063 542</b>	<b>2 099 523</b>
<i>Liabilities</i>				
Long-term liabilities	25 583	25 583		
Loans and deposits	849 772	849 772	894 797	894 797
Accounts payable	391 879	391 879	149 716	149 716
Short-term borrowings	94 362	94 362		
	<b>1 361 596</b>	<b>1 361 596</b>	<b>1 044 513</b>	<b>1 044 513</b>

\* The carrying value of advances to the share incentive trusts and certain other investments exceed the fair value of these assets, but the directors do not consider these to be permanent diminutions in value.



	Group		Company	
	2000	1999	2000	1999
	R000	R000	R000	R000

### 36. Notes to the cash flow statement

#### 36.1 CASH GENERATED BY OPERATING ACTIVITIES

Income before taxation	304 447	136 200	16 740	45 008
Transfer to policyholders' fund	10 459 869	382 852		
Adjustment for other non-cash items	(192 389)	21 356		
	10 571 927	540 408	16 740	45 008

#### 36.2 CHANGE IN NET CURRENT ASSETS

Change in accounts receivable	(162 368)	309 724	(35 684)	(28 237)
Change in accounts payable and other liabilities	242 758	(357 851)	106	
	80 390	(48 127)	(35 578)	(28 237)

#### 36.3 TAXATION PAID

Balance at beginning of the year	(33 495)	(15 139)	(11 455)	
Charge in income statement	(51 229)	(37 610)		(11 455)
Deferred tax adjustment	1 704	(3 856)		
Tax related to associated companies	4 236	4 736		
Balance at end of the year	22 535	33 495		11 455
	(56 249)	(18 374)	(11 455)	—

#### 36.4 DIVIDENDS AND CAPITAL DISTRIBUTION

Provision for payments to shareholders at beginning of year	(23 861)	—	(23 861)	
Dividends and capital distribution for the year	(49 732)	(23 861)	(49 732)	(23 861)
Provision for payments to shareholders at end of year	33 480	23 861	33 480	23 861
	(40 113)	—	(40 113)	—

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2000

	Group		Company	
	2000	1999	2000	1999
	R000	R000	R000	R000

## 36. Notes to the cash flow statement (continued)

### 36.5 SUBSIDIARIES ACQUIRED

Net assets of subsidiaries acquired

Fixed assets	(41)	(1 118)		
Investments in associated companies	(103 130)			
Other assets		(459)		
Loans and advances	(56 174)			
Investment and trading securities	(41 663)			
Short-term negotiable securities	(24 986)			
Cash and short-term funds	(963 589)	(13 734)		
Working capital	(443)	7 748		
Loans and deposits	58 644			
Long-term liabilities	9 180			
Outside shareholders	34 702	2 625		
Intangibles on acquisition	(218 290)	(43 682)		
Total purchase price	(1 305 790)	(48 620)		
Less: Paid for by non-cash means	1 176 704			
Cash consideration paid	(129 086)	(48 620)		
Deposits and cash of subsidiaries	963 589	13 734		
Cash flow on acquisition	834 503	(34 886)		

### 36.6 NET INCREASE IN SHAREHOLDER FUNDING

Shares issued	525 221	88 333	525 221	88 333
Non-cash consideration received	(467 043)	(88 333)	(467 043)	(88 333)
Expenses incurred	(1 356)	(207)	(1 356)	(207)
	56 822	(207)	56 822	(207)

### 36.7 CASH AND CASH EQUIVALENTS AT END OF YEAR

Cash and short-term funds	378 275	287 958	25	
Bank overdrafts	(88 679)			
	289 596	287 958	25	—

## ANNEXURE A

### INTEREST IN SUBSIDIARIES

AT 29 FEBRUARY 2000

Company	Issued share capital		Proportion held directly or indirectly by holding company		Amounts owing to PSG Group Limited	
	2000 R000	1999 R000	2000 %	1999 %	2000 R000	1999 R000
PSG Financial Services Limited	45 872	45 872	100,0	71,4	43 800	28 661
Keynes Rational Limited	446		73,0			
PSG Investment Services (Pty) Limited	550	10	95,0	100,0		
PSG Corporate Services (Pty) Limited	4	4	100,0	100,0	29 007	8 462
PSG Investment Bank Holdings Limited	6 523	3 001	59,2	83,3		
PSG Channel Holdings Limited	370		100,0			
PSG Channel Group Limited		1		86,0		
					72 807	37 123

The company's interest in attributable income and losses of subsidiaries amounts to R177 760 000 (1999: R62 372 000) and R13 015 000 (1999: R1 615 000) respectively.

Information is only disclosed in respect of the direct subsidiaries of PSG Financial Services Limited. Details of indirect subsidiaries are available at the registered office.

## INVESTMENT IN ASSOCIATED COMPANIES

AT 29 FEBRUARY 2000

Company	Nature of business	Proportion held directly or indirectly by holding company		Group carrying value	
		2000 %	1999 %	2000 R000	1999 R000
<b>Listed</b>					
Indequity Group Limited	Financial services	26,3		5 415	
PSG Noble Capital Limited	Investment trust		31,1		294 760
				5 415	294 760
<b>Unlisted</b>					
PSG Konsult Limited	Financial consulting	50,0	51,0	3 810	1 974
Graphicor (Pty) Limited	Financial communications	50,0	*	3 285	
Other					678
				7 095	2 652

\* In 1999 this investment was held by PSG Noble Capital Limited.

## OTHER INVESTMENTS

AT 29 FEBRUARY 2000

Company	Proportion held directly or indirectly by holding company		Group carrying value	
	2000 %	1999 %	2000 R000	1999 R000
<b>Listed</b>				
PSG Investment Bank Holdings Limited *	1,3		22 589	
Other			2 276	22 361
<b>Unlisted</b>				
Keynes Rational Limited *	5,8		25 993	
Other investment and loans			49 847	14 177
			100 705	36 538

\* These investments represent interests in subsidiary companies which are not consolidated since it is regarded as trading stock.

## SHARE ANALYSIS

Distribution of shareholders	Shareholders		Shares held	
	Number	%	Number	%
<b>Range of shareholdings</b>				
1 – 1 000	1 662	72,7	478 155	0,3
1 001 – 10 000	492	21,5	1 399 180	1,0
10 001 – 100 000	92	4,0	3 161 901	2,3
100 001 – 1 000 000	27	1,2	10 118 160	7,3
Over 1 000 000	14	0,6	124 342 604	89,1
	2 287	100,0	139 500 000	100,0

### Type of shareholder

Individuals	2 080	91,0	3 181 873	2,3
Investment and trust companies	21	0,9	25 926	
Banks and nominee companies	124	5,4	135 189 206	96,9
Pension and provident funds	3	0,1	6 073	
Other corporate bodies	59	2,6	1 096 922	0,8
	2 287	100,0	139 500 000	100,0

### Six largest shareholders

PSG Nominees (Pty) Limited	49 159 256	35,2
Standard Bank Nominees (Tvl) (Pty) Limited	23 903 588	17,1
Old Mutual Nominees (Pty) Limited	11 669 371	8,4
Marser Nominees (Pty) Limited	10 054 100	7,2
CMB Nominees Limited	8 913 399	6,4
First National Nominees (Pty) Limited	7 085 338	5,1
	110 785 052	79,4

### Individual shareholders holding more than 5% as at 31 December 1999

PSG Group Share Incentive Trust	15 596 241	11,2
J F Mouton Familie Trust	10 780 913	7,7
Siphumelele Investments Limited	10 000 000	7,2
Sanlam Limited	7 723 933	5,5
Old Mutual Plc	7 477 771	5,4
	51 578 858	37,0

## SHAREHOLDERS' DIARY

Financial year-end	29 February
Profit announcement	April
Annual report	April
Annual general meeting	May
Interim report	September