

## THIS MANDATORY OFFER DOCUMENT IS IMPORTANT AND REQUIRES CAPITEC SHAREHOLDERS' IMMEDIATE ATTENTION.

The definitions on pages 5 and 6 of this mandatory offer document apply throughout this mandatory offer document including this front cover.

If you are a Capitec shareholder and are in any doubt as to what action you should take, you should consult your CSDP, broker, banker, accountant, legal adviser or other professional adviser immediately.

### Action required by Capitec shareholders

Capitec shareholders are referred to page 2 of this mandatory offer document, which sets out the action required of them.

If you are a Capitec shareholder and have disposed of all of your Capitec ordinary shares, please forward this mandatory offer document, together with the form of acceptance, surrender and transfer to the purchaser to whom, or the CSDP or broker or agent through whom, the disposal was effected.

### Action required by PSG shareholders

PSG shareholders are not required to take any action in terms of the mandatory offer as set out in this mandatory offer document.



PSG GROUP LIMITED

PSG GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1970/008484/06)

Share code: PSG ISIN: ZAE000013017

("PSG")



**CAPITEC**  
BANK

Simplicity is the ultimate  
sophistication

CAPITEC BANK HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration Number 1999/025903/06)

Share code: CPI ISIN: ZAE000035861

("Capitec")

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## OFFER TO CAPITEC SHAREHOLDERS

regarding:

- a mandatory offer to all Capitec shareholders, recorded in the register at the record date, for an offer consideration of 1.5767 PSG shares for every 1 Capitec share disposed of in terms of the mandatory offer; and
  - incorporating a form of acceptance, surrender and transfer for use by certificated Capitec shareholders only.
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**Mandatory offer opens at 09:00 on**  
**Mandatory offer closes at 12:00 on**

**Monday, 21 December 2009**  
**Friday, 15 January 2010**

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*This mandatory offer document is only available in English and copies thereof may be obtained from the Capitec and PSG transfer secretaries and PSG Capital (Pty) Limited, whose addresses are set out in the "Corporate information" section of this mandatory offer document, from 09:00 on Monday, 21 December 2009 to 12:00 on Friday, 15 January 2010.*

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Corporate Advisor to PSG



PSG CAPITAL

Independent Advisor to Capitec



QuestCo Sponsor (Pty) Ltd

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**Date of Issue: 21 December 2009**

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## CORPORATE INFORMATION

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**Offeror Company**

PSG Group Limited  
(Registration number 1970/008484/06)  
1st Floor  
Ou Kollege  
35 Kerk Street  
Stellenbosch, 7600  
(PO Box 7403, Stellenbosch, 7599)

**Secretary and Registered Office**

PSG Corporate Services (Proprietary) Limited  
(Registration number 1996/004848/07)  
1st Floor  
35 Kerk Street  
Stellenbosch  
7600  
(PO Box 7403, Stellenbosch, 7599)

**Corporate Advisor to PSG**

PSG Capital (Proprietary) Limited  
(Registration number 2006/015817/07)  
1st Floor  
Ou Kollege  
35 Kerk Street  
Stellenbosch, 7600  
(PO Box 7403, Stellenbosch, 7599)

and at:

Woodmead Estate  
1 Woodmead Drive  
Woodmead, 2128  
(PO Box 987, Parklands, 2121)

**Offeree Company**

Capitec Bank Holdings Limited  
(Registration Number 1999/025903/06)  
1 Quantum Street  
Techno Park  
Stellenbosch  
7600  
(PO Box 12451, Die Boord, Stellenbosch, 7599)

**Secretary and Registered Office**

CG van Schalkwyk  
1 Quantum Street  
Techno Park  
Stellenbosch  
(PO Box 12451, Die Boord, Stellenbosch, 7599)

**Transfer secretaries to PSG and Capitec**

Computershare Investor Services (Proprietary) Limited  
(Registration number 2004/003647/07)  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
(P O Box 61763, Marshalltown, 2107)

**Independent Advisor to Capitec**

QuestCo Sponsors (Proprietary) Limited  
(Registration number 2004/018276/07)  
The Campus  
1st Floor, Wrigley Field  
57 Sloane Street  
Bryanston, 2021  
(P O Box 98956, Sloane Park, 2152)

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## ACTION TO BE TAKEN BY CAPITEC SHAREHOLDERS

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The definitions commencing on page 5 of this mandatory offer document apply, *mutatis mutandis*, to this information on action required by Capitec shareholders.

If you are a Capitec shareholder and are in any doubt as to what action you should take, you should consult your CSDP, broker, banker, accountant, legal adviser or other professional adviser immediately.

If you are a Capitec shareholder and have disposed of some or all of your Capitec ordinary shares, this mandatory offer document should be handed to the purchaser of such shares or the CSDP, broker, banker or other agent through whom such disposal was effected.

### 1. DEMATERIALIZED CAPITEC SHAREHOLDERS

**Dematerialised Capitec shareholders must NOT complete the form of acceptance, surrender and transfer.**

- 1.1 Dematerialised Capitec shareholders who wish to accept the mandatory offer, either in whole or in part, should instruct their duly appointed CSDP or broker, in accordance with the custody agreement concluded with their CSDP or broker.
- 1.2 The instruction to accept the mandatory offer must be provided to the Capitec shareholders' CSDP or broker by the cut-off time stipulated for such instruction in order for such CSDP or broker to take the necessary action to accept the mandatory offer prior to the closing date. Capitec shareholders are accordingly advised to confirm with their CSDP or broker as to what the cut-off time will be. This must be done in accordance with the custody agreement between the Capitec shareholder concerned and his CSDP or broker.
- 1.3 **Neither PSG nor Capitec nor PSG Capital nor any of their authorised agents will accept any responsibility nor be held liable for any acts or omissions on the part of any CSDP or broker of a dematerialised Capitec shareholder who fails to communicate any Capitec shareholder's acceptance of the mandatory offer timeously or at all, for whatsoever reason.**
- 1.4 The discharge of the offer consideration will be made on the respective dates set forth in the "salient dates and times" section of this mandatory offer document.

### 2. CERTIFICATED CAPITEC SHAREHOLDERS

**Certificated Capitec shareholders must complete the form of acceptance, surrender and transfer (*yellow*).**

- 2.1 Certificated Capitec shareholders who wish to accept the mandatory offer must complete the form of acceptance, surrender and transfer (*yellow*) attached to this mandatory offer document in accordance with the instructions therein and forward it, together with the relevant documents of title, by hand or by mail to the transfer secretaries:

**By hand**

Computershare Investor Services (Proprietary) Limited  
Ground Floor  
70 Marshall Street  
Johannesburg  
2001

**By mail**

Computershare Investor Services (Proprietary) Limited  
P O Box 61763  
Marshalltown  
2107

**so as to be received by not later than 12:00 on the closing date.**

- 2.2. Acceptances of the mandatory offer that are sent through the post are sent at the risk of the Capitec shareholder concerned. Accordingly, Capitec shareholders should make a note of the postal delivery times so as to ensure that acceptances of the mandatory offer are received timeously. It is therefore recommended that such acceptances be sent by registered mail or delivered by hand to the transfer secretaries.
- 2.3 The discharge of the offer consideration will be made on the respective dates set forth in the "salient dates and times" section of this mandatory offer document.

- 2.4 If the suspensive condition becomes applicable to this mandatory offer, the documents of title surrendered by Capitec shareholders in advance of the fulfilment of the suspensive condition will be held in trust by the transfer secretaries, at the Capitec shareholder's risk, pending the closing date. If the suspensive condition becomes applicable and is not fulfilled by 5 February 2010, the PSG board reserves the right to extend such date to no later than 5 March 2010. If the suspensive condition remains unfulfilled after the said extended date, the transfer secretaries will return the documents of title, by registered post, to the certificated Capitec shareholders in question, at their risk, one business day after the date upon which an announcement is made on SENS and in the press that the suspensive condition has not been fulfilled. Certificated Capitec shareholders who surrender their documents of title before the closing date will not be able to trade their Capitec shares after such surrender.
- 2.5 If any person who is not a registered holder of Capitec shares surrenders a document of title in respect of Capitec shares, together with a transfer form for the registration of such Capitec shares purporting to have been properly completed by the registered holder thereof, such first mentioned person shall be entitled to receive payment of the offer consideration pursuant to acceptance of the mandatory offer, provided that:
- such person proves to the satisfaction of PSG that the relevant stamp duty payable has in fact been paid in respect of the proposed registration of transfer of such Capitec shares; and
  - the offer consideration has not already been delivered or posted to the registered holder of such Capitec shares.
- PSG may require, in its sole discretion, to be furnished by such person with an indemnity in a form and on terms acceptable to PSG, against any loss or damage, payment or expense which it or Capitec, or any of their duly authorised representatives, may suffer or incur by reason of or arising from the payment of the offer consideration to such person.
- 2.6 If a form of acceptance, surrender and transfer (*yellow*) is rejected due to non-compliance with the instructions contained therein, then the Capitec shareholder concerned will be deemed not to have accepted the mandatory offer. PSG may nevertheless, in its sole discretion, condone the non-compliance by any Capitec shareholder of any of the terms and conditions of the mandatory offer.
- 2.7 Capitec shareholders who dematerialised their Capitec shares through a CSDP or broker prior to Monday, 11 January 2010 must furnish such CSDP or broker with their written instructions in respect of the mandatory offer in terms of the custody agreement entered into between the shareholder and the appointed CSDP or broker.

### 3. GENERAL

- 3.1 Offer participants should note that they may **NOT** trade any Capitec shares surrendered to PSG in terms of the mandatory offer, from the date of acceptance thereof until the closing date.
- 3.2 Offer participants should further note that they will **NOT** be entitled to trade in PSG shares, being the offer consideration shares to which such offer participant would be entitled, until such time as these offer consideration shares have been issued and allotted to the offer participants concerned and listed on the JSE. The anticipated date for listing PSG shares on the JSE in terms of the mandatory offer is Monday, 18 January 2010 as set out in the "salient dates and times" section of this offer document.
- 3.3 For the sake of clarity, Capitec shares may not be dematerialised or rematerialised by offer participants between Monday, 11 January 2010 and Friday, 15 January 2010, both days inclusive.
- 3.4 Capitec shareholders who do not wish to accept the mandatory offer need not take any action.
- 3.5 This mandatory offer shall not constitute an offer to purchase or the solicitation of an offer to sell any Capitec shares in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the laws of such jurisdiction.

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## SALIENT DATES AND TIMES

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The definitions contained on pages 5 and 6 of this mandatory offer document apply to these salient dates and times.

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Firm intention to make an offer announcement	Monday, 7 December 2009
Mandatory offer opens and mandatory offer document posted to all Capitec shareholders recorded in the register as such on Friday, 18 December 2009 at 09:00 on	Monday, 21 December 2009
Last day to trade Capitec shares in order to be eligible to participate in the mandatory offer on	Friday, 8 January 2010
Capitec shares trade “ex” the right to participate in the mandatory offer from the commencement of business on	Monday, 11 January 2010
Record date on which Capitec shareholders must be recorded in the register of Capitec shareholders in order to be eligible to participate in the mandatory offer	Friday, 15 January 2010
Mandatory offer closes and deemed effective date of disposal of Capitec shares by offer participants at 12:00 on	Friday, 15 January 2010
Results of mandatory offer to be published on SENS on	Friday, 15 January 2010
Results of the mandatory offer to be published in the press on	Monday, 18 January 2010
Offer consideration credited to the dematerialised offer participant’s account at his CSDP or broker (as the case may be) on (see note 7)	Monday, 18 January 2010
Offer consideration posted to certificated offer participants (subject to receipt by the transfer secretaries of documents of title on or prior to 12:00 on the closing date and a duly completed form of acceptance, surrender and transfer) on or about (see note 7)	Tuesday, 19 January 2010

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### Notes:

- <sup>(1)</sup> The above dates and times are subject to amendment by PSG. Any such change will be announced on SENS and in the press.
- <sup>(2)</sup> Certificated Capitec shareholders are required to complete and return the form of acceptance, surrender and transfer (*yellow*) in accordance with the instructions contained therein to be received by not later than 12:00 on the closing date.
- <sup>(3)</sup> All times indicated above are South African times.
- <sup>(4)</sup> Capitec shares held by offer participants may not be dematerialised or rematerialised between Monday, 11 January 2010 and Friday, 15 January 2010, both days inclusive.
- <sup>(5)</sup> Dematerialised offer participants must notify their duly appointed CSDP or broker of their acceptance of the mandatory offer in the manner and time stipulated in the custody agreement governing the relationship between such offer participant and his CSDP or broker.
- <sup>(6)</sup> For the avoidance of doubt, the Capitec shares that will be acquired from the offer participants will be acquired ex dividend. In addition, any PSG shares issued as offer consideration will be issued ex any dividend.
- <sup>(7)</sup> In the event that the mandatory offer becomes conditional in terms of paragraph 2.5 below then the above dates and times relating to the crediting and posting of the offer consideration will be amended. Such amended dates and times will be announced on SENS and in the press.
- <sup>(8)</sup> Offer participants should note that they will NOT be entitled to trade in PSG shares, being the offer consideration shares to which such offer participant would be entitled, until such time as these shares have been issued and allotted to the offer participants concerned.

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## DEFINITIONS

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In this mandatory offer document, unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa*, words importing one gender include the other genders and references to a natural person include a reference to corporations and associations of persons and *vice versa*:

“the Act”	the South African Companies Act, 1973 (Act 61 of 1973), as amended;
“the Banks Act”	the South African Banks Act, 1990 (Act 94 of 1990), as amended;
“broker”	any person registered as a “broking member (equities)” in terms of the rules of the JSE Limited made in accordance with the provisions of the South African Securities Services Act, 2004 (Act 36 of 2004);
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“certificated shares”	shares which have not yet been dematerialised, title to which is represented by a share certificate or other document of title;
“certificated Capitec shareholders”	Capitec shareholders who have elected to hold their ordinary shares in certificated format;
“cents”	South African cents in the official currency of South Africa;
“Capitec” or “offeree company”	Capitec Bank Holdings Limited (registration number 1999/025903/06) a bank controlling and public company incorporated in South Africa and listed on the JSE;
“the Capitec directors” or “the Capitec board”	the board of directors of Capitec;
“Capitec shareholders”	certificated Capitec shareholders, recorded in the register on the record date, and dematerialised Capitec shareholders recorded in the sub-register on the record date, being those Capitec shareholders who are entitled to participate in the mandatory offer;
“Capitec shares” or “Capitec ordinary shares”	ordinary shares with a par value of 1 cent each in the issued capital of Capitec;
“closing date”	12:00 on Friday, 15 January 2010, being the closing date and the deemed effective date on which offer participants will dispose of their Capitec shares or such date that may be advised, but same cannot be later than 5 March 2010;
“the Code”	the Securities Regulation Code on Takeovers and Mergers and the Rules of the SRP;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Computershare”	Computershare Investor Services (Proprietary) Limited (registration number 2004/003647/07), a private company incorporated in South Africa, and appointed transfer secretaries of Capitec and PSG;
“CSDP”	Central Securities Depository Participant, registered in terms of the South African Securities Services Act, 2004 (Act 36 of 2004), as amended;
“custody agreement”	the agreement which regulates the relationship between the CSDP or broker and each beneficial holder of dematerialised shares;
“dematerialisation”	the process by which certificated securities held by security holders are converted to electronic form as uncertificated securities;
“dematerialised shares”	shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical documents of title;
“dematerialised Capitec shareholders”	Capitec shareholders who have elected to hold their ordinary shares in dematerialised format and are recorded in the sub-register;
“documents of title”	valid share certificates and/or certified transfer deeds and/or, balance receipts or any other documents of title acceptable to PSG in respect of Capitec shares;
“emigrant”	any emigrant from the common monetary area whose address is outside the common monetary area;
“Exchange Control Regulations”	the exchange control regulations of South Africa;
“form of acceptance, surrender and transfer”	the form of acceptance, surrender and transfer enclosed in and forming part of this mandatory offer document;
“the JSE”	JSE Limited (registration number 2005/022939/06) a company duly registered and incorporated with limited liability under the company laws of South Africa, licensed as an exchange under the South African Securities Services Act, 2004 (Act 36 of 2004) as amended;
“the JSE Listings Requirements”	the listings requirements of the JSE;
“last day to trade”	Friday, 8 January 2010, being the last day to trade Capitec shares to be eligible to participate in the mandatory offer;

“last practicable date”	Monday, 7 December 2009, being the last practicable date prior to the finalisation of this mandatory offer document;
“mandatory offer” or “offer”	the mandatory offer by PSG to all Capitec shareholders to purchase all or part of their Capitec shares as set out in this mandatory offer document such that PSG may acquire up to a maximum of 49% of the issued share capital of Capitec;
“mandatory offer document” or “the offer document” or “the circular”	this mandatory offer document sent to Capitec shareholders, including the annexures and the form of acceptance, surrender and transfer annexed hereto, setting out the details of the mandatory offer dated Friday, 18 December 2009;
“offer consideration” or “the offer consideration shares”	the share for share issue of 1.5767 PSG shares for every 1 Capitec share disposed of in terms of the mandatory offer that will be discharged by PSG to Capitec shareholders;
“offerees”	all ordinary Capitec shareholders, other than PSG, recorded in the register and sub-register on the record date of the mandatory offer, being those Capitec ordinary shareholders who will be entitled to participate in the mandatory offer;
“offer participants”	offerees who accept the mandatory offer;
“offer payment date”	in respect of certificated offer participants, the date on which the offer consideration shares are posted to those certificated offer participants who have accepted the mandatory offer and in respect of dematerialised offer participants, the date on which the offer consideration shares are credited to the CSDP or broker of the dematerialised offer participants who have accepted the mandatory offer;
“offer period”	the period from 09:00 on the opening date to 12:00 on the closing date;
“opening date”	09:00 on Monday, 21 December 2009, being the opening date of the mandatory offer;
“original PSG offer”	the voluntary offer made by PSG to Capitec shareholders which opened on Monday, 14 May 2007 and closed on Monday, 18 June 2007, in terms whereof PSG offered to acquire a maximum of 16.6% of the issued ordinary share capital in Capitec from shareholders at an offer consideration of 1.4545 PSG shares for every 1 Capitec share held at the closing date of the aforesaid offer and which resulted in PSG holding approximately 34.9% of the issued ordinary share capital of Capitec;
“PSG” or “the offeror company”	PSG Group Limited (registration number 1970/00848406), a public company incorporated in South Africa and listed on the JSE;
“PSG Capital”	PSG Capital (Pty) Limited (registration number 2006/015817/07), a private company incorporated in South Africa and being a subsidiary of and the corporate adviser to PSG;
“PSG directors” or “PSG board”	the directors of PSG;
“PSG group”	PSG and its subsidiaries, from time to time;
“PSG shares”	ordinary shares with a par value of 1 cent per share in the issued ordinary share capital of PSG;
“Rand”	South African rands, the official currency of South Africa;
“record date”	Friday, 15 January 2010, being the date on which Capitec shareholders must be recorded in the register of Capitec shareholders in order to be eligible to participate in the mandatory offer;
“register”	the register of Capitec shareholders maintained by Capitec in terms of the Act;
“SARB”	the South African Reserve Bank, being the central bank of South Africa;
“share for share issue”	an issue of PSG shares for Capitec shares to those Capitec shareholders that have accepted the mandatory offer;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa” or “SA”	the Republic of South Africa;
“SRP”	the Securities Regulation Panel established in terms of section 440B of the Act;
“Strate”	Strate Limited (registration number 1998/022242/06), a registered central securities depository in terms of the South African Security Services Act, 2004 (Act 36 of 2004), as amended;
“sub-register”	each of Capitec’s sub-registers of members administered and maintained by CSDP’s in electronic form;
“suspensive condition of the mandatory offer” or “suspensive condition”	the suspensive condition as set out in paragraph 2.5 of this mandatory offer document which will only become applicable to the mandatory offer in the circumstances contemplated in paragraph 2.5; and
“transfer secretaries”	Computershare.



PSG GROUP LIMITED

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(Incorporated in the Republic of South Africa)  
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("PSG")



CAPITEC BANK HOLDINGS LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration Number 1999/025903/06)  
Share code: CPI ISIN: ZAE000035861  
("Capitec")

#### Directors

JF Mouton (Chairman)\*  
PE Burton#  
ZL Combi  
J de V du Toit#  
MM du Toit#  
WL Greeff\*  
MJ Jooste#  
PJ Mouton\*  
JJ Mouton  
CA Otto  
W Theron  
L van A Bellingan#  
CH Wiese#

\* Executive

# Independent

#### Directors

MSDP Le Roux (Chairman)#  
R Stassen (CEO)\*  
AP Du Plessis\*  
TD Mahloele  
MC Mehl#  
NS Mjoli-Mncube#  
PJ Mouton  
CA Otto  
JG Solms#  
JP van der Merwe#

## MANDATORY OFFER TO CAPITEC SHAREHOLDERS

### 1 BACKGROUND TO THE MANDATORY OFFER

On 14 May 2007, PSG extended a voluntary offer to all Capitec shareholders to acquire up to 34.9% of the ordinary issued share capital of Capitec in terms of the original PSG offer. The original PSG offer was a share for share transaction whereby Capitec shareholders that accepted the original PSG offer received 1.4545 PSG shares for every 1 Capitec share disposed of by Capitec shareholders. Pursuant to the original PSG offer, PSG increased its shareholding in Capitec to approximately 34.9%.

In terms of the Code, a shareholder is required to make a mandatory offer to all remaining shareholders of an offeree company in the event that the shareholder, together with any persons acting in concert with such shareholder, acquires control of the offeree company (control is defined as 35% or more of the voting rights of the offeree company) ("the 35% threshold"). In addition, the Code stipulates that, unless the contrary is established, a company shall be deemed to be a concert party with any of its directors who hold shares in the offeree company.

It has recently come to PSG's attention that as a result of the shareholding in Capitec held by directors of PSG and as a result of the aforementioned deeming provision of the Code, PSG is deemed to have crossed the 35% threshold when it implemented the original PSG offer. Shareholders are referred to the announcement published jointly by PSG and Capitec on SENS on Monday, 7 December 2009 and in the press on Tuesday, 8 December 2009 wherein it was recorded that PSG, after consulting with the SRP on the appropriate action to be taken, has been advised by the SRP that it is required to make a mandatory offer to all Capitec shareholders at the same offer consideration as was applied to the original PSG offer, save for adjusting the aforementioned consideration to take into account dividends that were paid by both Capitec and PSG to their ordinary shareholders after implementation of the original PSG offer until the date the offer consideration was agreed with the SRP.

Given that the Capitec share price has increased substantially compared to the PSG share price in the period between the original PSG offer and aforementioned announcement, both the PSG board and the Capitec board are of the view that the mandatory offer is neither fair nor reasonable to Capitec shareholders.

At the time of the original PSG offer, the SARB granted PSG approval to increase its shareholding in Capitec to 49%. In this regard PSG has obtained irrevocable undertakings from material Capitec shareholders to ensure that the maximum number of shares that PSG could obtain in terms hereof will be limited to 49% of the ordinary issued share capital of Capitec.

PSG is making this mandatory offer to ensure compliance with the Code and accordingly has no plans to change any existing business operations at Capitec nor to change the composition of the Capitec board following the implementation of the mandatory offer.

The mandatory offer is subject to the terms set out in this mandatory offer document.

## 2 TERMS OF THE OFFER

### 2.1 The offer and the offer consideration

PSG hereby offers to acquire from Capitec shareholders all (or part) of Capitec shares in respect of which it receives valid acceptances, prior to the closing date. The offer consideration will be discharged by means of a share for share issue in terms of the JSE Listings Requirements. In the event that the suspensive condition becomes applicable in accordance with the terms of paragraph 2.5, then the mandatory offer will be subject to fulfilment of the suspensive condition.

**Capitec shareholders that accept the mandatory offer shall receive 1.5767 PSG shares for every 1 Capitec share disposed of in terms of the mandatory offer.**

The offer consideration effectively places a value on Capitec of R37.8250 per share representing a discount of 43.29% on the 30 day volume weighted average price of R66.7013 per share as at the last practicable date. For the reasons set out in paragraph 1 above, both the PSG board and the Capitec board are of the opinion that the offer consideration is neither fair nor reasonable to Capitec shareholders.

No fractions will be issued and any fraction of an offer consideration share to which the offer participant becomes entitled after conversion of his Capitec ordinary shares held on the record date will, if such fraction comprises 0.5 or more of a PSG ordinary share be rounded up, or otherwise be rounded down to the nearest whole PSG ordinary share, as set out in **Annexure V** to this mandatory offer document.

For the avoidance of doubt, the Capitec shares that will be acquired from the offer participants will be acquired ex dividend. In addition, any PSG shares issued as offer consideration will be issued ex any dividend.

### 2.2 Remaining shareholders

Those Capitec shareholders electing not to accept the mandatory offer will remain shareholders in Capitec.

### 2.3 Offer period

The mandatory offer will be open for acceptance at 09:00 on Monday, 21 December 2009 and will close at 12:00 on Friday, 15 January 2010, which will be the deemed effective date of disposal of shares by the offer participants. Please note that the last date for Capitec shareholders to trade to be eligible to participate in the mandatory offer will be Friday, 8 January 2010. Accordingly the mandatory offer is only applicable to those Capitec shareholders that are recorded in the register on Friday, 15 January 2010.

The mandatory offer is unconditional as to acceptances.

PSG expressly reserves the right, subject to approval by the SRP, to extend the closing date of the mandatory offer in accordance with the provisions of the Code and any other applicable laws and regulations. An announcement regarding any such extension will be released on SENS and published in the press.

### 2.4 Listing of offer consideration shares

Subject to the valid acceptance of the mandatory offer by offer participants, the offer consideration shares will be issued and allotted to offer participants, and listed on the JSE on Monday, 18 January 2009 as per the "salient dates and times" section of this mandatory offer document. If the suspensive condition becomes applicable to this mandatory offer in accordance with the terms of paragraph 2.5 hereafter, then the revised date for the issue and allotment of the offer consideration shares following fulfilment of the suspensive condition will be released on SENS and published in the press.

## 2.5 Suspensive Condition

At the PSG annual general meeting held on 19 June 2009, the unissued share capital of PSG was placed under the control of the directors to issue as they deem fit, limited to 5% (or 9,478,969 shares) of the issued share capital as at 28 February 2009, as a general authority in terms of the Act.

In the event that PSG is required to increase its shareholding in Capitec to 49% (the maximum amount possible), then PSG will have to issue a maximum of 18 612 757 shares, being more than 5% (i.e. more than 9,478,969 shares) of its issued share capital as existed at 28 February 2009, as consideration shares to Capitec shareholders.

In the event that PSG is required to issue more than 5% of its issued share capital as existed at 28 February 2009 in terms hereof, then the mandatory offer will become conditional on PSG shareholders approving the issue of the PSG consideration shares to Capitec shareholders accepting the mandatory offer, as a specific authority in terms of the Act, by no later than 5 February 2010. In this regard, PSG has obtained irrevocable undertakings from material PSG shareholders to vote in favour of such a resolution.

If the suspensive condition becomes applicable, same must be fulfilled by 5 February 2010 or the mandatory offer will lapse. The PSG board reserves the right to extend the date for fulfilment of the suspensive condition to no later than 5 March 2010 (“the extended date”).

**Given that the mandatory offer is neither fair nor reasonable, it unlikely that PSG will be required to issue more than 5% of its issued share capital as existed at 28 February 2009 in which event this mandatory offer will be unconditional.**

## 2.6 General terms of the mandatory offer

None of the Capitec shares acquired by PSG in pursuance of the mandatory offer will be transferred to any other person. PSG will be the ultimate owner of the Capitec shares so acquired.

There are no special arrangements, undertakings by or agreements relating to the mandatory offer between PSG and Capitec, or the directors of Capitec, entered into in the preceding twelve months, or with persons who were holders of Capitec shares within the preceding twelve months, save for the irrevocable undertakings referred to in 11 below.

Settlement of the offer consideration to which a Capitec shareholder becomes entitled in terms of the mandatory offer will be implemented in full in accordance with the terms of the mandatory offer without regard to any lien, counterclaim or other analogous right to which PSG may be entitled against any Capitec shareholder.

## 3 PROCEDURE FOR ACCEPTANCE OF THE MANDATORY OFFER

### 3.1 Dematerialised Capitec shareholders

**Dematerialised Capitec shareholders must NOT complete the form of acceptance, surrender and transfer.**

- 3.1.1 Dematerialised Capitec shareholders who wish to accept the mandatory offer, either in whole or in part, should instruct their duly appointed CSDP or broker, in accordance with the custody agreement concluded with their CSDP or broker.
- 3.1.2 The instruction to accept the mandatory offer must be provided to the Capitec shareholders’ CSDP or broker by the cut-off time stipulated for such instruction in order for such CSDP or broker to take the necessary action to accept the mandatory offer prior to the closing date. Capitec shareholders are accordingly advised to confirm with their CSDP or broker as to what the cut-off time will be. This must be done in accordance with the custody agreement between the Capitec shareholder concerned and his CSDP or broker.
- 3.1.3 **Neither PSG nor Capitec nor PSG Capital nor any of their authorised agents will accept any responsibility nor be held liable for any acts or omissions on the part of any CSDP or broker of a dematerialised Capitec shareholder who fails to communicate any Capitec shareholder’s acceptance of the mandatory offer timeously or at all, for whatsoever reason.**
- 3.1.4 The discharge of the offer consideration will be made on the respective dates set forth in the “salient dates and times” section of this mandatory offer document.

### 3.2 Certificated Capitec shareholders

Certificated Capitec shareholders must complete the form of acceptance, surrender and transfer (*yellow*).

- 3.2.1 Certificated Capitec shareholders who wish to accept the mandatory offer must complete the form of acceptance, surrender and transfer (*yellow*) attached to this mandatory offer document in accordance with the instructions therein and forward it, together with the relevant documents of title, by hand or by mail to Capitec's transfer secretaries:

**By hand**

Computershare Investor Services  
(Proprietary) Limited  
Ground Floor  
70 Marshall Street  
Johannesburg  
2001

**By mail**

Computershare Investor Services  
(Proprietary) Limited  
P O Box 61763  
Marshalltown  
2107

so as to be received by not later than 12:00 on the closing date.

- 3.2.2. Acceptances of the mandatory offer that are sent through the post are sent at the risk of the Capitec shareholder concerned. Accordingly, Capitec shareholders should make a note of postal delivery times so as to ensure that acceptances of the mandatory offer are received timeously. It is therefore recommended that such acceptances be sent by registered mail or delivered by hand to Capitec's transfer secretaries.
- 3.2.3 The discharge of the offer consideration will be made on the respective dates set forth in the "salient dates and times" section of this mandatory offer document.
- 3.2.4 If the suspensive condition becomes applicable in accordance with the terms of paragraph 2.5 above, the documents of title surrendered by Capitec shareholders in advance of the fulfilment of the suspensive condition will be held in trust by the transfer secretaries, at the Capitec shareholder's risk, pending the closing date. If the suspensive condition is not fulfilled by 5 February 2010 or by the extended date, if applicable, the transfer secretaries will return the documents of title, by registered post, to the certificated Capitec shareholders in question, at their risk, within one business day of the date upon which an announcement is made on SENS and in the press that the suspensive condition has not been fulfilled.

Certificated Capitec shareholders who surrender their documents of title before the closing date will not be able to trade their Capitec shares after such surrender.

- 3.2.5 If any person who is not a registered holder of Capitec shares surrenders a document of title in respect of Capitec shares, together with a transfer form for the registration of such Capitec shares purporting to have been properly completed by the registered holder thereof, such first mentioned person shall be entitled to receive payment of the offer consideration pursuant to acceptance of the mandatory offer, provided that:
- such person proves to the satisfaction of PSG that the relevant stamp duty payable has in fact been paid in respect of the proposed registration of transfer of such Capitec shares; and
  - the offer consideration has not already been delivered or posted to the registered holder of such Capitec shares.

PSG may require, in its sole discretion, to be furnished by such person with an indemnity in a form and on terms acceptable to PSG, against any loss or damage, payment or expense which it or Capitec's, or any of their duly authorised representatives, may suffer or incur by reason of or arising from the payment of the offer consideration to such person.

- 3.2.6 If a form of acceptance, surrender and transfer (*yellow*) is rejected due to non-compliance with the instructions contained therein, then the Capitec shareholder concerned will be deemed not to have accepted the mandatory offer. PSG may nevertheless, in its sole discretion, condone the non-compliance by any Capitec shareholder of any of the terms and conditions of the mandatory offer.
- 3.2.7 Capitec shareholders who dematerialise their Capitec shares through a CSDP or broker prior to Monday, 11 January 2009 must furnish such CSDP or broker with their written instructions in respect of the mandatory offer in terms of the custody agreement entered into between the shareholder and the appointed CSDP or broker.

### **3.3 Lost or destroyed documents of title**

If the documents of title relating to the offer shares have been lost or destroyed, Capitec shareholders who wish to accept the mandatory offer should nevertheless return the attached form of acceptance, surrender and transfer (*yellow*), duly signed and completed, together with an indemnity on terms satisfactory to PSG. PSG may, in its sole discretion, dispense with the surrender of such documents of title upon production of satisfactory evidence that the documents of title have been lost or destroyed and upon provision of a suitable indemnity by the Capitec shareholder in question. Only indemnity forms obtained from the transfer secretaries (which forms are available on request) will be regarded as suitable.

### **3.4 General**

The mandatory offer may be accepted by the Capitec shareholders in respect of all or part of their Capitec shareholdings. Capitec shareholders who do not wish to accept the mandatory offer need take no further action and will be deemed to have declined the mandatory offer. PSG reserves the right, in its discretion, to:

- 3.4.1 treat as invalid, forms of acceptance, surrender and transfer not accompanied by valid documents of title; and
- 3.4.2 require proof of the authority of the person signing the form of acceptance, surrender and transfer where such proof has not yet been lodged with or recorded by the transfer secretaries.

### **3.5 Acceptances irrevocable**

All valid acceptances of the mandatory offer received by the transfer secretaries or the relevant CSDP or broker on or prior to closing date, shall be irrevocable.

### **3.6 Transaction receipts**

No receipts will be issued by the transfer secretaries for forms of acceptance, surrender and transfer unless specifically requested to do so by the Capitec shareholder in question. Lodging agents who require special transaction receipts are requested to prepare such receipts and to submit them for stamping by the transfer secretaries together with the form of acceptance, surrender and transfer.

### **3.7 Acceptances of the mandatory offer by nominee companies and representatives**

Acceptances of the mandatory offer by recognised nominee companies may be submitted in aggregate or in respect of each Capitec shareholder represented by such nominee companies. Any representative accepting the mandatory offer warrants that it is duly authorised to do so.

### **3.8 No amendment or variation of the mandatory offer**

No amendment or variation of the mandatory offer shall be valid unless made in writing and signed by PSG.

## **4 SETTLEMENT OF THE OFFER CONSIDERATION**

- 4.1 Offer participants should note that they may NOT trade any Capitec shares surrendered to PSG in terms of the mandatory offer, from the date of acceptance thereof until the closing date.
- 4.2 Offer participants should further note that they will NOT be entitled to trade in PSG shares, being the offer consideration shares to which such offer participant would be entitled, until such time as these shares have been issued and allotted to the offer participants concerned. The anticipated date for listing PSG shares on the JSE in terms of the mandatory offer is Monday, 18 January 2010 as set out in the "salient dates and times" section of this mandatory offer document.
- 4.3 For the sake of clarity Capitec shares may not be dematerialised or rematerialised by offer participants between Monday, 11 January 2010 and Friday, 15 January 2010, both days inclusive.
- 4.4 Subject only to fulfilment of the suspensive condition, if it becomes applicable, offer participants will be entitled to receive, subject to 4.5 below, the offer consideration shares on the respective dates as set out in the "salient dates and times" section of this mandatory offer document.

- 4.5 Subject to the fulfilment of the suspensive condition, if applicable, settlement of the offer consideration to certificated offer participants who have surrendered their documents of title and furnished a duly signed form of acceptance, surrender and transfer (*yellow*) in accordance with the instructions contained therein will take place within two business days of the closing date or within one business day of the date of fulfilment of the suspensive condition, if applicable. The offer consideration will be posted by registered mail to the certificated offer participants at the addresses recorded in the register of members of Capitec by the transfer secretaries, at the risk of such offer participants, unless written instructions to the contrary are furnished in the attached form of acceptance, surrender and transfer and provided that Capitec's transfer secretaries are in possession of the valid documents of title with respect to the Capitec shares.
- 4.6 Where any certificated offer participant has not validly surrendered his relevant documents of title, the offer consideration will be held by the transfer secretaries on behalf of and for the benefit of such offer participant until claimed. No interest will accrue or be paid to any offer participant in respect of any future dividends paid on the offer consideration shares so held in trust.
- 4.7 Subject to the fulfilment of the suspensive condition, if applicable, settlement of the offer consideration to dematerialised offer participants will take place in accordance with the custody agreement concluded between such dematerialised offer participants and their CSDP's or brokers. The offer consideration will be delivered one business day after the closing date or if the suspensive condition becomes applicable, one business day after fulfilment of the suspensive condition. Delivery will be by way of appropriate entries being made in the sub-register of Capitec members administered or maintained by CSDP's such that the offer shares will be debited from the safe custody accounts of the dematerialised offer participants, and the offer consideration shares will be credited to such accounts in terms of the custody agreement that exists between such dematerialised offer participants and their CSDP's or brokers. Accordingly, dematerialised offer participants will therefore have their holdings in their brokerage accounts debited in respect of the offer shares and credited in respect of the offer consideration. Such credits will be made one business day after the closing date.
- 4.8 Delivery by PSG to offer participants, of the offer consideration shares shall be the sole and exclusive manner of discharge by PSG of its obligations in terms of the mandatory offer in that regard.
- 4.9 The rights of offer participants to receive the offer consideration shares will be rights enforceable by the offer participants against PSG.
- 4.10 Acceptance of the mandatory offer may have an effect on an individual offer participant's tax position. Capitec shareholders are advised to consult their professional advisers about their personal tax positions.

## 5 SOUTH AFRICAN EXCHANGE CONTROL REGULATIONS

The settlement of the offer consideration will be effected in accordance with the Exchange Control Regulations. Discharge of the offer consideration will be made on the respective dates set forth in the "salient dates and times" section of this mandatory offer document, subject to the Exchange Control Regulations. The following is a summary of the Exchange Control Regulations which apply to offer participants. If in doubt, offer participants should consult their professional advisers without delay.

### 5.1 Residents of the common monetary area

Subject only to the fulfilment of the suspensive condition, if applicable, the offer consideration due to offer participants who are residents of the common monetary area will be dealt with as follows:

- in the case of certificated offer participants whose registered addresses in the register are within the common monetary area and whose documents of title are not restrictively endorsed in terms of the South African Exchange Control Regulations, the offer consideration will be posted to such offer participants, in accordance with paragraph 4.5 above; or
- in the case of dematerialised offer participants whose registered addresses in the register are within the common monetary area and have not been restrictively designated in terms of the Exchange Control Regulations, the offer consideration will be credited directly to the accounts nominated for the relevant offer participant by their duly appointed CSDP or broker in terms of the provisions of the custody agreement with their CSDP or broker.

### 5.2 Emigrants from the common monetary area

Subject only to the fulfilment of the suspensive condition, if applicable, the offer consideration due to offer participants who are emigrants from the common monetary area will be dealt with as follows:

- in the case of certificated offer participants, whose documents of title have been restrictively endorsed under the Exchange Control Regulations, the offer consideration will be forwarded to the authorised dealer(s) in foreign exchange in South Africa controlling such offer participants blocked assets in terms of the Exchange Control Regulations. The attached form of acceptance, surrender and transfer (*yellow*) makes provision for details of the authorised dealer(s) concerned to be given; or

- in the case of dematerialised offer participants, the offer consideration will be credited to the account of the offer participants CSDP or broker which shall arrange for same to be credited directly to the offer participants blocked asset account held by the offer participants' authorised dealers and held to the order of the offer participants dealers in foreign exchange in South Africa.

### 5.3 All other non-residents of the common monetary area

Subject only to the fulfilment of the suspensive condition, if applicable, the offer consideration due to offer participants who are non-resident offer participants of the common monetary area, who have never resided in South Africa and whose registered addresses are outside the common monetary area will be dealt with as follows:

- in the case of certificated offer participants, whose documents of title have been restrictively endorsed under the Exchange Control Regulations, be posted to the registered addresses of the non-resident offer participants concerned, unless written instructions to the contrary are received and an address provided. The attached form of acceptance, surrender and transfer (*yellow*) makes provision for a substitute address or bank details;
- in the case of dematerialised offer participants, the offer consideration will be credited by their duly appointed CSDP or broker directly to the accounts nominated by the offer participants in terms of the provisions of the custody agreement with their CSDP or broker.

### 5.4 Information not provided

If the information regarding authorised dealers or registered addresses is not given in terms of paragraph 5.2 and paragraph 5.3 above, the offer consideration shares will be held in trust by the transfer secretaries for the offer participant concerned, pending receipt of the necessary information or instructions. The form of acceptance, surrender and transfer (*yellow*) makes for provision for the offer participant concerned to furnish written instructions as to how the offer consideration shares should be dealt with. It will then be incumbent on such offer participant to instruct the transfer secretaries as to how such offer consideration is to be dealt with. No interest will accrue or be paid to any offer participant in respect of any dividends paid on the offer consideration shares so held in trust.

## 6 FINANCIAL INFORMATION AND SHARE PRICE INFORMATION RELATING TO CAPITEC

- 6.1 The consolidated income statement, balance sheet and cash flow statement of Capitec for the interim period ended 31 August 2009 and the financial years 28 February 2006, 28 February 2007, 29 February 2008 and 28 February 2009 are included in **Annexure I** of this mandatory offer document.
- 6.2 The trading history of the Capitec shares and volumes of Capitec shares traded are set out in **Annexure II** to this mandatory offer document.
- 6.3 There have been no material changes in the financial or trading position of Capitec since the latest audited financial results, being 28 February 2009, and the last practicable date.

## 7 FINANCIAL INFORMATION AND AND SHARE PRICE INFORMATION RELATING TO PSG

- 7.1 The consolidated income statement, balance sheet and cash flow statement of PSG for the interim period ended 31 August 2009 and the financial years ended 28 February 2006, 28 February 2007, 29 February 2008 and 28 February 2009 are included in **Annexure III** of this mandatory offer document.
- 7.2 The trading history of the PSG shares and volumes of PSG shares traded are set out in **Annexure IV** to this mandatory offer document.
- 7.3 There have been no material changes in the financial or trading position of PSG since the latest audited financial results, being 28 February 2009, and the last practicable date.

8 PSG AND ITS DIRECTORS' INTEREST AND DEALINGS IN CAPITEC AND PSG SHARES

8.1 PSG's interest in Capitec shares

As at the last practicable date, PSG held directly and indirectly, together with all directors, in excess of 35% of the total issued share capital of Capitec.

8.2 PSG's dealings in Capitec shares

PSG had no dealings in Capitec shares during the period beginning six months prior to the opening date of the mandatory offer and ending on the last practicable date.

8.3 Directors' interests in the share capital of PSG

The PSG directors' interests at the last practicable date in the issued share capital of PSG (net of treasury shares and share options) are set out in the table below:

Name	Beneficial		Non-beneficial		Total Shareholding	
	Direct	Indirect	Direct	Indirect	Number	%
PE Burton	-	-	-	130 000	130 000	0.07
ZL Combi	-	-	-	-	-	-
J de V du Toit	-	-	-	3 686 000	3 686 000	2.11
MM du Toit	-	4 729 358	-	-	4 729 358	2.71
WL Greeff	91 815	28 185	-	-	120 000	0.06
MJ Jooste	-	-	-	20 000 000	20 000 000	11.47
JF Mouton	3 600 000	-	-	42 835 489	46 435 489	26.63
JJ Mouton	111 000	1 300 000	-	-	1 411 000	0.81
PJ Mouton	66 148	3 735 000	-	-	3 801 148	2.18
CA Otto	108	-	-	4 004 692	4 004 800	2.30
W Theron	5 000	-	-	140 000	145 000	0.08
L van A Bellingan	-	-	-	20 000	20 000	0.01
CH Wiese	-	15 500 000	-	-	15 500 000	8.88
<b>Total</b>	<b>3 874 071</b>	<b>25 292 543</b>	<b>-</b>	<b>70 816 181</b>	<b>99 982 795</b>	<b>57.33</b>

8.4 Directors' dealings in PSG shares

The following dealings were conducted by directors of PSG in PSG shares during the period beginning six months prior to the opening date of the mandatory offer and ending on the last practicable date:

Date	Director	Number of shares	Average price (cents)	Transaction type
02 July 09	WL Greeff	10 000	1 700.00	Purchase
09 July 09	JF Mouton	46 835	1 710.00	Purchase
09 July 09	JF Mouton	3 165	1 750.00	Purchase
09 July 09	PJ Mouton	46 835	1 710.00	Purchase
09 July 09	PJ Mouton	3 165	1 750.00	Purchase
13 July 09	JF Mouton	195 000	57.25	Exercise of Right <sup>1</sup>
13 July 09	CA Otto	150 000	57.25	Exercise of Right <sup>1</sup>
13 July 09	J de V du Toit	150 000	57.25	Exercise of Right <sup>1</sup>
12 Oct 09	CA Otto	109 500	201.25	Exercise of Right <sup>1</sup>
26 Oct 09	JF Mouton	30 000	2 025.00	Exercise of Right <sup>1</sup>
26 Oct 09	CA Otto	30 000	2 025.00	Exercise of Right <sup>1</sup>
26 Oct 09	J de V du Toit	30 000	2 025.00	Exercise of Right <sup>1</sup>
3 Dec 09	JF Mouton	47 286	2 425.00	Purchase
3 Dec 09	PJ Mouton	111 020	2 425.00	Purchase

Notes:

<sup>(1)</sup> Acquisition of shares effected by taking delivery of shares in terms of share incentive trust.

## 8.5 Directors' interest in Capitec shares

The total beneficial and non-beneficial holdings of PSG directors in the issued ordinary share capital of Capitec as at the last practicable date are as follows:

Name	Beneficial		Non– beneficial		Total Shareholding	
	Direct	Indirect	Direct	Indirect	Number	%
PE Burton	–	–	–	–	–	–
ZL Combi	–	–	–	–	–	–
J de V du Toit	–	69 054	–	–	69 054	0.08
MM du Toit	–	–	–	–	–	–
WL Greeff	–	–	–	–	–	–
MJ Jooste	–	–	–	–	–	–
JF Mouton	–	–	–	–	–	–
JJ Mouton	14 000	70 000	–	–	84 000	0.10
PJ Mouton	–	10 000	–	–	10 000	0.01
CA Otto	967	–	–	459 539	460 506	0.55
W Theron	–	–	–	–	–	–
L van A Bellingan	–	72 786	–	772	73 558	0.08
CH Wiese	–	–	–	–	–	–
<b>Total</b>	<b>14 967</b>	<b>152 786</b>	<b>–</b>	<b>460 311</b>	<b>697 118</b>	<b>0.84</b>

## 8.6 Directors' dealings in Capitec shares

The directors of PSG had no dealings in Capitec shares during the period beginning six months prior to the opening date of the mandatory offer and ending on the last practicable date.

## 9. CAPITEC AND ITS DIRECTORS' INTEREST AND DEALINGS IN PSG AND CAPITEC SHARES

### 9.1 Capitec's interest in PSG

As at the last practicable date, Capitec held no PSG shares.

### 9.2 Capitec's dealings in PSG shares

Capitec had no dealings in PSG shares during the period beginning six months prior to the opening date of the mandatory offer and ending on the last practicable date.

### 9.3 Directors interest in Capitec shares

The Capitec directors' interests at the last practicable date in the issued ordinary share capital of Capitec (net of treasury shares and share options) are set out in the table below:

Name	Beneficially held		Non– beneficially held		Total shareholding	
	Direct	Indirect	Direct	Indirect	Number	%
AP du Plessis	–	1 013 125	–	–	1 013 125	1.22%
MS du P le Roux	–	–	–	13 061 674	13 061 674	15.74%
TD Mahloele	–	–	–	1 592 500	1 592 500	1.92%
MC Mehl	106 713	–	–	–	106 713	0.13%
NS Mjoli-Mncube	100 000	–	–	–	100 000	0.12%
PJ Mouton	–	10 000	–	–	10 000	0.01%
CA Otto	967	–	–	459 539	460 506	0.55%
JG Solms	33 779	–	–	–	33 779	0.04%
R Stassen	439 288	–	–	2 061 528	2 500 816	3.01%
JP van der Merwe	–	–	–	–	–	0.00%
<b>Total</b>	<b>680 747</b>	<b>1 023 125</b>	<b>–</b>	<b>17 175 241</b>	<b>18 879 113</b>	<b>22.75%</b>

#### 9.4 Directors' dealings in Capitec shares

The directors of Capitec had the following dealings in Capitec shares during the period beginning six months prior to the opening date of the mandatory offer and ending on the last practicable date:

Date	Director	Number of shares	Average price (cents)	Transaction type
29 September 09	AP du Plessis	75 000	3 123	Acceptance of options granted
29 September 09	R Stassen	250 000	3 123	Acceptance of options granted
11 November 09	R Stassen	495	6 700	Disposal
11 November 09	R Stassen	1 726	6 670	Disposal
11 November 09	R Stassen	340	6 651	Disposal
11 November 09	R Stassen	3 113	6 650	Disposal
11 November 09	R Stassen	200	6 625	Disposal
11 November 09	R Stassen	100	6 621	Disposal
11 November 09	R Stassen	26 660	6 610	Disposal
11 November 09	R Stassen	1 200	6 601	Disposal
11 November 09	R Stassen	17 966	6 600	Disposal
11 November 09	R Stassen	2 227	6 595	Disposal
11 November 09	R Stassen	8 500	6 530	Disposal
11 November 09	R Stassen	27 473	6 525	Disposal
12 November 09	R Stassen	20 000	6 600	Disposal

#### 9.5 Directors' interest in PSG shares

The total beneficial and non-beneficial holdings of Capitec directors in the issued ordinary share capital of PSG as at the last practicable date are as follows:

Name	Beneficial		Non-beneficial		Total Shareholding	
	Direct	Indirect	Direct	Indirect	Number	%
AP du Plessis	-	190 000	-	-	190 000	0.11
MS du P le Roux	-	-	-	399 754	399 754	0.22
TD Mahloele	-	-	-	-	-	-
MC Mehl	-	-	-	-	-	-
NS Mjoli-Mncube	-	-	-	-	-	-
PJ Mouton	66 148	3 735 000	-	-	3 801 148	2.18
CA Otto	108	-	-	4 004 692	4 004 800	2.30
JG Solms	87 520	-	-	54 960	142 480	0.08
R Stassen	-	-	-	-	-	-
JP van der Merwe	-	-	-	-	-	-
<b>Total</b>	<b>153 776</b>	<b>3 925 000</b>	<b>-</b>	<b>4 459 406</b>	<b>8 538 182</b>	<b>4.90</b>

## 9.6 Directors' dealings in PSG shares

The directors of Capitec had the following dealings in PSG shares during the period beginning six months prior to the opening date of the mandatory offer and ending on the last practicable date:

Date	Director	Number of shares	Average price (cents)	Transaction type
01 June 09	JG Solms	3 350	1 600.00	Purchase
03 June 09	JG Solms	2 411	1 675.00	Dispose
11 June 09	JG Solms	2 939	1 775.00	Dispose
18 June 09	JG Solms	3 041	1 640.00	Purchase
19 June 09	JG Solms	3 959	1 640.00	Purchase
09 July 09	PJ Mouton	3 165	1 750.00	Purchase
09 July 09	PJ Mouton	46 835	1 710.00	Purchase
13 July 09	CA Otto	150 000	57.25	Exercise of Right <sup>1</sup>
07 Aug 09	JG Solms	701	1 950.00	Dispose
14 Aug 09	JG Solms	4 299	2 130.00	Dispose
26 Aug 09	JG Solms	2 355	2 100.00	Dispose
02 Sept 09	JG Solms	17 645	2 070.00	Dispose
12 Oct 09	CA Otto	109 500	201.25	Exercise of Right <sup>1</sup>
26 Oct 09	CA Otto	30 000	2 025.00	Exercise of Right <sup>1</sup>
03 Dec 09	PJ Mouton	47 286	2 425.00	Purchase
03 Dec 09	PJ Mouton	63 734	2 425.00	Purchase

Note:

<sup>(1)</sup> Acquisition of shares effected by taking delivery in terms of share incentive trust.

## 9.7 Directors' emoluments and service contracts

The total emoluments received by Capitec directors will not be varied as a consequence of the mandatory offer.

There are no material particulars of an abnormal nature in respect of Capitec directors' service contracts which require specific disclosure, nor were any directors' service contracts entered into or amended during the period beginning six months prior to the opening date of the mandatory offer and ending on the last practical date.

## 10. OPINIONS AND RECOMMENDATION

10.1 The Capitec board and the PSG board are of the view that the offer consideration is neither fair nor reasonable for the reasons set out in paragraphs 1 and 2 hereof. Shareholders are referred to the independent opinion attached hereto as **Annexure VI** obtained by the Capitec board which further confirms this view.

10.2 The Capitec board accordingly does not recommend acceptance of the mandatory offer by Capitec shareholders. All Capitec directors will reject the mandatory offer in regard to their own shareholdings in Capitec. Messrs CA Otto and PJ Mouton recused themselves from furnishing this opinion, as they are not independent.

## 11. IRREVOCABLE UNDERTAKINGS

Capitec shareholders, including all Capitec directors that hold shares in Capitec, collectively holding 51% of the issued share capital of Capitec, have signed irrevocable undertakings not to accept the mandatory offer.

## 12. RESPONSIBILITY STATEMENT OF PSG DIRECTORS AND CAPITEC DIRECTORS

The directors of PSG and the directors of Capitec, whose names appear on page 7 of this mandatory offer document, insofar as the contents of this mandatory offer document relates to PSG and Capitec respectively:

- have considered all statements of fact and opinion in this mandatory offer document;
- accept, individually and collectively, full responsibility for the accuracy of such statements;
- certify that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement of fact or opinion contained in this mandatory offer document false or misleading; and
- have made all reasonable enquiries to ascertain such facts and that this mandatory offer document contains all the information required by the Code and in law.

13 DOCUMENTS AVAILABLE FOR INSPECTION

- 13.1 Copies of the following documents will be available for inspection at the registered offices of PSG and Capitec and at the offices of PSG Capital in Johannesburg, during normal business hours (excluding Saturdays, Sundays and public holidays) from the date of issue of this circular up to and including Friday, 15 January 2010:
- 13.1.1 the memorandum and articles of association of Capitec and its major subsidiaries as defined in the JSE Listings Requirements;
  - 13.1.2 the memorandum and articles of association of PSG and its major subsidiaries as defined in the JSE Listings Requirements;
  - 13.1.3 the annual financial statements of Capitec for the financial years ended 28 February 2006, 28 February 2007, 29 February 2008 and 28 February 2009 (same is also available on the Capitec website at [www.capitecbank.co.za](http://www.capitecbank.co.za));
  - 13.1.4 the annual financial statements of PSG for the financial years ended 28 February 2006, 28 February 2007, 29 February 2008 and 28 February 2009 (same is also available on the PSG website at [www.psggroup.co.za](http://www.psggroup.co.za));
  - 13.1.5 the unaudited interim financial statements of Capitec for the 6 month period ended 31 August 2009 (same is also available on the Capitec website at [www.capitecbank.co.za](http://www.capitecbank.co.za));
  - 13.1.6 the unaudited interim financial statements of PSG for the 6 month period ended 31 August 2009 (same is also available on the PSG website at [www.psggroup.co.za](http://www.psggroup.co.za)); and
  - 13.1.7 a signed copy of this circular.

By order of the board of directors of PSG

By order of the board of directors of Capitec



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JF Mouton  
18 December 2009  
Stellenbosch

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MS du P Le Roux  
18 December 2009  
Stellenbosch

## HISTORICAL FINANCIAL INFORMATION OF CAPITEC

### BASIS OF PRESENTATION

Set out below is an extract from the audited financial results of Capitec for the financial years ended 28 February 2006, 28 February 2007, 29 February 2008 and 28 February 2009 and the unaudited financial results for the 6 month interim period ended 31 August 2009.

### CONSOLIDATED BALANCE SHEETS

	Unaudited 31 August 2009 R'000	Audited 28 February 2009 R'000	Audited 29 February 2008 R'000	Audited 28 February 2007 R'000	Audited 28 February 2006 R'000
<b>ASSETS</b>					
Cash and cash equivalents	2,233,903	1,513,989	617,901	1,043,746	582,293
Investments at fair value through profit or loss	282,169	150,044	14,424	111,933	7,149
Loans and advances to clients	3,680,300	2,981,685	2,019,200	803,260	454,661
Inventory	23,466	22,120	17,741	10,928	11,800
Other receivables	28,206	20,114	19,347	9,685	7,077
Property and equipment	247,697	240,134	196,173	155,640	133,956
Intangible assets - banking system	28,567	27,669	37,619	42,604	47,688
Deferred income tax assets	11,757	13,667	13,967	13,846	6,648
<b>Total assets</b>	<b>6,536,065</b>	<b>4,969,422</b>	<b>2,936,372</b>	<b>2,191,642</b>	<b>1,251,272</b>
<b>LIABILITIES</b>					
Loans and deposits at amortised cost	4,698,761	3,298,897	1,475,696	842,172	537,894
Loans and deposits held at fair value	–	17,916	52,425	54,382	57,102
Trade and other payables	254,566	229,910	143,368	94,648	69,667
Current income tax liabilities	77,487	16,498	47,456	79,133	22,493
Provisions	–	–	–	3,850	300
<b>Total liabilities</b>	<b>5,030,814</b>	<b>3,563,221</b>	<b>1,718,945</b>	<b>1,074,185</b>	<b>687,456</b>
<b>EQUITY</b>					
Ordinary share capital and premium	682,219	674,369	647,363	647,363	347,865
Reserves	(21,127)	(23,873)	–	–	–
Non-distributable reserves	–	–	–	2,439	710
Retained earnings	689,553	601,099	415,458	313,049	215,241
<b>Ordinary shareholders' funds</b>	<b>1,350,645</b>	<b>1,251,595</b>	<b>1,062,821</b>	<b>962,851</b>	<b>563,816</b>
Non-redeemable, non-cumulative, non-participating preference share capital and premium	154,606	154,606	154,606	154,606	–
<b>Total equity</b>	<b>1,505,251</b>	<b>1,406,201</b>	<b>1,217,427</b>	<b>1,117,457</b>	<b>563,816</b>
<b>Total equity and liabilities</b>	<b>6,536,065</b>	<b>4,969,422</b>	<b>2,936,372</b>	<b>2,191,642</b>	<b>1,251,272</b>

## CONSOLIDATED INCOME STATEMENTS

	Unaudited Six months ended 31 August 2009 R'000	Audited Year ended 28 February 2009 R'000	Audited Year ended 29 February 2008 R'000	Audited Year ended 28 February 2007 R'000	Audited Year ended 28 February 2006 R'000
Interest income	780,310	1,212,896	740,063	967,528	783,902
Interest expense	(204,581)	(269,621)	(101,449)	(69,836)	(40,079)
<b>Net interest income</b>	<b>575,729</b>	<b>943,275</b>	<b>638,614</b>	<b>897,692</b>	<b>743,823</b>
<b>Net fee income</b>	<b>586,434</b>	<b>1,035,709</b>	<b>653,400</b>	<b>111,557</b>	<b>14,942</b>
Loan fee income	480,498	897,502	574,584	76,943	–
Loan fee expense	(20,510)	(21,889)	(10,627)	(8,201)	–
Transaction fee income	212,314	281,548	168,361	93,671	44,314
Transaction fee expense	(85,868)	(121,452)	(78,918)	(50,856)	(29,372)
Dividend income	485	1,099	15,392	1,469	1,015
Net impairment charge on loans and advances to clients	(257,718)	(467,727)	(230,879)	(161,271)	(95,625)
Net movement in financial instruments held at fair value	(50)	2,197	7,818	(857)	1,431
<b>Non-banking gross profit</b>	<b>10,789</b>	<b>18,218</b>	<b>10,938</b>	<b>8,025</b>	<b>6,563</b>
Non-banking sales	108,866	208,915	159,122	134,888	131,368
Non-banking cost of sales	(98,077)	(190,697)	(148,184)	(126,863)	(124,805)
Other income	41	280	8	75	4
<b>Income from operations</b>	<b>915,710</b>	<b>1,533,051</b>	<b>1,095,291</b>	<b>856,690</b>	<b>672,153</b>
Banking operating expenses	(637,138)	(1,063,672)	(762,540)	(606,705)	(500,075)
Non-banking operating expenses	(8,419)	(12,696)	(8,405)	(6,808)	(5,965)
Operating profit before tax	270,153	456,683	324,346	243,177	166,113
Income tax expense	(84,429)	(137,351)	(95,281)	(76,253)	(50,832)
<b>Net profit attributable to equity holders</b>	<b>185,724</b>	<b>319,332</b>	<b>229,065</b>	<b>166,924</b>	<b>115,281</b>
<b>Earnings per share for profit attributable to ordinary shareholders</b>	<b>Cents per share</b>	<b>Cents per share</b>	<b>Cents per share</b>	<b>Cents per share</b>	<b>Cents per share</b>
– basic	215	364	259	221	163
– diluted	211	357	250	210	155
<b>Dividends</b>					
Interim	55	30	25	20	–
Final	–	110	75	60	45

## RECONCILIATION OF ATTRIBUTABLE EARNINGS TO HEADLINE EARNINGS

	Unaudited Six months ended 31 August 2009 R'000	Audited Year ended 28 February 2009 R'000	Audited Year ended 29 February 2008 R'000	Audited Year ended 28 February 2007 R'000	Audited Year ended 28 February 2006 R'000
Net profit attributable to equity holders	185,724	319,332	229,065	166,924	115,281
Less preference dividend	(7,586)	(19,127)	(17,011)	(7,617)	–
Net profit attributable to ordinary shareholders	178,138	300,205	212,054	159,307	115,281
Items excluded from headline earnings:					
– Gross loss on disposal of assets	214	2,314	204	1,528	1,433
– Tax - loss on disposal of assets	(47)	(648)	(59)	(443)	(322)
<b>Headline earnings</b>	<b>178,305</b>	<b>301,871</b>	<b>212,199</b>	<b>160,392</b>	<b>116,392</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited				
	Six months	Audited	Audited	Audited	Audited
	ended	Year ended	Year ended	Year ended	Year ended
	31 August	28 February	29 February	28 February	28 February
	2009	2009	2008	2007	2006
R'000	R'000	R'000	R'000	R'000	
Net profit attributable to equity holders	185,724	319,332	229,065	166,924	115,281
Other comprehensive income:					
Cash flow hedges net of tax	2,746	(23,873)	–	–	–
Total comprehensive income	188,470	295,459	229,065	166,924	115,281

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Unaudited				
	Six months	Audited	Audited	Audited	Audited
	ended	Year ended	Year ended	Year ended	Year ended
	31 August	28 February	29 February	28 February	28 February
	2009	2009	2008	2007	2006
R'000	R'000	R'000	R'000	R'000	
Equity at beginning of the period	1,406,201	1,217,427	1,117,457	563,816	473,418
Total comprehensive income	188,470	295,459	229,065	166,924	115,281
Employee share options scheme:					
- share-based employee costs	5,040	8,992	7,009	4,005	1,603
- shares issued and acquired at cost	(11,243)	(26,661)	(71,469)	(23,441)	(15,871)
- realised loss on settlement	14,693	8,597	4,583	1,192	2,772
- tax effect on settlement of share options	982	8,490	17,432	5,291	7,931
Shares issued	–	–	–	460,000	–
Share issue expenses	(25)	(38)	–	(5,960)	–
Ordinary dividend	(91,281)	(86,938)	(69,639)	(46,753)	(21,318)
Preference dividend	(7,586)	(19,127)	(17,011)	(7,617)	–
Equity at end of the period	1,505,251	1,406,201	1,217,427	1,117,457	563,816

## CONSOLIDATED CASH FLOW STATEMENTS

	Unaudited				
	Six months	Audited	Audited	Audited	Audited
	ended	Year ended	Year ended	Year ended	Year ended
	31 August	28 February	29 February	28 February	28 February
	2009	2009	2008	2007	2006
R'000	R'000	R'000	R'000	R'000	
Cash flow from operating activities	1,010,700	1,285,812	(260,872)	270,521	294,042
Cash flow from investing activities	(193,422)	(266,176)	(12,709)	(194,170)	(61,523)
Cash flow from financing activities	(97,364)	(123,548)	(152,264)	385,102	(13,099)
Net increase/(decrease) in cash and cash equivalents	719,914	896,088	(425,845)	461,453	219,420
Cash and cash equivalents at beginning of period	1,513,989	617,901	1,043,746	582,293	362,873
Cash and cash equivalents at end of period	2,233,903	1,513,989	617,901	1,043,746	582,293

## SEGMENT INFORMATION

	Banking R'000	Wholesale Distribution R'000	Intra- segment items R'000	Total Group R'000
<b>Unaudited six months ended August 2009</b>				
Segment revenue	1,473,648	108,866	(320)	1,582,194
Segment earnings after tax	183,514	2,210	–	185,724
Segment assets	6,514,587	33,530	(12,052)	6,536,065
<b>Audited year ended February 2009</b>				
Segment revenue	2,393,965	208,915	(640)	2,602,240
Segment earnings after tax	314,864	4,468	–	319,332
Segment assets	4,948,274	28,820	(7,672)	4,969,422
<b>Audited year ended February 2008</b>				
Segment revenue	1,499,115	159,122	(707)	1,657,530
Segment earnings after tax	227,379	1,686	–	229,065
Segment assets	2,918,800	22,844	(5,272)	2,936,372
<b>Audited year ended February 2007</b>				
Segment revenue	1,140,519	134,888	(833)	1,274,574
Segment earnings after tax	166,665	259	–	166,924
Segment assets	2,182,304	16,934	(7,596)	2,191,642
<b>Audited year ended February 2006</b>				
Segment revenue	830,157	131,368	(922)	960,603
Segment earnings after tax	115,719	(438)	–	115,281
Segment assets	1,246,970	14,158	(9,856)	1,251,272

## BASIS OF PREPARATION

The annual financial statements for the financial years ended 28 February 2006, 28 February 2007, 29 February 2008 and 28 February 2009 have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The interim financial statements for the 6 months period ended 31 August 2009 have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

## SHARE TRADING HISTORY OF CAPITEC ORDINARY SHARES

Year	Month	Day	Quantity	Value	Average price (weighted)
				R	Cents
<b>Quarterly</b>					
2007	January	31	1,588,444	53,440,949	3364
2007	April	30	2,389,859	86,706,292	3628
2007	July	31	1,558,775	61,417,115	3940
2007	October	31	995,632	40,129,751	4031
2008	January	31	975,616	41,429,296	4246
2008	April	30	969,490	35,944,556	3708
2008	July	31	3,375,667	95,023,661	2815
2008	October	31	1,339,249	40,293,090	3009
<b>Monthly</b>					
2008	November	30	184,363	5,146,300	2791
2008	December	31	300,759	8,749,696	2909
2009	January	31	1,352,774	40,557,734	2998
2009	February	28	103,721	3,184,712	3070
2009	March	31	314,002	9,081,909	2892
2009	April	30	490,761	18,037,028	3675
2009	May	31	1,025,868	40,289,465	3927
2009	June	30	168,468	7,083,990	4205
2009	July	31	543,539	24,593,235	4525
2009	August	31	407,229	21,359,310	5245
2009	September	30	471,313	27,835,731	5906
2009	October	31	656,996	39,939,142	6079
<b>Daily</b>					
2009	November	2	47,876	3,069,151	6411
2009	November	3	61,199	3,916,861	6400
2009	November	4	47,711	3,049,550	6392
2009	November	5	9,896	632,561	6392
2009	November	6	14,920	959,165	6429
2009	November	9	16,275	1,063,124	6532
2009	November	10	17,110	1,132,691	6620
2009	November	11	161,272	10,716,630	6720
2009	November	12	40,626	2,687,115	6614
2009	November	13	20,588	1,369,754	6653
2009	November	16	9,270	617,386	6660
2009	November	17	4,384	295,543	6741
2009	November	18	30,201	2,050,569	6790
2009	November	19	17,791	1,196,658	6726
2009	November	20	20,964	1,426,613	6805
2009	November	23	9,529	658,209	6907
2009	November	24	20,276	1,423,808	7022
2009	November	25	4,299	303,591	7062
2009	November	26	7,339	523,916	7139
2009	November	27	32,069	2,247,939	7010
2009	November	30	9,463	672,320	7105
2009	December	1	18,349	1,313,604	7159
2009	December	2	1,590	115,426	7259
2009	December	3	24,210	1,771,909	7319
2009	December	4	43,268	3,159,728	7303
2009	December	7	15,002	1,119,366	7461

## HISTORICAL FINANCIAL INFORMATION OF PSG

Set out below is an extract from the audited financial results of PSG for the for the financial years ended 28 February 2006, 28 February 2007, 29 February 2008 and 28 February 2009 and the unaudited financial results for the 6 month interim period ended 31 August 2009.

### CONSOLIDATED BALANCE SHEETS AS AT

	Unaudited 31 August 2009 R000	Audited 28 February 2009 R000	Audited 29 February 2008 R000	Audited 28 February 2007 R000	Audited 28 February 2006 R000
<b>Assets</b>					
Property, plant and equipment	34,828	32,891	26,478	40,063	18,597
Intangible assets	786,048	736,459	676,330	648,858	116,922
Investment in associated companies	3,960,359	3,568,750	3,533,887	1,104,911	323,159
Deferred income tax	21,570	28,580	13,785	34,102	
<b>Financial assets</b>					
Equity securities	204,917	1,232,695	1,254,657	1,699,771	953,832
Debt securities	27,991	1,491,270	1,580,208	5,363	4,890
Unit linked investments	205,231	4,377,827	4,901,562	73,950	
Investment in investment contracts	8,285,027	1,174,551	1,160,271		
Loans and advances	74,600	83,418	61,572	59,463	60,188
Derivative financial instruments	191	30,963	30,395		16,535
Inventories				90,372	11,657
Receivables	260,591	665,044	410,910	403,122	105,369
Cash and cash equivalents	600,548	704,278	556,736	1,340,761	222,181
<b>Total assets</b>	<b>14,461,901</b>	<b>14,126,726</b>	<b>14,206,791</b>	<b>5,500,736</b>	<b>1,833,330</b>
<b>Capital and reserves attributable to the company's equity holders</b>					
Share capital	1,973	1,680	1,692	1,498	1,022
Share premium	1,958,593	1,838,787	1,838,795	1,286,985	4,181
Treasury shares	(222,848)	(207,310)	(169,219)	(132,860)	(73,869)
Other reserves	6,934	8,472	13,594	5,973	2,366
Retained earnings	1,241,622	1,113,778	1,610,586	1,211,398	785,597
<i>Ordinary shareholders' funds</i>	<i>2,986,274</i>	<i>2,755,407</i>	<i>3,295,448</i>	<i>2,372,994</i>	<i>719,297</i>
Minority interests	2,095,812	1,863,570	1,773,528	1,574,474	548,685
Prior year reclassification of minority interest					(46,204)
<b>Total equity</b>	<b>5,082,086</b>	<b>4,618,977</b>	<b>5,068,976</b>	<b>3,947,468</b>	<b>1,221,778</b>
<b>Liabilities</b>					
Insurance contracts	31,566	30,769	1,739	1,612	4,380
Deferred income tax	68,646	67,670	141,226	112,577	19,488
<b>Financial liabilities</b>					
Borrowings	620,016	1,297,994	641,622	747,486	314,352
Derivative financial instruments		6,148	230,032	28,644	14,257
Investment contracts	8,285,027	7,717,025	7,535,673		
Third-party liabilities arising on consolidation of mutual funds		13,752	23,024	118,138	46,204
Provisions for other liabilities and charges	17,478	18,481	41,675	51,701	28,574
Trade and other payables	301,854	324,275	451,509	404,138	154,214
Current income tax liabilities	55,228	31,635	70,595	88,972	30,083
<b>Total liabilities</b>	<b>9,379,815</b>	<b>9,507,749</b>	<b>9,137,095</b>	<b>1,553,268</b>	<b>611,552</b>
<b>Total equity and liabilities</b>	<b>14,461,901</b>	<b>14,126,726</b>	<b>14,206,071</b>	<b>5,500,736</b>	<b>1,833,330</b>

\* Reclassification of minority interest

CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED

	Unaudited 31 August 2009 R000	Audited 28 February 2009 R000	Audited 29 February 2008 R000	Audited 28 February 2007 R000	Audited 28 February 2006 R000
<b>Income</b>					
Sales from non-financial operations			1,316,839		43,179
Investment income	208,878	452,466	200,121	119,280	51,274
Net fair value (losses)/gains on financial instruments	544,900	(965,094)	351,438	678,472	904,252
Fair value adjustment to investment contract liabilities	(617,929)	590,879	22,269		(499,744)
Commission and other fee income	487,939	979,704	861,814	594,728	494,005
Insurance premium income	1,985	54,019	15,581	14,402	272,769
Other operating income	43,143	62,520	91,279	42,705	97,732
<b>Total income</b>	<b>668,916</b>	<b>1,174,494</b>	<b>2,859,341</b>	<b>1,449,587</b>	<b>1,363,467</b>
<b>Expenses</b>					
Insurance claims and loss adjustments	3,556	43,195	6,997	2,772	152,295
Cost of sales of non-financial operations			1,181,590		39,622
Marketing, administration and other expenses	473,914	958,758	887,040	560,920	660,940
<b>Total expenses</b>	<b>477,470</b>	<b>1,001,953</b>	<b>2,075,627</b>	<b>563,692</b>	<b>852,857</b>
<b>Results of operating activities</b>	<b>191,446</b>	<b>172,541</b>	<b>783,714</b>	<b>885,895</b>	<b>510,610</b>
Finance costs	(50,227)	(93,165)	(57,848)	(40,151)	(11,031)
Share of profits of associated companies	187,028	232,957	235,630	124,774	57,519
<b>Profit before taxation</b>	<b>328,247</b>	<b>312,333</b>	<b>961,496</b>	<b>970,518</b>	<b>557,098</b>
Taxation	(39,036)	(47,989)	(151,846)	(147,584)	(87,639)
<b>Net profit for the year</b>	<b>289,211</b>	<b>264,344</b>	<b>809,650</b>	<b>822,934</b>	<b>469,459</b>
<b>Attributable to:</b>					
– Minority interests	95,566	213,272	255,490	130,902	60,364
– Equity holders of the company	193,645	51,072	554,160	692,032	409,095
	<b>289,211</b>	<b>264,344</b>	<b>809,650</b>	<b>822,934</b>	<b>469,459</b>
<b>Earnings per share (cents)</b>					
Basic	112.6	30.3	338.9	551.7	401.5
Diluted	112.3	30.2	334.4	538.8	388.9
<b>Dividend per share (cents)</b>					
Special		200.0			
Interim	13.0	19.0	32.5	26.0	20.0
Final		38.0	80.0	64.0	47.5
	<b>13.0</b>	<b>257.0</b>	<b>112.5</b>	<b>90.0</b>	<b>67.5</b>

STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED

	Unaudited 31 August 2009 R000	Audited 28 February 2009 R000	Audited 29 February 2008 R000	Audited 28 February 2007 R000	Audited 28 February 2006 R000
<b>GROUP</b>					
Opening Balance	4,618,977	5,068,976	3,947,468	1,221,778	608,164
Issue of share capital	119,875		552,229	1,355,391	
Share issue cost			(297)	(3,181)	
Repurchase of shares				(289,421)	
Revaluation of associated company				46,865	
Share based payment costs – employees		8,579	3,076	2,491	1,810
Share based payment costs – donations			2,174		
Currency translation adjustments		136	2,242	1,003	300
Fair value gains (losses) on investments		1,658	(236)	410	(777)
Capital reduction by subsidiary		(66,412)	(11,789)	(4,237)	(3,338)
Acquisition of subsidiary		70,853	13,979	144,238	48,916
Disposal/dilution of subsidiaries		(5,238)	(119,022)	(14,543)	(30,998)
Shares issued to minority shareholders			130,827	775,315	
Net income for the year	289,211	264,344	809,650	822,934	469,459
Treasury shares sold		4,478	3,302	5,617	1,349
Treasury shares acquired	(15,314)	(42,589)	(39,664)	(64,639)	
Issue preference shares in subsidiary				94,794	244,731
Prior year reclassification of minority interest					(46,204)
Reversal of previous fair value gains after taxation on equity securities		(162,763)	(156,836)		
Revaluation of assets and liabilities of associated companies		125,299	156,836		
Share of movement in reserves of associated companies		(12,232)			
Acquired from minority shareholders	(86,122)	(16,113)			
Acquired by minority shareholders	303,808				
Rights issue by subsidiary			11,627		
Transferred to liabilities			(6,255)		
Other	(4,150)	3,680	365	46	2,042
Dividend paid	(144,199)	(623,679)	(230,700)	(147,393)	(73,676)
<b>Closing Balance</b>	<b>5,082,086</b>	<b>4,618,977</b>	<b>5,068,976</b>	<b>3,947,468</b>	<b>1,221,778</b>

PSG GROUP LIMITED

CASH FLOW STATEMENTS FOR THE PERIOD ENDED

	Unaudited 31 August 2009 R000	Audited 28 February 2009 R000	Audited 29 February 2008 R000	Audited 28 February 2007 R000	Audited 28 February 2006 R000
<b>GROUP</b>					
<b>Cash retained from operating activities</b>					
Cash generated by operating activities	502,632	(9,671)	(78,424)	87,322	(329,263)
Interest income	138,197	270,337	118,642	65,657	38,934
Dividend income	70,681	182,129	81,479	53,623	12,340
Interest paid	(50,227)	(93,165)	(57,848)	(40,151)	(11,031)
Taxation paid	(7,536)	(159,562)	(123,545)	(72,896)	(7,949)
<i>Net cash flow from operating activities</i>	<b>653,747</b>	<b>190,068</b>	<b>(59,696)</b>	<b>93,555</b>	<b>(296,969)</b>
<b>Cash utilised in investing activities</b>					
Acquisition of subsidiaries		(48,012)	273,673	(89,075)	(55,943)
Acquisition of associated companies	(259,381)	(266,977)	(591,242)	(250,099)	(43,918)
Proceeds from sale of associated companies/ repayment of loans		344,874	57,343	31,807	
Capital refunds from associated companies			29,636		
Acquisition of intangibles	(58,510)	(89,759)	(60,977)	(34,579)	(60,272)
Proceeds from sale of book of business		10,286	9,381	26,918	
Proceeds from sale of subsidiaries	200,563	97,332	(65,099)	(2,613)	(53,197)
Proceeds from disposal of fixed assets		1,527	132	18	1,482
Purchase of fixed assets	(7,533)	(17,535)	(15,632)	(11,070)	(10,514)
<i>Net cash flow from investment activities</i>	<b>(124,861)</b>	<b>31,736</b>	<b>(362,785)</b>	<b>(328,693)</b>	<b>(222,362)</b>
<b>Cash flows from financing activities</b>					
Dividends and capital distributions paid to group shareholders	(65,904)	(510,416)	(154,972)	(92,574)	(56,014)
Dividends/capital distributions paid to minorities	(78,295)	(179,675)	(87,517)	(59,056)	(17,662)
Capital contributions by minorities		22,623	11,552	775,315	
Other capital movements	(2,427)				(3,338)
Acquired from minorities	(86,122)	(41,330)			
Acquired by minorities	303,808				
(Decrease)/Increase in borrowings	99,947	176,584	(71,612)	179,751	15,800
Proceeds from issue of ordinary shares	120,099			297,421	1,349
Proceeds from preference shares issued by subsidiary company				94,794	244,731
Purchase of treasury shares by subsidiary company	(15,538)	(31,838)	(36,162)		
Treasury shares sold by subsidiary company		4,478	3,302	5,608	
<i>Net cash flow from financing activities</i>	<b>275,568</b>	<b>(559,574)</b>	<b>(335,409)</b>	<b>1,201,259</b>	<b>184,866</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>804,454</b>	<b>(337,770)</b>	<b>(757,890)</b>	<b>966,121</b>	<b>(334,465)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>(211,153)</b>	<b>126,617</b>	<b>884,507</b>	<b>(81,614)</b>	<b>252,851</b>
<b>Cash and cash equivalents at end of period</b>	<b>593,301</b>	<b>(211,153)</b>	<b>126,617</b>	<b>884,507</b>	<b>(81,614)</b>

## RECONCILIATION OF HEADLINE EARNINGS FOR THE PERIOD ENDED

	Unaudited 31 August 2009 R000	Audited 28 February 2009 R000	Audited 29 February 2008 R000	Audited 28 February 2007 R000	Audited 28 February 2006 R000
Attributable to equity holders of the company	193,645	51,072	554,160	692,032	409,095
Non-headline items	40,033	58,819	(71,685)	(40,645)	(50,700)
Adjustments (net of tax and minority interests):					
Net loss/(profit) on sale/dilution of investments in subsidiaries	302	9,080	(46,630)	(31,866)	(58,699)
Net loss/(profit) on sale/dilution of associated companies	2,895	9,280	(3,959)	(4,580)	
Impairment of associated company	48,807	28,671		21,249	12,603
Impairment of available-for-sale financial asset	(4,460)	20,000			
Impairment of shareholders' loans		4,221			
Impairment of intangible assets (incl. goodwill)	13,532	12,711			
Negative goodwill	(18,007)	(19,345)	(9,562)		
Other investment activities	(819)	981	(600)	(1,431)	
Non-headline items of associated companies	(2,217)	(6,780)	(10,934)	(24,017)	(4,604)
<b>Headline earnings</b>	<b>233,678</b>	<b>109,891</b>	<b>482,475</b>	<b>651,387</b>	<b>358,395</b>
<b>Basic</b>					
Earnings attributable to ordinary shareholders (R000)	193,645	51,072	554,160	692,032	409,095
Headline earnings (R000)	233,678	109,891	482,475	651,387	358,395
Weighted average number of ordinary shares in issue (000)	172,022	168,352	163,505	125,446	101,888
Attributable earnings per share (cents)	112.6	30.3	338.9	551.7	401.5
Headline earnings per share (cents)	135.9	65.3	295.1	519.3	351.8
<b>Diluted</b>					
Earnings attributable to ordinary shareholders (R000)	193,645	51,072	554,160	692,032	409,095
Headline earnings (R000)	233,678	109,891	482,475	651,387	358,395
Diluted weighted average number of ordinary shares in issue (000)	172,406	169,253	165,739	128,446	105,186
Diluted attributable earnings per share (cents)	112.3	30.2	334.4	538.8	388.9
Diluted headline earnings per share (cents)	135.6	64.9	291.1	507.1	340.7

## BASIS OF PREPARATION

The annual financial statements for the years ended 28 February 2006, 28 February 2007, 29 February 2008 and 28 February 2009 has been prepared in accordance with International Financial Reporting Standards ("IFRS"). The interim financial statements for the 6 months period ended 31 August 2009 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

## SHARE TRADING HISTORY OF PSG ORDINARY SHARES

Year	Month	Day	Quantity	Value	Average price (weighted)
				R	Cents
<b>Quarterly</b>					
2007	January	31	6,425,894	162,896,863	2535
2007	April	30	9,626,821	263,495,394	2737
2007	July	31	19,058,536	548,144,224	2876
2007	October	31	7,085,938	183,890,831	2595
2008	January	31	10,241,848	264,771,474	2585
2008	April	30	5,093,421	97,254,155	1909
2008	July	31	5,173,871	100,116,033	1935
2008	October	31	5,775,115	89,776,028	1555
<b>Monthly</b>					
2008	November	30	2,084,551	27,778,740	1333
2008	December	31	466,326	6,499,302	1394
2009	January	31	675,237	9,679,577	1434
2009	February	28	404,252	5,888,711	1457
2009	March	31	480,914	6,739,085	1401
2009	April	30	455,672	7,030,636	1543
2009	May	31	794,897	12,637,295	1590
2009	June	30	1,118,269	18,968,069	1696
2009	July	31	2,083,152	37,025,727	1777
2009	August	31	874,076	17,668,917	2021
2009	September	30	974,094	21,471,488	2204
2009	October	31	1,590,790	34,639,127	2177
<b>Daily</b>					
2009	November	2	24,544	530,091	2160
2009	November	3	11,005	241,610	2195
2009	November	4	48,178	1,055,736	2191
2009	November	5	23,023	517,638	2248
2009	November	6	34,383	791,795	2303
2009	November	9	46,337	1,064,464	2297
2009	November	10	30,080	705,557	2346
2009	November	11	134,418	3,239,454	2410
2009	November	12	18,170	441,797	2431
2009	November	13	12,200	293,058	2402
2009	November	16	10,744	256,791	2390
2009	November	17	57,782	1,405,012	2432
2009	November	18	38,708	946,709	2446
2009	November	19	846,224	20,723,570	2449
2009	November	20	52,627	1,288,725	2449
2009	November	23	38,825	970,001	2498
2009	November	24	61,796	1,581,336	2559
2009	November	25	96,773	2,561,914	2647
2009	November	26	29,414	768,408	2612
2009	November	27	20,589	506,007	2458
2009	November	30	172,366	4,245,347	2463
2009	December	1	11,146	272,800	2448
2009	December	2	52,184	1,273,135	2440
2009	December	3	137,930	3,343,957	2424
2009	December	4	53,352	1,275,800	2391
2009	December	7	13,105	303,806	2318

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**TABLE OF ENTITLEMENTS OF CAPITEC SHAREHOLDERS TO PSG SHARES**


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The table of entitlement of Capitec shareholders to PSG shares, based on the ratio of 1.5767 PSG shares for every 1 Capitec share held on the record date and based on the rounding principle, is set out below.

Capitec Shares	PSG Entitlement	Capitec Shares	PSG Entitlement	Capitec Shares	PSG Entitlement
1	2	51	80	200	315
2	3	52	82	300	473
3	5	53	84	400	631
4	6	54	85	500	788
5	8	55	87	600	946
6	9	56	88	700	1,104
7	11	57	90	800	1,261
8	13	58	91	900	1,419
9	14	59	93	1,000	1,577
10	16	60	95	2,000	3,153
11	17	61	96	3,000	4,730
12	19	62	98	4,000	6,307
13	20	63	99	5,000	7,884
14	22	64	101	6,000	9,460
15	24	65	102	7,000	11,037
16	25	66	104	8,000	12,614
17	27	67	106	9,000	14,190
18	28	68	107	10,000	15,767
19	30	69	109	20,000	31,534
20	32	70	110	30,000	47,301
21	33	71	112	40,000	63,068
22	35	72	114	50,000	78,835
23	36	73	115	60,000	94,602
24	38	74	117	70,000	110,369
25	39	75	118	80,000	126,136
26	41	76	120	90,000	141,903
27	43	77	121	100,000	157,670
28	44	78	123		
29	46	79	125		
30	47	80	126		
31	49	81	128		
32	50	82	129		
33	52	83	131		
34	54	84	132		
35	55	85	134		
36	57	86	136		
37	58	87	137		
38	60	88	139		
39	61	89	140		
40	63	90	142		
41	65	91	143		
42	66	92	145		
43	68	93	147		
44	69	94	148		
45	71	95	150		
46	73	96	151		
47	74	97	153		
48	76	98	155		
49	77	99	156		
50	79	100	158		

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## INDEPENDENT OPINION

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“The directors  
Capitec Bank Holdings Limited  
10 Quantum Road  
Techno Park  
Stellenbosch  
7600

17 December 2009

For the attention of the Board of Directors

Dear Sirs

### **INDEPENDENT UNFAIR AND UNREASONABLE OPINION IN RESPECT OF THE OFFER BY PSG GROUP LIMITED (PSG) TO ACQUIRE 1 CAPITEC BANK HOLDINGS LIMITED (“CAPITEC”) ORDINARY SHARE IN EXCHANGE FOR 1.5767 PSG ORDINARY SHARES**

#### **Introduction**

In a joint announcement published by PSG and Capitec on 7 December 2009 (“the Announcement”), Capitec shareholders were advised that PSG is making a mandatory offer (“the Offer”) in terms of Rule 8.1 of The Securities Regulation Code on Take-overs and Mergers (“the Code”) to all Capitec shareholders to acquire all Capitec ordinary shares not held by PSG, on the terms and conditions set out below.

Full details of the Offer are contained in the circular to Capitec ordinary shareholders (“the Circular”) to be dated on or about 18 December 2009, which will include a copy of this letter.

#### **The Offer consideration**

Capitec ordinary shareholders who accept the Offer will receive 1.5767 PSG ordinary shares for every 1 Capitec ordinary share disposed of (“the Capitec Share”). The Capitec share will be acquired “ex” dividend and the PSG consideration shares issued as offer consideration will be issued “ex” dividend (all inclusive “the Offer Consideration”).

#### **Scope**

QuestCo Sponsors (Pty) Limited (“QuestCo”) has been appointed by the board of directors of Capitec (“the Board”) in terms of Rule 3.1 of the Code, as the independent professional expert, to advise the Board and Capitec ordinary shareholders on whether the terms and conditions of the Offer and the Offer Consideration are fair to the shareholders of Capitec other than PSG.

#### **Responsibility**

The circular to Capitec shareholders is the responsibility of the directors of PSG and Capitec. Our responsibility is to report on the terms and conditions of the Offer.

#### **Definition of the terms “fairness” and “reasonable”**

The term “fairness” is primarily based on quantitative issues. An offer is generally considered to be fair if the value of the offer price or offer consideration is equal to or greater than the value of the assets that are the subject of the offer.

The assessment of reasonableness is generally based on qualitative considerations surrounding the offer.

#### **Information and sources of information**

In the course of our analysis, we relied upon financial and other information, including prospective financial information, obtained from PSG and Capitec management (“Management”) together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects and accordingly, we cannot express any opinion on the financial and other information used in arriving at our opinion.

#### **The principle sources of information used in formulating our opinion regarding the transaction include:**

- the Announcement and Circular;
- the audited consolidated annual financial statements for PSG and Capitec and its subsidiaries for the five financial years ended 28 February 2009;
- the unaudited interim results for PSG and Capitec for the six month period ended 31 August 2009;
- forecast financial information for the financial years ending 28 February 2010 for PSG and Capitec as presented by Management;
- financial and non- financial information and assumptions made available by management and discussions held with Management, directors, and senior staff members regarding the PSG and Capitec operations;

- discussions with the directors and management of PSG and Capitec on prevailing market, economic, legal and other conditions which may affect underlying value;
- publicly available information relating to PSG and Capitec that we deemed to be relevant, including company announcements;
- comparative financial information on suitable listed companies;
- economic outlooks prepared by leading South African banks in the industries in which PSG and Capitec operates; and
- on-line databases covering financial markets, share prices, volumes traded and news.

#### **Procedures performed**

##### ***Key fairness considerations***

In arriving at our opinion, amongst other things, we have undertaken the following procedures in evaluating the fairness of the transaction:

- considered the terms and conditions of the Offer and the Offer Consideration;
- analysed and reviewed the audited consolidated annual financial statements of PSG and Capitec for the five financial years ended 28 February 2009;
- analysed and reviewed the forecasts and budgets for the PSG and Capitec groups of companies, their business operations for the financial year ending 28 February 2010 as presented by Management;
- reviewed and assessed the information provided and assumptions made through discussions with Management;
- reviewed and assessed the information provided and assumptions made through discussions with Management;
- analysed and reviewed additional information prepared by management relating to the business, cash flow, earnings, net assets and the prospects of PSG and Capitec;
- analysed the value-weighted average high, low and closing shares prices of PSG and Capitec for the 60 month period ended 17 December 2009;
- considered the historical prices, volumes and volatility of PSG and Capitec shares traded on the JSE Limited;
- considered prevailing economic and market conditions in the industry in which PSG and Capitec operate; and
- considered other facts and information relevant to concluding this opinion.

We have satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions underlying the valuations performed by:

- considering the historical trends of such information and assumptions;
- comparing and corroborating such information and assumptions with external sources of information if such information is available; and
- discussing such information and assumptions with the management of PSG and Capitec.

##### ***Valuation***

We performed a valuation to determine the intrinsic value of a PSG ordinary and a Capitec ordinary share so as to determine whether the Offer Consideration represents fair value to Capitec shareholders other than PSG. Valuation methodologies considered and employed where relevant included the discounted cash flow methodology, high-level price: earnings valuations, comparable transactions, Market Value of Invested Capital ("MVIC") ratios including MVIC: Operating Cash Flow, MVIC: Earnings and MVIC: NAV.

Key value drivers identified were inflation rates, interest rates, future GDP growth rates, growth in revenue and household income, earnings margins, level of bad debts. Sensitivity analysis was conducted where practical utilizing existing and forecast key value drivers.

We also analysed the volume weighted average shares prices of PSG and Capitec for the 60 month period ended 17 December 2009 with reference to public announcements including results announcements, dealings in PSG and Capitec shares and the date of the announcement of the Offer.

In determining whether the Offer Consideration is fair we have to compare the intrinsic value per Capitec ordinary share to the intrinsic value per PSG ordinary share. The offer consideration comprises a share swap in terms of which a Capitec shareholder will receive 1.5767 PSG ordinary shares in exchange for every Capitec ordinary share sold.

A PSG ordinary share is currently trading on the JSE Limited ("JSE") at approximately R24 and the Capitec ordinary shares at approximately R74. 1.5767 PSG ordinary shares equates to approximately R37.84 of value if the current listed share price is applied.

We have determined an intrinsic value for a PSG and a Capitec share. A fair swap ratio is between 3 and 4 PSG ordinary shares for every Capitec ordinary share.

##### **Opinion**

Our opinion is necessarily based upon the market, economic, regulatory and other conditions as they exist on, and can be evaluated at, the date hereof and on the accuracy of the information made available to us by Management. Subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Based upon and subject to the foregoing, we are of the opinion that as at, 17 December 2009, the terms and conditions of the Offer and the Offer Consideration:

- is unfair to a Capitec shareholder because the Offer Consideration is less than the intrinsic value per Capitec share; and
- unreasonable: given the qualitative factors analysed and the current environment within which PSG and Capitec operates.

#### **Limiting conditions**

This report and opinion is provided to the board of directors and shareholders of Capitec in connection with and for the purposes of the transaction. The opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of Capitec shareholders. Should a Capitec shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

An individual shareholder's decision as to whether to accept the Offer may be influenced by his particular circumstances. The assessment as to whether or not the directors of Capitec decide to recommend the acceptance of the Offer to Capitec shareholders is a decision that can only be taken by the directors of Capitec.

We have relied upon and assumed the accuracy of the information used by us in deriving our opinion. Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with Management, by reference to publicly available information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information on PSG and Capitec relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of PSG and Capitec will correspond to those projected. Where practicable, we compared the forecast financial information to past trends and third party estimates as well as discussing the assumptions inherent therein with the management of PSG and Capitec. We accordingly express no opinion as to how closely actual results will correspond to those projected / forecasted.

We have also assumed that the Offer will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, representatives and advisors of PSG and Capitec and we express no opinion on such consequences. We have assumed that the Offer will be legally enforceable.

#### **Independence**

In terms of schedule 5.1(a) of the JSE Listings Requirements, we confirm that we have no direct or indirect interest in the shares of Capitec.

Furthermore, we confirm that our professional fees are not contingent upon the success of the Offer.

#### **Consent**

We consent to the inclusion of this letter and the reference to our opinion in the circular to be issued to the shareholders of Capitec in the form and context in which it appears.

Your faithfully

DP VAN HUYSSTEEN  
DIRECTOR  
QUESTCO SPONSORS (PTY) LTD

Address:  
The Campus, 1st Floor, Wrigley Field  
57 Sloane Street  
Bryanston  
2152"

