ALEXANDER FORBES GROUP HOLDINGS LIMITED

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015
AND CASH DIVIDEND DECLARATION

ALEXANDERFORBES
Securing your financial well-being

HIGHLIGHTS

- Operating income from continuing operations, net of direct expenses, increases by 9% to R2.6 billion
- Profit from continuing operations before non-trading and capital items increases by 2% to R552 million
- Profits impacted by continued investment in retail strategy and accounting for long-term share-based incentive plan
- 126% increase in headline earnings per share to 26.0 cents per share due to listing and transaction costs in the prior year
- Dividend declaration of 15 cents per share

INTRODUCTION

The board of directors presents the results of the Alexander Forbes group for the six months ended 30 September 2015. The period under review has been defined by volatile equity markets and headwinds in the South African economy. An increase in unemployment and retrenchments in our client base and the resulting withdrawals in savings have impacted our results which are detailed in this announcement.

On 24 July 2014, the group listed on the Johannesburg Stock Exchange (JSE). The costs associated with the listing were disclosed in the pro-forma financial effects on the income statement contained in the company's pre-listing statement issued on 7 July 2014 and the interim results announcement released on the Stock Exchange News Service (SENS) on 2 December 2014. In addition, these costs were disclosed in detail in the annual financial statements of the group made available on the company website to all shareholders on 30 June 2015. Period-on-period comparability of our results is also impacted by the phasing in of the new long-term share-based incentive plan (refer below) and the repayment of debt. As a result, headline earnings per share for the six months ended 30 September 2015 increased by 126% to 26.0 cents per share and earnings per share increased by 177% to 26.3 cents per share over the same period.

GROUP OVERVIEW OF OPERATIONS

Consolidated operating income net of direct expenses

The group produced operating income net of direct expenses from continuing operations of R2.6 billion for the six months ended 30 September 2015, up 9% on the first six months of the previous financial year. Operating income net of direct expenses represents gross revenue net of direct product cost and includes the net result from insurance operations. The strategy to grow the retail (individual client) market segments throughout the African operations continues to show good progress, with combined operating income in that client segment increasing by 8% across the various segments of the group. The weakening rand exchange rate had a positive effect on the revenue contribution from the International operations for the first six months.

Consolidated profit from operations

Operating profits from continuing operations, before non-trading and capital items, increased by 2% to R552 million compared to the R541 million for the first half of the previous financial year. Strong performances were reported by our AF Insurance and AfriNet divisions.

The group is currently in transition to an operational model in line with the group strategy, by client segment. Shareholders are referred to the analyst presentation which is available on the company's website (www.alexanderforbes.co.za) which provides this analysis. It should be noted that certain cost allocations are based on estimates and may be subject to adjustment.

Operating expenses attributed to continuing operations (excluding non-trading and capital items) of R2.0 billion increased by 12% compared to the previous year (9% in the African region, i.e. excluding the International operations which were impacted by the weakening rand exchange rate). As previously indicated, we continue to balance disciplined cost management in the established business areas with capacity building in the strategic growth areas, particularly in support of our expansion in the individual client market. The larger component of capacity building relating to this strategy resides in the Financial

Services division which impacted their reported operating profit growth. The various businesses are also absorbing the phase in of the accounting for the new long-term share-based incentive plans as described below.

The overall group operating margin is 21.5% compared to the 23.1% for the first six months of the previous financial year. The reduction in operating margin is largely impacted by the cost of the long-term share-based incentive plans introduced on the listing of the Alexander Forbes group in July 2014. Management's long-term share-based incentives were previously provided through a direct shareholding structure prior to listing. The accounting for the new scheme rebases the costs which has a 1.2% impact on the operating margin of the group for the six months to September 2015.

Non-trading and capital items

Non-trading and capital items in the prior reporting period include costs associated with the listing of the group on 24 July 2014. The costs for the current period largely include the ongoing accounting amortisation of the intangible assets amounting to R63 million. The capitalisation of intangible assets and the related amortisation resulted from the required accounting treatment at the time of the private equity acquisition of the group under common control in 2007. As the holding company that was established at the time remains in existence (and is now the listed entity), the amortisation will continue over the useful lives established at the time of the transaction. The accounting for this amortisation has no impact on the cash flows of the group.

Investment income

Investment income includes income of R34 million (2014: R129 million) related to individual policyholder funds in Investment Solutions that are liable for fund level taxes and for which an equal tax liability is raised. This income should theoretically be excluded when assessing the group's own investment income which largely relates to return on assets backing regulatory capital adequacy requirements. Excluding the policyholder income, the group's investment income amounts to R45 million (2014: R51 million) for the six months.

Finance costs

Finance costs for the period amount to R39 million compared to the R72 million for the six months of the previous year. The finance cost relates largely to the revolving credit facility of the group and has significantly declined due to the partial repayment of this facility over the period.

Accounting for Alexander Forbes shares held in policyholder investment portfolios

In terms of International Financial Reporting Standards (IFRS), any Alexander Forbes shares acquired by underlying asset managers and held by the group's multi-manager investment subsidiary for policyholders (the shares) are required to be accounted for in Alexander Forbes' consolidated financial statements as treasury shares and results in the elimination of any fair value gains or losses made on the shares. Refer to note 13.

This accounting treatment has the effect that fair value movements in respect of linked investment policy assets and liabilities that would normally be offset (and economically should be offset) are not being matched in the income statement. The resultant mismatch between the asset and liability movement, does not reflect the economic substance of the transactions. The result of this mismatch is that an accounting profit or loss will be reported in Alexander Forbes' consolidated income statement, whereas no actual economic profit or loss will ever be realised by the group. The reported profit of R44 million (2014: R14 million) arising from the accounting for policyholder investments as treasury shares for the reporting period is separately disclosed on the face of the income statement.

Profit before and after tax from continuing operations
After non-trading items, finance charges and the effect of the policyholder investments explained above, the group's profit before taxation from continuing operations of R563 million, shows a 42.9% increase from the R394 million of the first six months of the previous financial year.

The effective tax rate compared to profits before tax is impacted by taxation payable on behalf of policyholders being included in this amount (refer to the investment income discussion as well as note 8). The tax rate excluding the policyholder tax is 24.2%, this results largely from the lower UK tax rate applied to the group's share of the partnership earnings from Lane Clarke & Peacock (LCP). Profit after tax was R401 million for the six months ended 30 September 2015 compared to R186 million in the comparable period of the previous year.

Financial position and capital requirements
The financial position of the group remains strong and all regulated entities within the group comply with current solvency, liquidity and regulatory capital adequacy requirements.

The group continues to position itself for the pending introduction of Solvency Assessment and Management (SAM) and of consolidated supervision by the regulators. This will require a healthy balance between retention of profits generated in the short term in order to ensure adequate capital in compliance with the requirements of the regulators and the ability to distribute excess funds by way of dividends. Based on representation made by the FSB, the effective date of implementation of the formal framework for group-wide supervision is now expected to be 1 January 2017.

As at 30 September 2015, the theoretical consolidated regulatory capital position, using the measures and interpretations under the SAM standard, is a surplus of R275 million. Investment Solutions, continues the work on establishing internal model for risk-based capital adequacy assessment once that will be allowed under SAM. The surplus estimation above does not include any benefit that may be achieved from Investment Solutions or the group using an approved internal model for capital determination.

DIVISIONAL REVIEW OF OPERATIONS

The following is a brief summary of divisional results for the six months ended 30 September 2015.

(i) SA Financial Services
Operating income, net of direct expenses, increased by 4% to R940 million compared to the six months ended 30 September 2014 and profit from operations decreased by 8% to R175 million. The decrease in profit from operations was as a result of a conscious decision to invest in growth strategies by way of technology investments and strengthening the client-facing teams in our retail businesses. In addition, the year on year growth in profit from operations was impacted 4% by the accounting cost of the long-term share-based incentive plans introduced on the listing of the Alexander Forbes group in July 2014. Growth in operating income was also muted in line with a weaker economy leading to negative employment growth and increased retrenchment activity within our institutional client base.

a. Institutional business within SA Financial Services
The Institutional segment of SA Financial Services comprises retirement fund consultants and actuaries, administration, healthcare, insurance and asset consulting services, group risk, umbrella fund businesses and beneficiary trust services. The growth in Institutional operating income net of direct expenses of 3% was limited due to fee pressure, increased retrenchment activity within our client base and lower-than-expected new client success in a difficult market. Client retention, however, remained at high levels. The number of active member records administered within the

institutional businesses increased marginally despite negative employment growth and retrenchment activity in our client base, with a 3% growth in members against the comparable number as at 30 September 2014. The membership growth within the umbrella fund business was a pleasing 16% year on year and the number of umbrella fund clients grew by 12% year on year. The membership of the standalone retirement funds decreased by 2% compared to September 2014.

The Alexander Forbes Retirement Fund (AFRF) remains a flagship umbrella fund in the industry and continues to attract new clients. Total umbrella fund assets under management were R66.8 billion at 30 September 2015, a growth of 10% compared to 30 September 2014.

AF Life Group Risk gross premium income totalled R173 million for the six months ended 30 September 2015, a decrease of 4% from the comparative period in the prior year largely as a result of a business decision not to match a competitor quote on a significant client as this would have been loss making for the business. There has not been a matching decrease in claims year on year as the Group Risk business is experiencing an increase in disability claims. The business has been successful in achieving good new business wins, with R53 million of new annualised premium income landed in the six months to September 2015.

The Healthcare business showed operating income, net of direct expenses growth of 6% from medical aid consulting, from both existing and new clients, with contributable new business of R13 million being achieved in the six months to September 2015. The fee income earned from the health management solutions division grew by 5% year on year but incurred a higher cost base to support this revenue, resulting in a reducing margin in this division. Some significant public sector clients are in the last of the three-year absenteeism cycle which leads to higher-than-usual cases needing review. This division is also exposed to the tendering cycle of its clients that are in the public sector arena and some contracts are due for renewal in the second half of the financial year.

The Public Sector division increased operating income for the first six months by 8% to R110 million and showed good progress in building our brand within the sector and strengthening strategic networks and relationships.

b. Retail business within SA Financial Services

The Retail segment of the SA Financial Services business incorporates Financial Planning Consultants, AF Individual Client Administration and the AF Life individual life insurance businesses.

The growth in Retail operating income net of direct expenses was 7% higher compared to the six months ended 30 September 2014 of which 35% is asset-based income and a further 47% relates to consulting and advice fees linked to asset values. This growth is commendable in light of market performance for the six months under review and is a result of the growth in Retail assets under advisement and the number of clients. Our continued focus on the Retail opportunity showed pleasing results, with the Retail assets under advisement growing by 9% over the 12 months to total R57.5 billion at 30 September 2015. A significant portion of this increase is due to new business assets as the markets have been volatile with negative equity growth for the six months under review. The volatile markets have seen increased client engagements and clients moving to more conservative portfolios. In addition, the economic environment has seen increased withdrawals from retirement funds into cash, with low levels of preservation.

Our Retail (individual) client base, to whom advice and administration services are provided, grew in number by 6% since September 2014. Importantly, there was an increase in the proportion of assets, in respect of members exiting funds administered by the Institutional businesses, being advised by our Financial Planning Consultants division. The division looks to provide increasing services to the members in the Institutional client base while maintaining consistently high client satisfaction rates.

The AF Life individual life insurance business accounts for 2% of the Retail operating income and is a strategic growth area from its relatively small base. Pleasingly, the business increased its number of policyholder clients for life cover by 15% and launched a funeral product in the six months under review, which increased the total number of policyholders by 46% from the comparable period in 30 September 2014. With significant product and system development finalised, the focus of the business now is to strengthen its distribution channel relationships with increased focus on servicing the Financial Planning Consultants within the AF group.

The investment in the headcount of client-facing teams in the Retail business in the six months under review continued with a 10% increase in staff compared to 30 September 2014.

Proposed regulation impacting the financial services industry, including product offerings and pricing, is being closely monitored. The Retail business continues to proactively change various service offerings and products and continues to adapt its business and advice offered to clients in line with legislation and prevailing market and economic conditions.

(ii) Investment Solutions

Closing assets under management (including assets under administration) increased by 6.2% to R318 billion as at 30 September 2015 compared to 30 September 2014, of which R263 billion are assets under investment management. Average assets under management increased by 9.1% compared to the first half of the previous financial year. Most of this growth is attributable to the second half of the previous financial year while markets in this reporting period were volatile and overall equity markets were down 2% from 1 April 2015. Despite good new business cash flows (R4.9 billion) the business has experienced net client cash outflows of R4.0 billion for the six-month period due to a high volume of benefit payments and low preservation.

Operating income net of direct expenses remained flat at R388 million for the six months ended 30 September 2015. Despite the increase in assets under administration in the first six months, operating income net of direct expenses was lower than expected on the back of volatile capital markets, margin compression and lower performance fees in our alternatives business, Caveo. Profit from operations declined by 8% to R180 million, as a result of an 8% increase in the cost base. Growth in expenses were significantly impacted by the accounting cost of the new long-term share-based incentive plan. Excluding these costs, expenses would have grown by only 4% within inflationary bounds. The clients under administration utilising the business's investment management platform continued to deliver strong growth, albeit that this business line operates at lower margins.

During the period under review the capital markets remained volatile, but most of our portfolios continued to deliver risk adjusted returns which are ahead of peers and benchmark. Over the past 12 months ended 30 September 2015, 72% of our funds performed ahead of benchmark.

Investment Solutions South Africa continuously focuses on improving operational integrity and deepening expertise across the business in order to serve our clients better and add value towards their retirement savings and wealth creation while managing the risk of unusual and challenging economic environments.

(iii) Alexander Forbes Insurance

Alexander Forbes Insurance continued the trend of strong growth with a number of months delivering record new business numbers during the period. Gross written premium increased by 10% to R726 million. Premium from retail sources grew 9% to R698 million in a highly competitive market. Gains from Business Insurance (launched April 2012) continued with gross written premium increasing by 49% to R29 million for the half year.

Alexander Forbes Insurance initiated a number of client-servicing and underwriting interventions aimed at improving the client churn. A number of these have yielded positive results, assisting with a reduction in the client churn rate by 14%. At reporting date, loss ratios were slightly higher than those of the prior year, although within our long-term target range.

Operating income net of direct expenses increased by 12% to R223 million. Expenses increased 15%, driven in part by our ongoing commitment to increase our sales capacity, as well as our continued investment in Alexander Forbes Business Insurance.

Profit from operations increased by 4% to R55 million.

(iv) AfriNet (covering all operations in Africa outside of South Africa)

Operating income net of direct expenses increased by 17% to R161 million for the six months ended 30 September and profit from operations increased by 24% to R31 million. This result was driven by strong organic growth across both the Retail and Institutional businesses. Retail proved to be a strong performer increasing its operating income net of direct expenses contribution to 19% (from 13% for the comparative period) on the back of a very successful and growing distribution base in Kenya, Botswana and Namibia.

It is pleasing to note that the geographic spread of profit contribution has improved, with the East African operations having grown their contribution to 30% of AfriNet's profit from operations for the half year. The Kenyan operation has delivered consistent growth in profit from operations over the last three years and we expect this trend to continue. The Ugandan operation, while still in the early stages of start-up, continues to grow the client franchise and deepen the brand in East Africa.

The southern African operations performed well with the Namibian and Botswana operations continuing to deliver solid gains in their respective Retail businesses and maintaining market leadership on the Institutional side.

Our Nigerian business, is operating in a very tough economic environment, but is continuing to provide good opportunity for the insurance consulting centre of expertise which is housed in SA Financial Services.

The pensions reform wave in Africa remains a key driver of business growth in sub-Saharan Africa and with the group's collective expertise in this space, AfriNet remains well positioned.

(v) International Financial Services

The continuing operations of the International Financial Services business comprise the consulting actuarial business of LCP with operations in the United Kingdom, Ireland and the Netherlands, as well as Alexander Forbes Channel Islands.

Operating income net of direct expenses increased by a very pleasing 9% to £43.5 million for the six months ended 30 September 2015 and profit from operations increased by 23% to £6.4 million. Revenue growth across the operations continued to grow in real terms albeit those clients continue to manage their expenditure reflecting pressure on fees. The businesses continue to gain new clients and capitalise on the demand for employer and trustee employee benefit and actuarial consulting, investment consulting, including derisking solutions, and general insurance actuarial consulting.

The 29% growth in rand profit from operations of R126 million for the six months ended 30 September, resulted from a 9% deterioration in the average rand/sterling exchange rate.

DISCONTINUED OPERATIONS

Two businesses are reflected as discontinued in the group's accounts, LCP Belgium and Alexander Forbes Compensation Technologies. For both businesses the process of disposal is still under way. The results of discontinued operations are further detailed in note 9.

DIVIDENDS

A dividend declaration has been considered, taking into account the group's current and projected regulatory capital position during the transitional period to the new regulatory framework as well as the highly cash-generative nature of the group. The strategy to build a significant Retail business will demand additional capital investment; however, this is expected to be provided for through ongoing earnings.

Notice is hereby given that the directors have declared a gross cash dividend of 15.0 cents (12.75 cents net of dividend withholding tax where applicable) per ordinary share for the six months ended 30 September 2015.

The dividend has been declared from income reserves. A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt. The issued number of shares at the date of declaration is 1 341 426 953.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend	31 December 2015
Shares commence trading "ex" dividend	4 January 2016
Record date	8 January 2016
Payment date	11 January 2016

Share certificates may not be dematerialised or rematerialised between Monday, 4 January 2016 and Friday, 8 January 2016, both days inclusive.

PROSPECTS

The group continues to mobilise around the redefined strategic intent which includes:

- Growing the core institutional business with a high degree of discipline (Employee benefits, Investments)
- Leveraging the core business to achieve higher growth (Retail, Public Sector, Africa beyond SA)
- Developing the group's complementary businesses (Motor and Household Insurance, Life)
- Striving for excellence (Service and operational excellence and technology enablement)
- Creating dedicated internal capacity for further innovation and modernisation.

Alexander Forbes continues to lead the market in its core businesses. The board and management will focus on delivering consistent revenue and operating profit growth through predictable, highly recurring revenue streams. The group remains "capital lite" despite the growing regulatory requirements and is highly cash generative providing attractive dividend earnings and a compelling investment case to its shareholders.

Any forecast financial information contained in this announcement has not been reviewed and reported on by the company's external auditors.

CHANGE IN DIRECTORATE

The board is pleased to welcome two independent directors, Mr RM Kgosana and Ms BJ Memela-Khambula, who were appointed on 20 April 2015 and 1 July 2015 respectively. Mr B Petersen resigned from the board with effect from 4 September 2015. The board thanks Mr Petersen for his contribution over the past five years. There have been no further changes to the board during the period under review.

On behalf of the board of directors:

MS Moloko	**E Chr Kieswetter**
Chairman	Group chief executive

Johannesburg

26 November 2015

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 September 2015

Rm	Notes	**Six months 30 Sept 2015**	Six months 30 Sept 2014[1]	12 months 31 March 2015
Continuing operations				
Fee and commission income	3	**2 792**	2 565	5 268
Net income from insurance operations	4	**258**	233	498
Direct expenses attributable to fee and commission income		**(487)**	(457)	(915)
Operating income net of direct expenses		**2 563**	2 341	4 851
Operating expenses		**(2 011)**	(1 800)	(3 714)
Profit from operations before non-trading and capital items		**552**	541	1 137
Non-trading and capital items	5	**(75)**	(270)	(355)
Operating profit		**477**	271	782
Investment income	6	**79**	180	226
Finance costs	7	**(39)**	(72)	(119)
Reported profit/(loss) arising from accounting for policyholder investments in treasury shares	13	**44**	14	(26)
Share of profit of associates (net of income tax)		**2**	1	3
Profit before taxation		**563**	394	866
Income tax expense	8	**(162)**	(208)	(361)
Profit for the period from continuing operations		**401**	186	505
Discontinued operations				
Profit/(loss) on discontinued operations (net of income tax)	9	**3**	(19)	(145)
Profit for the period		**404**	167	360
Attributable to:				
Equity holders		**337**	114	253
Non-controlling interest holders		**67**	53	107
		404	167	360
Basic earnings per share (cents)	10	**26**	10	21
Headline earnings per share (cents)	10	**26**	12	32
Diluted earnings per share (cents)	10	**26**	10	20
Weighted average number of shares in issue (millions)	10	**1 282**	1 198	1 237

[1] Restated for the effects of discontinued operations.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2015

Rm	Six months 30 Sept 2015	Six months 30 Sept 2014	12 months 31 March 2015
Profit for the period	**404**	167	360
Foreign currency translation differences of foreign operations	**206**	51	26
Other comprehensive income for the period (net of income tax) that will be reclassified to profit or loss	**206**	51	26
Actuarial loss on valuation of employee benefits	**–**	–	(4)
Other comprehensive loss for the period (net of income tax) that will not be reclassified to profit or loss	**–**	–	(4)
Total comprehensive income for the period	**610**	218	382
Total comprehensive income attributable to:			
Equity holders	**519**	160	272
Non-controlling interest holders	**91**	58	110
Total comprehensive income for the period	**610**	218	382

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2015

Rm	Notes	**30 Sept 2015**	30 Sept 2014	31 March 2015
ASSETS				
Financial assets held under multi-manager investment contracts	13	**258 231**	268 360	262 004
Financial assets of insurance and cell-captive facilities		**371**	346	358
Property and equipment		**343**	342	331
Purchased and developed computer software		**126**	74	84
Goodwill		**3 995**	4 006	3 899
Intangible assets		**734**	830	764
Investment in associates		**6**	7	9
Deferred tax assets		**159**	147	149
Financial assets		**411**	560	419
Insurance receivables		**920**	824	820
Trade and other receivables		**959**	1 007	782
Cash and cash equivalents		**4 242**	3 930	4 350
Assets of disposal groups classified as held for sale	9	**177**	44	178
Total assets		**270 674**	280 477	274 147

Rm	Notes	**30 Sept 2015**	30 Sept 2014	31 March 2015
EQUITY AND LIABILITIES				
Equity holders' funds		**5 728**	5 069	5 350
Non-controlling interest		**163**	154	190
Total equity		**5 891**	5 223	5 540
Financial liabilities held under multi-manager investment contracts	13	**258 355**	268 602	262 172
Liabilities of insurance and cell-captive facilities		**371**	346	358
Borrowings		**622**	1 307	1 000
Employee benefits		**185**	178	177
Deferred tax liabilities		**269**	490	323
Provisions		**350**	292	317
Finance lease liability		**83**	88	86
Operating lease liabilities		**255**	164	207
Deferred income		**49**	40	25
Insurance payables		**2 851**	2 437	2 536
Trade and other payables		**1 332**	1 290	1 334
Liabilities of disposal groups classified as held for sale	9	**61**	20	72
Total liabilities		**264 783**	275 254	268 607
Total equity and liabilities		**270 674**	280 477	274 147
Total equity per above		**5 891**	5 223	5 540
Number of ordinary share in issue (millions)		**1 282**	1 263	1 282
Net asset value per ordinary share (cents)		**460**	414	432

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2015

Rm	**Six months 30 Sept 2015**	Six months 30 Sept 2014[1]	12 months 31 March 2015
Cash flows from operating activities			
Cash generated from operations	**685**	494	1 214
Net investment income received/(finance costs paid)	**3**	(23)	(15)
Movement in working capital	**(172)**	(213)	(171)
Taxation paid	**(227)**	(274)	(524)
Dividends paid	**(156)**	–	–
Operating cash inflow/(outflow) from continuing operations	**133**	(16)	504
Cash flows relating to insurance and policyholder contracts	**235**	103	274
Cash flows from policyholder investment contracts	**5 620**	3 229	(2 901)
Cash flows from operating activities – discontinued operations	**18**	(55)	3
Net cash inflow/(outflow) from operating activities	**6 006**	3 261	(2 120)
Cash flows from investing activities			
Net proceeds/(cash outflow) from sale of subsidiaries and businesses	**–**	1	(2)
Net movement in financial assets	**16**	7	29
Capital expenditure for the period (net of proceeds on disposal)	**(95)**	(46)	(109)
Dividends received from associate	**5**	–	–
Net cash outflow from investing activities	**(74)**	(38)	(82)

[1] Restated for the effects of discontinued operations.

Rm	**Six months 30 Sept 2015**	Six months 30 Sept 2014[1]	12 months 31 March 2015
Cash flows from financing activities			
Issue of shares	**–**	316	316
Redemption of B preference shares	**–**	(178)	(178)
Net investment in treasury shares	**–**	(6)	(24)
Repayment of borrowings	**(383)**	–	(250)
Payments to non-controlling interest	**(118)**	(137)	(130)
Net cash outflow from financing activities	**(501)**	(5)	(266)
Net increase/(decrease) in cash and cash equivalents	**5 431**	3 218	(2 468)
Cash and cash equivalents at beginning of period	**9 674**	12 129	12 129
Foreign subsidiaries translation adjustment	**99**	12	13
Cash and cash equivalents at end of period	**15 204**	15 359	9 674
Analysed as follows:			
Cash and cash equivalents of continuing operations	**4 242**	3 930	4 350
Cash held under multi-manager investment and insurance contracts	**10 917**	11 427	5 297
Cash and cash equivalents of disposal groups held for sale	**45**	2	27
	15 204	15 359	9 674

[1] Restated for the effects of discontinued operations.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2015

Rm	Share capital	Treasury shares	Non-distributable reserves	Accumulated loss	Total equity holders' funds	Non-controlling interest	Total equity
At 31 March 2014	5 819	(405)	102	(889)	4 627	210	4 837
Profit for the period	–	–	–	114	114	53	167
Other comprehensive income	–	–	46	–	46	5	51
Total comprehensive income	**–**	**–**	**46**	**114**	**160**	**58**	**218**
Issue of shares	316	–	–	–	316	–	316
Issue of shares to management	57	–	–	–	57	–	57
Redemption of B preference shares	–	–	(178)	–	(178)	–	(178)
Disposal of treasury shares	–	362	–	–	362	25	387
Purchase of treasury shares	–	(24)	–	–	(24)	–	(24)
Purchase of treasury shares in policyholder assets	–	(256)	–	–	(256)	–	(256)
Value of employee services	–	–	5	–	5	–	5
Other movements in non-controlling interest*	–	–	–	–	–	(139)	(139)
At 30 September 2014	**6 192**	**(323)**	**(25)**	**(775)**	**5 069**	**154**	**5 223**

* These amounts mainly include distributions made to non-controlling interest holders.

Rm	Share capital	Treasury shares	Non-distributable reserves	Accumulated loss	Total equity holders' funds	Non-controlling interest	Total equity
Profit for the period	–	–	–	139	139	54	193
Other comprehensive income	–	–	(23)	(4)	(27)	(2)	(29)
Total comprehensive income	–	–	(23)	135	112	52	164
Disposal of treasury shares	–	43	–	–	43	10	53
Disposal of treasury shares in policyholder assets	–	114	–	–	114	–	114
Value of employee services	–	–	12	–	12	–	12
Other movements in non-controlling interest*	–	–	–	–	–	(26)	(26)
At 31 March 2015	6 192	(166)	(36)	(640)	5 350	190	5 540
Profit for the period	**–**	**–**	**–**	**337**	**337**	**67**	**404**
Other comprehensive income	**–**	**–**	**182**	**–**	**182**	**24**	**206**
Total comprehensive income	**–**	**–**	**182**	**337**	**519**	**91**	**610**
Dividends paid	**–**	**–**	**–**	**(156)**	**(156)**	**–**	**(156)**
Value of employee services	**–**	**–**	**15**	**–**	**15**	**–**	**15**
Other movements in non-controlling interest*	**–**	**–**	**–**	**–**	**–**	**(118)**	**(118)**
At 30 September 2015	**6 192**	**(166)**	**161**	**(459)**	**5 728**	**163**	**5 891**

* These amounts include distributions made to non-controlling interest holders as well as changes to acquisitions and disposals of equity held by non-controlling interest holders.

SEGMENTAL RESULTS

for the six months ended 30 September 2015

Rm	Operating income net of direct expenses			Profit from operations before non-trading and capital items		
	30 Sept 2015	Var %	30 Sept 2014*	**30 Sept 2015**	Var %	30 Sept 2014*
Continuing operations						
Africa						
SA Financial Services	**940**	4	900	**175**	(8)	190
Investment Solutions	**388**	0	388	**180**	(8)	195
AF Insurance	**223**	12	200	**55**	4	53
AfriNet	**161**	17	138	**31**	24	25
Total Africa continuing operations	**1 712**	5	1 626	**441**	(5)	463
International Financial Services (GBPm)	**43.5**	9	39.9	**6.4**	23	5.2
International Financial Services	**851**	19	715	**126**	29	98
Total continuing operations – excluding property lease	**2 563**	9	2 341	**567**	1	561
Accounting for long-term property lease				**(15)**	(25)	(20)
Total continuing operations – including property lease	**2 563**	9	2 341	**552**	2	541

* The prior period comparative figures in the table above have been restated following the discontinuation of Alexander Forbes Compensation Technologies. Refer to note 9.

Rm	Depreciation and amortisation 30 Sept 2015	Var %	30 Sept 2014*	Assets 30 Sept 2015	Var %	30 Sept 2014
Africa						
SA Financial Services	**8**		6	**69 971**	5	66 661
Investment Solutions	**4**		2	**258 411**	(4)	268 851
AF Insurance	**2**		2	**644**	13	571
AfriNet	**2**		2	**3 844**	12	3 428
Total Africa	**16**	33	12	**332 870**	(2)	339 511
International Financial Services (GBPm)	**0.5**		0.4	**84.1**	18	71.5
International Financial Services	**9**	28	7	**1 504**	15	1 308
Unallocated:						
Corporate Services	**25**		22	**913**	92	946
Discontinued operations	**7**		7	**177**	302	44
Goodwill				**3 995**	–	4 006
Consolidation elimination**				**(69 069)**	6	(65 338)
Total group	**57**	19	48	**270 390**	(4)	280 477

* The prior period comparative figures in the table above have been restated following the discontinuation of Alexander Forbes Compensation Technologies. Refer to note 9.

** This amount relates mainly to assets invested by group companies with Investment Solutions.

for the six months ended 30 September 2015

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standard, IAS 34 **Interim Financial Reporting**, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Limited Listings Requirements for provisional reports. The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the consolidated annual financial statements for the year ended 31 March 2015.

These unaudited condensed consolidated interim financial statements were compiled under the supervision of Deon Viljoen, CA(SA), the group chief financial officer. The directors take full responsibility for the preparation of this report.

Rm	**Six months 30 Sept 2015**	Six months 30 Sept 2014	12 months 31 March 2015
2. EXCHANGE RATES			
The income statements and statement of financial position of foreign subsidiaries have been translated to rand as follows:			
Weighted average R:GBP rate	**19.5**	17.9	17.8
Closing R:GBP rate	**21.1**	18.3	17.9
3. FEE AND COMMISSION INCOME			
Brokerage fees and commission income	**20**	18	26
Fee income from consulting and administration services	**1 899**	1 695	3 525
Revenue from investment management activities	**854**	844	1 670
Other income	**19**	8	47
Fee and commission income	**2 792**	2 565	5 268

Rm	Six months 30 Sept 2015	Six months 30 Sept 2014	12 months 31 March 2015

4. NET INCOME FROM INSURANCE OPERATIONS

Insurance premiums earned	**1 021**	932	1 909
Less: amounts ceded to reinsurers	**(600)**	(553)	(1 114)
Investment income from insurance operations	**9**	6	11
Less: insurance claims and withdrawals	**(718)**	(641)	(1 326)
Plus: insurance claims and benefits covered through reinsurance contracts	**546**	489	1 018
Net income from insurance operations	**258**	233	498

5. NON-TRADING AND CAPITAL ITEMS

Non trading:			
Professional indemnity insurance cell-captive result	**(8)**	2	(23)
Amortisation of intangible assets arising from business combination	**(63)**	(67)	(131)
Costs relating to establishment of BEE share scheme	**(4)**	–	–
Corporate transaction, listing and historic incentive costs	**–**	(205)	(207)
Other non-trading items	**–**	–	6
Total non-trading and capital items	**(75)**	(270)	(355)

Rm	Six months 30 Sept 2015	Six months 30 Sept 2014	12 months 31 March 2015
6. INVESTMENT INCOME			
General operations			
Interest income	**50**	46	89
Investment and dividend income	**2**	5	31
Foreign exchange (losses)/gains on intergroup loans	**(7)**	–	3
	45	51	123
Multi-manager operations			
Investment income linked to policyholder tax expense	**34**	129	103
Total investment income	**79**	180	226
7. FINANCE COSTS			
Finance costs derived from financial liabilities classified and carried at amortised costs:			
Interest on term debt issued	**(33)**	(57)	(102)
Other interest costs	**(6)**	(15)	(17)
Total finance costs	**(39)**	(72)	(119)

Rm	Six months 30 Sept 2015	Six months 30 Sept 2014	12 months 31 March 2015

8. INCOME TAX EXPENSE

South African income tax			
Current tax	**(130)**	(113)	(280)
Current year	**(128)**	(110)	(266)
Prior year	**(2)**	(3)	(14)
Deferred tax	**26**	50	77
Current year	**25**	40	71
Prior year	**1**	10	6
Foreign income tax			
Current tax	**(21)**	(14)	(48)
Current year	**(21)**	(14)	(45)
Prior year	**–**	–	(3)
Deferred tax	**–**	–	(2)
Current year	**–**	–	(1)
Prior year	**–**	–	(5)
Change in rate	**–**	–	4
Foreign withholding tax	**(3)**	(2)	(5)
Tax attributable to policyholders	**(34)**	(129)	(103)
Current tax – current year	**(69)**	(49)	(139)
Deferred tax – current year	**35**	(80)	36
Total tax expense	**(162)**	(208)	(361)

9. DISCONTINUED OPERATIONS

In line with the requirements of IFRS 5, businesses that have been disposed or are considered discontinued are disclosed separately with comparative information for the consolidated income statement being restated. Assets and liabilities held at the end of the period in respect of discontinued operations, where the disposal process is ongoing, have been reclassified as assets and liabilities of disposal groups held for sale. The segmental results have been re-presented to show the effects of discontinued operations.

Rm	**Six months 30 Sept 2015**	Six months 30 Sept 2014	12 months 31 March 2015
Assets and liabilities of disposal group classified as held for sale			
Long-term assets	**26**	15	24
Deferred tax asset	**6**	–	6
Financial assets	**1**	–	1
Trade and other receivables	**3**	15	21
Other current assets	**96**	12	99
Cash and cash equivalents	**45**	2	27
Total assets	**177**	44	178
Deferred tax liability	**32**	–	29
Provisions	**4**	–	18
Trade and other payables	**25**	20	25
Total liabilities	**61**	20	72

Rm	Six months 30 Sept 2015	Six months 30 Sept 2014	12 months 31 March 2015

9. DISCONTINUED OPERATIONS continued

Summary income statement from discontinued operations

Income from operations	**66**	60	103
Operating expenses	**(64)**	(65)	(134)
Operating profit/(loss) before non-trading and capital items	**2**	(5)	(31)
Net finance costs	**–**	–	(1)
Non-trading and capital items	**–**	(2)	(105)
Share of loss from associates	**–**	(2)	(2)
Profit/(loss) before tax	**2**	(9)	(139)
Taxation	**(2)**	6	9
Net loss for the period	**–**	(3)	(130)
Profit/(loss) on disposals	**3**	(16)	(15)
Profit/(loss) from discontinued operations	**3**	(19)	(145)

10. EARNINGS PER SHARE

10.1 Basic earnings per ordinary share

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders by the weighted average number of ordinary shares in issue during the period.

10.2 Headline earnings per ordinary share

Headline earnings per share is calculated by excluding applicable non-trading and capital gains and losses from the profit attributable to ordinary shareholders and dividing the resultant headline earnings by the weighted average number of ordinary shares in issue during the period. Headline earnings is defined in Circular 1/2015 issued by the South African Institute of Chartered Accountants.

10. EARNINGS PER SHARE continued

10.3 Diluted earnings per ordinary share

Diluted earnings per ordinary share is calculated by adjusting the profit attributable to equity holders for any changes in income or expense that would result from the conversion of dilutive potential ordinary shares; and dividing the result by the weighted average number of ordinary shares increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Rm	**Six months 30 Sept 2015**	Six months 30 Sept 2014	12 months 31 March 2015
10.4 Number of shares			
Weighted average number of shares (millions)	**1 326**	1 270	1 286
Shares held by policyholders classified as treasury shares	**(17)**	(30)	(15)
Treasury shares (millions)	**(27)**	(42)	(34)
Weighted average number of shares (millions)	**1 282**	1 198	1 237
Dilutive shares	**30**	–	14
	1 312	1 198	1 251
Actual number of shares (millions)	**1 341**	1 302	1 302
Treasury shares (millions)	**(59)**	(39)	(20)
Actual number of shares in issue (millions)	**1 282**	1 263	1 282

Rm	Six months 30 Sept 2015	Six months 30 Sept 2014	12 months 31 March 2015

10. EARNINGS PER SHARE continued

10.5 Calculation of headline earnings and diluted headline earnings			
Profit attributable to equity holders (IAS 33 earnings)	**337**	114	253
Adjusting items			
– (Profit)/loss on sale of subsidiary	**(3)**	16	23
– Impairment losses and other capital items	**–**	8	118
Headline earnings for the period	**334**	138	394
Basic earnings per share (cents)	**26.3**	9.5	20.5
Headline earnings per share (cents)	**26.0**	11.5	31.9
10.6 Dilutive earnings per share			
Diluted basic earnings per share (cents)	**25.7**	9.5	20.2
Diluted headline earnings per share (cents)	**25.5**	11.5	31.5

The group has a long-term share-based incentive plan for senior executives which may result in a dilutionary effect on earnings per share and headline earnings per share. The dilutionary effect of the scheme will depend on the performance of the group measured over a three-year period and is fully disclosed in the group's annual financial statements for 31 March 2015. The dilutionary effect is calculated based on the performance of each award at the reporting date.

for the six months ended 30 September 2015

Rm	**Six months 30 Sept 2015**	Six months 30 Sept 2014	12 months 31 March 2015
11. CAPITAL EXPENDITURE FOR THE PERIOD	**95**	48	110

12. OPERATING LEASE COMMITMENTS

Rm	**Six months 30 Sept 2015**	Six months 30 Sept 2014	12 months 31 March 2015
Due within one year	**234**	175	211
Thereafter	**2 199**	2 289	2 177
Total operating lease commitments	**2 433**	2 464	2 388

Capital expenditure and commitments will be funded from internal cash resources.

13. FINANCIAL ASSETS HELD UNDER MULTI-MANAGER INVESTMENT CONTRACTS

The policyholder assets held by the group's multi-manager investment subsidiary, Investment Solutions in South Africa and Namibia, are recognised on balance sheet in terms of IFRS. These assets are directly matched by linked obligations to policyholders.

As a result of the group listing in July 2014, the investments by underlying asset managers in the listed shares of the group are recognised as treasury shares and all fair value adjustments recognised on these treasury shares are reversed, while the corresponding fair value of the liability continues to be recognised in the income statement. The resultant profit for the period of R44 million has been disclosed separately on the face of the statement of comprehensive income. This treatment also impacts the number of shares in issue, the impact of which is disclosed in note 10.

13. FINANCIAL ASSETS HELD UNDER MULTI-MANAGER INVESTMENT CONTRACTS continued

Below is a reconciliation of the assets held under multi-manager investment contracts with the linked liabilities under such contracts:

Rm	Six months 30 Sept 2015	Six months 30 Sept 2014	12 months 31 March 2015
Total assets held under multi-manager investment contracts (per statement of financial position)	**258 231**	268 360	262 004
Reversal of adjustments made under IFRS:			
Alexander Forbes shares held as policyholder assets and reclassified in the group statement of financial position as treasury shares	**142**	256	142
Financial effects of accounting for policyholder investments as treasury shares – prior years	**26**	–	–
Financial effects of accounting for policyholder investments as treasury shares – current year	**(44)**	(14)	26
Total financial assets held for policyholders under multi-manager investment contracts	**258 355**	268 602	262 172

14. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

14.1 Financial risk factors

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

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and this disclosure should be read in conjunction with the group's annual financial statements as at 31 March 2015.

There have been no significant changes in the risk management or in any risk management policies since the year end.

14.2 Liquidity risk

Compared to 31 March 2015 year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

Due to the short-term nature of the revolving credit facility, the capital repayments made against these borrowings do not significantly change the contractual undiscounted cash outflows for financial liabilities.

14. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS continued

14.3 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Rm	Level 1	Level 2	Level 3	Total
30 September 2015				
Financial assets measured at fair value				
Financial assets held under multi-manager investment contracts	180 008	76 714	1 509	258 231
Financial assets of insurance and cell-captive facilities	103	92	176	371
General operations	–	159	–	159
Total financial assets measured at fair value	180 111	76 965	1 685	258 761
Financial liabilities measured at fair value				
Financial liabilities held under multi-manager investment contracts	–	258 355	–	258 355
Financial assets of insurance and cell-captive facilities	–	195	176	371
Total financial liabilities measured at fair value	–	258 550	176	258 726
31 March 2015				
Financial assets measured at fair value				
Financial assets held under multi-manager investment contracts	186 586	73 902	1 516	262 004
Financial assets of insurance and cell-captive facilities	115	67	176	358
General operations	–	125	–	125
Total financial assets measured at fair value	186 701	74 094	1 692	262 487

Rm	Level 1	Level 2	Level 3	Total

14. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS continued

Financial liabilities measured at fair value

Rm	Level 1	Level 2	Level 3	Total
Financial liabilities held under multi-manager investment contracts	–	262 172	–	262 172
Financial assets of insurance and cell-captive facilities	–	182	176	358
Total financial liabilities measured at fair value	–	262 354	176	262 530

Transfers between level 1 and 2

Movements in financial assets associated with multi-manager investment contracts and cell-captive insurance facilities are directed by our clients. These movements are a result of investments and withdrawals made. There were no transfers between levels 1 and 2 during the period which were as a result of a change in valuation methodology.

Level 3 reconciliation

Level 3 financial assets and liabilities comprise mainly policyholder and cell owner assets and liabilities. Financial assets and financial liabilities in this level are insignificant in relation to total financial assets and financial liabilities respectively. In addition, the movements in level 3 financial assets are directly linked to the movements in the linked investment liability. Any fair value gains and losses resulting from policyholder or cell owner financial assets and financial liabilities have no impact on profit or loss. There was no change in the valuation methodology of level 3 assets during the period.

14. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS continued

Sensitivity analysis for level 3 financial assets

The following table presents significant inputs to show the sensitivity of Level 3 measurements and assumptions used to determine the fair value of the financial assets:

Instrument	Valuation technique	Significant inputs
Suspended listed equities	Exchange trade price	Last exchange traded price
Community property company assets	Discounted cash flow model	Capitalisation rates and discounts rates
Infrastructure and development assets	Equity: Distribution discount model, cost, mark to market, price earnings multiple and liquidation value	Equity: Interest rates and exchange traded prices
	Debt: Discounted cash flow model	Debt: Interest rates – fixed and floating

The group's overall profit or loss is not sensitive to the inputs of the models applied to derive fair value.

14.4 Valuation methods and assumptions for valuation techniques

There were no changes in the valuation methods and assumptions for valuation techniques since 31 March 2015. A detailed description of the valuation methods and assumptions for valuation techniques is available in our annual financial statements for the year ended 31 March 2015.

14.5 Fair value of financial assets and financial liabilities measured at amortised cost

The fair value of the following financial assets and liabilities measured at amortised cost approximate their carrying amount:

- Trade and other receivables
- Insurance receivables
- Cash and cash equivalents
- Trade and other payables
- Insurance payables
- Borrowings

CORPORATE INFORMATION

ALEXANDER FORBES GROUP HOLDINGS LIMITED
Registration number: 2006/025226/06
Tax reference number: 9404/921/15/8
JSE Share code: AFH ISIN: ZAE000191516
(Incorporated in the Republic of South Africa)

Independent directors
MD Collier, D Konar, RM Kgosana, HP Meyer, BJ Memela-Khumbula

Non-executive directors
MS Moloko (chairman), DJ Anderson, WS O'Regan

Executive directors
E Chr Kieswetter (group chief executive),
DM Viljoen (group chief financial officer)

Company secretary
JE Salvado

Investor relations
MK Dippenaar

Registered office
Alexander Forbes, 115 West Street, Sandown, Sandton, 2196

Transfer secretaries
Computershare Investor Services Proprietary Limited
Ground Floor, 70 Marshall Street, Johannesburg
PO Box 61051, Marshalltown, 2107

Sponsor
Rand Merchant Bank (a division of FirstRand Bank Limited)
1 Merchant Place, corner Fredman Drive and Rivonia Road,
Sandton, 2196

Website
www.alexanderforbes.co.za

Date of issue: 30 November 2015

BASTION GRAPHICS

ALEXANDER FORBES GROUP HOLDINGS LIMITED
(the company)
Tel: +27 (11) 269 0000
115 West Street, Sandown
PO Box 787240, Sandton 2146, South Africa

Certain subsidiaries of the Company are
LICENSED FINANCIAL SERVICES PROVIDERS
www.alexanderforbes.co.za