Alexander Forbes Group Holdings Limited

Results announcement for the year ended 31 March 2016

and cash dividend declaration

ALEXANDERFORBES

Securing your financial well-being

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated annual financial statements from which the summary consolidated financial statements have been derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

This summarised report is extracted from audited information, but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audit report does not necessarily report on all of the information contained in this report. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the information that has been audited, they should obtain a copy of the auditor's report together with the accompanying audited consolidated annual financial statements, both of which are available for inspection at the company's registered office.

These unaudited summary consolidated annual 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.

CONTENTS

1	Financial highlights	2
2	Overview of financial results	3
3	Summary consolidated income statement	16
4	Summary consolidated statement of comprehensive income	17
5	Summary consolidated statement of financial position	18
6	Summary consolidated statement of cash flows	20
7	Summary group statement of changes in equity	22
8	Group segmental income and profit analysis	24
9	Summary notes	26
10	Corporate information	39

Investors are referred to www.alexanderforbes.co.za where the Annual Financial Statements for the year ended 31 March 2016 and the related analyst presentation can be found.

FINANCIAL HIGHLIGHTS

Operating income

from continuing operations was
R5 376 million

This is an 11% growth
when compared to the previous year.

Profit from operations

before non-trading items was
R1 210 million

This is a 6% growth
when compared to the previous year.

Profit after tax

was
R874 million

This is a 143% growth
when compared to profit after tax for the previous year.

Headline earnings per share

was **58.1 cents**
per share

This is an 82% growth
when compared to HEPS for the previous year.

AUA and AUM of Investment Solutions

increased to
R339 billion

This is a 5% growth
when compared to the previous year.

Dividend declared

of **22 cents**
per share

This is a 47% growth
when compared to the six months dividend for 30 September 2015.

OVERVIEW OF FINANCIAL RESULTS

The group's headline earnings increased by 89% to R744 million for the year ended 31 March 2016. The increase should be seen in the context of the listing and transaction costs incurred in the prior year and detailed in the related listing documents. The weighted average number of shares in issue increased marginally due to the timing of the listing and the related issue of shares in the prior year which resulted in the headline earnings per share increasing by 82% to 58.1 cents per share. Against the background of a weak economic and business environment in South Africa and margin pressure on asset management and administration fees, the group achieved commendable results for the year ended 31 March 2016. These were bolstered by:

- traction gained in the group's retail (individual markets) strategy;
- the ongoing growth and opportunities in Africa; and
- the effect of the weakening rand on a good international performance.

Operating environment

The slowdown in the South African economy has been widely reported and the operating results of the group are directly affected. More specifically, factors which have a direct impact on the group's earnings are:

Equity markets: Year-on-year growth of the all share index (ALSI) and the SWIX to 31 March 2016 was 3.2% and 2.7% respectively. The volatility in the equity market has fuelled the switch to lower-margin products. 34% of the group's Africa revenue is asset based and this component of revenue fluctuates not only with markets but trends related to asset classes, product mix shifts and default choices.

Wage inflation: South African wage inflation is reported at 5.9% by Statistics SA. This is compared to 7.3% in June 2015. Wage inflation generally has a positive impact on a number of the group's businesses whose fees are derived from the related increase in pension contributions. The trend over the past nine months has declined and, more importantly, the gap between wage inflation and consumer price inflation has narrowed, placing pressure on consumer spending.

Unemployment: In the last three calendar years, the standard unemployment rate has increased steadily by 0.2% per year and reached a high of 26.7% at the end of March 2016. The increase in unemployment has a strong correlation with cash being withdrawn from pension savings and member numbers in the retirement funds administered by the group – significant cash flows paid to employees who leave the formal employment sector has given rise to reduced revenues.

GDP: The growth in GDP for South Africa has decreased significantly over the past year, with the latest published quarter declining by 1.2%.

Exchange rate: The weighted average rate for the GBP/ZAR exchange rate increased by 17% to 20.8 during the year ended 31 March 2016. Alexander Forbes experienced a positive impact on results due to the translation of revenues and expenses from its international operations and, to a smaller extent, countries in Africa. In contrast to this certain costs, including technology-related licence fees on US systems, increased based on the 21% depreciation of the ZAR against the USD.

Consolidated operating income net of direct expenses

Operating income net of direct expenses (hereinafter referred to as 'operating income') represents gross revenue net of direct product costs. The group's gross revenue is derived from fees charged for consulting, administration and the management of investments through multi-manager portfolios. In addition, operating income includes the net result from both long-term and short-term insurance operations.

The group produced operating income from continuing operations of R5.4 billion for the year ended 31 March 2016, up 11% on the prior financial year. The growth in revenue was significantly enhanced by the weakening rand exchange rate applied to international earnings; excluding the international operations, the operating income for Africa grew by 4% to R3.5 billion.

Africa income was significantly impacted by weaker markets, where 34% of the group's revenue is linked to the assets under administration and management. More significantly, clients moved assets within the group's diversified investment product range to balanced portfolios and index/passive portfolios, both of which result in lower margins earned by the group. Investment Solutions is well positioned to offer this flexibility and it is an integral part of the group's value proposition to clients. In future the group may benefit from any market reversion where specialist mandates become more sought after.

Growth in African operating income, excluding asset-based fees, was 7% which is commendable in the current economic climate.

Consolidated profit from operations

Operating profit from continuing operations, before non-trading and capital items, increased by 6% to R1.2 billion when compared to the previous financial year. The divisional performance review is reflected below. Excluding the International operations, which were positively impacted by the weakening rand exchange rate, the growth for Africa was 1%, resulting in an operating profit of R924 million.

Operating expenses of R2.6 billion for the Africa region were 5% higher than the previous year. These expenses include accounting for the share-based long-term incentive scheme which was provided through a direct shareholding structure prior to listing. Operating expenses, including the International operations (excluding non-trading and capital items) amounted to R4.2 billion, an increase of 12% compared to the previous year (impacted by exchange rates).

The overall group operating margin on operating income is 22.5% compared to the 23.4% for the previous financial year. The reduction in operating margin is largely impacted by the absolute value of assets under management and the margin impact experienced from institutional clients, particularly in Investment Solutions.

Non-trading and capital items

Non-trading and capital items of R137 million include the ongoing accounting amortisation of intangible assets amounting to R124 million (2015: R131 million) as well as the results of the cell-captive insurance facility which are consolidated into the group's results. The accounting for amortisation has no impact on the cash flows of the group. Included in prior-year non-trading and capital items are the transaction costs relating to the listing.

Investment income

Investment income of R294 million (2015: R226 million) includes R197 million (2015: R103 million) related to individual policyholder funds in Investment Solutions that are liable for fund-level taxes and for which an equal tax expense is raised. This income should theoretically be excluded when assessing the group's own investment income which largely relates to the return on assets-backing regulatory capital adequacy requirements. Excluding the policyholder income, the group's investment income amounts to R97 million (2015: R123 million) for the year.

Finance costs

Finance costs for the year amount to R71 million compared to the R119 million for the previous year. The finance costs relate largely to the revolving credit facility provided to the group and have declined significantly due to the partial repayment of this facility over the year.

Accounting for Alexander Forbes shares held in policyholder investment portfolios

In terms of International Financial Reporting Standards (IFRS) as presently constituted, any Alexander Forbes Group Holdings Limited 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 the group's 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 the group's consolidated income statement, whereas no actual economic profit or loss will ever be realised by the group. The reported profit of R59 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 R1 359 million shows a 57% increase from the R866 million of the previous financial year.

The effective tax rate compared to profit before tax appears high as a result of taxation expense relating to policyholders being included in this amount (refer to the investment income discussion above as well as note 8). The tax rate, excluding policyholder tax, is 23%; this is impacted by the lower UK tax rate and applied only to the group's share of the partnership earnings from Lane Clark & Peacock (LCP). Profit after tax was R891 million for the year ended 31 March 2016 compared to R505 million in the previous year.

Items to consider when analysing the group results

There are certain significant items which affect the reported results of the group. These items are correctly reported under IFRS; however may not necessarily reflect the economic substance of the results. Investors are requested to consider the following items when preparing an analysis of the results.

- **Accounting for property lease** – The accounting treatment for long-term leases, particularly at the Sandton head office, continues to have a small positive impact on profit from operations. The impact of the IFRS accounting for property leases is isolated in the segmental analysis.
- **Capitalisation of intangible assets and the related amortisation** – Non-trading and capital items include the ongoing accounting amortisation of intangible assets amounting to R124 million for the year ended 31 March 2016 and R131 million in the prior financial year. The accounting for amortisation has no impact on the cash flows of the group.
- **Accounting for Alexander Forbes shares held in policyholder investment portfolios** – The reported profit of R59 million arising from the accounting for policyholder investments as treasury shares for the year is separately disclosed on the face of the income statement. The profit is as a result of the mismatch between the asset and liability movement as explained above and does not reflect the economic substance of the transactions.
- **Investment income and taxation expense on behalf of policyholders** – Investment income and income tax expense include investment income and taxation expense on behalf of policyholders (refer to the investment income discussion as well as note 8).

Investors are directed to the results presentation which is available on the group's website (www.alexanderforbes.co.za) where the above items are further analysed.

Discontinued operations

The business results reflected as discontinued operations include LCP Belgium and Alexander Forbes Compensation Technologies (AFCT). The disposal of the LCP Belgium operation was completed by year-end and the effects of the disposal are included in the results for 31 March 2016. The completion of the disposal of AFCT is considered imminent. The results of discontinued operations are further detailed in note 9.

Divisional review of operations

Rm	Operating income 31 Mar 2016	Operating income Var. %	Operating income 31 Mar 2015	Profit from operations 31 Mar 2016	Profit from operations Var. %	Profit from operations 31 Mar 2015
Institutional cluster						
Financial Services	**1 287**	3	1 254	**183**	(2)	186
Investment Solutions	**641**	(8)	696	**279**	(15)	328
AF Insurance	**20**	67	12	**5**	150	2
	1 948	(1)	1 962	**467**	(9)	516
Retail cluster						
Financial Services	**615**	8	569	**207**	12	185
Investment Solutions	**150**	7	140	**68**	10	62
AF Insurance	**431**	9	394	**108**	14	95
	1 196	8	1 103	**383**	12	342
AfriNet (Africa excluding SA)	**346**	19	291	**74**	23	60
Total Africa	**3 490**	4	3 356	**924**	1	918
Total International (GBPm)	**90.6**	8	84.2	**13.7**	11	12.3
Total International (Rm)	**1 886**	26	1 495	**286**	31	219
Total group (Rm)	**5 376**	11	4 851	**1 210**	6	1 137

* For the purpose of the divisional commentary operating income refers to operating income net of direct expenses and profit from operations refers to profit from operations before non-trading and capital items.

During the year the group started the process of refining the organisational structure to align with the group's strategy. The divisional performance reflected in the table above is aligned with the new group clusters, and differs from the segmental report provided in the consolidated results. The changes to the organisational structure include the movement of various product lines between AF Financial Services and Investment Solutions as well as between the retail cluster and institutional cluster. In addition, costs allocated to the divisions have been refined. From 1 April 2016 the group will report on the above clusters only.

The following is a brief summary of divisional trading results for the year ended 31 March 2016.

Institutional cluster

The cluster comprises retirement fund consulting and administration services to both standalone and umbrella retirement funds, actuarial and asset consulting, healthcare actuarial and consulting, insurance consulting, beneficiary trust consulting services and group risk insurance through Alexander Forbes Life. In addition, investment management and consulting to institutional investors, through the group's multi-manager, Investment Solutions, is included in this cluster.

(i) Financial Services

The institutional division of Financial Services delivered R1 287 million of operating income which is 3% higher than the prior year. The growth in operating income was muted due to the macroeconomic factors noted above as well as a decrease in the group risk underwriting result year on year and the loss of a significant client in the health management solutions division.

Financial Services' core retirement fund consulting, actuarial, and operations and administration business units delivered credible results in a difficult economic climate. The number of active member records administered within the institutional businesses increased marginally despite negative employment growth and retrenchment activity in its client base, to just over one million members. Operating income earned from consulting, actuarial and administration services to retirement funds, in terms of both annuity and fee income, grew by 5% year on year, despite these constraints. With strong expense management and operational efficiency achieved, the profit from operations for these business units increased by 12% year on year.

Financial Services is continuing to develop and improve its flagship umbrella retirement fund, the Alexander Forbes Retirement Fund, providing relevant and cost-effective solutions to the South African market. Its other institutional umbrella funds, being Alexander Forbes Coreplan and AF Access, showed strong growth in the year, albeit off a smaller base. The total assets under management in the institutional umbrella funds increased by 9% year on year to R65.3 billion. The number of active member records administered by the institutional umbrella funds is now above 304 000 (up 9% year on year) with 1 320 umbrella fund clients (participating employers) up 16% year on year.

Gross annualised premium income of AF Life Group Risk totalled R397 million for the year ended 31 March 2016, an increase of 24% from the prior year. The business has been effective in achieving good new business success with R75 million of new annualised premium income for the year ended 31 March 2016. The claims experience in the Group Risk business was, however, negatively impacted by increased numbers of disability claims and lower-than-expected rehabilitation of disability claimants. This is largely a factor of the broader economic climate. The related underwriting result for this business declined by 24% from 2015. With high regulatory, compliance and technical costs the profit from operations for AF Life Group Risk decreased year on year.

The healthcare consulting business had pleasing growth in operating income of 6% year on year due to a combination of good new business, improved client retention and an increase in the regulated cap for commission income for broking services. The fee income earned by the health management solutions division declined by 4% year on year as a result of the loss of a public sector client. Specific management actions have been put in place to minimise the impact of this loss in revenue in the forthcoming year.

The public sector division increased revenue for the year by 4% to R216 million. Although this was below the division's desired growth rate the division made good progress in building its brand within the sector and strengthening strategic networks and relationships.

The overall increase in expenses for the cluster was 4%, a pleasing outcome in the current environment and was as a direct result of strong management focus. As a result, profit from operations decreased by 2% to R183 million for the year ended 31 March 2016.

(ii) Investment Solutions

The institutional Investment Solutions division experienced a decrease in operating income on the back of a tough operating environment in the South African market. This decrease is despite the continued successes in new business as it recorded new client flows of R13 billion during the current reporting period.

The decline in operating income can be attributed to:

- higher-than-expected ongoing cash outflows which exceeded recurring cash inflows by R13.5 billion, mostly related to the decreasing employment rate in South Africa;
- an increasing switch by clients to low-cost investment options given the prevailing market environment; and
- the trend of lowering margin in the investment and savings value chain in the South African market.

Closing institutional assets under management (including assets under administration) increased by 3.4% to R282.4 billion as at 31 March 2016, of which R230.2 billion are institutional assets under investment management. Average assets under management increased by 5.4% compared to the previous financial year. Capital markets remained volatile during the period with low returns across major asset classes.

Despite good new business cash flows the business has experienced higher-than-expected net outflows of R4.5 billion. A summary of the institutional cash flows is reflected overleaf:

Rbn	2016	%	2015
Inflows	**34.4**	(9)	37.9
New business	**13.0**	59	8.2
Ongoing contributions	**21.4**	(28)	29.7
Outflows	**38.9**	15	33.8
Outflows due to client losses	**4.0**	>100	1.0
Withdrawals for benefit payments	**34.9**	6	32.8
Net cash flows	**(4.5)**	>100	4.1

The financial performance was muted with operating income declining by 8% to R641 million and operating expenses were 2% lower for the year ended 31 March 2016 when compared with the prior year. Profit from operations declined by 15% to R279 million. The business remains focused on disciplined cost management as part of responding to a difficult trading environment, which is expected to prevail in the South African market into the foreseeable future.

Investment Solutions continues to provide a wide range of portfolios, customised to its clients' needs with risk-adjusted returns which are ahead of peers and benchmark. Over the past rolling 36 months ended 31 March 2016, 68% of funds were ahead of benchmark. The investment team continuously focuses on improving and deepening expertise across the business in order to serve its clients better and add value towards their retirement savings and wealth creation while managing the risk of unusual and challenging economic environments.

(iii) AF Insurance

The institutional division of the short-term insurance business has seen significant success this reporting period with gross written premiums increasing by 55% to R67 million, albeit off a small base. This division focuses on short-term insurance cover for the SME market. Operating income grew by 67% over the prior year and resulted in the profit from operations more than doubling to R5 million for the year ended 31 March 2016.

Retail cluster (individual clients)

The retail cluster has made significant progress in creating an operating environment that is client-centric with the creation of an integrated distribution model that allows the business to deliver holistic solutions to the individual client. These solutions are developed based on specific client needs and addresses financial planning and wealth management, as well as short-term and long-term risk-based products. The establishment of a business and distribution enablement division allows the retail cluster to provide training and tools to its distribution channel, ensuring that its consultants are world-class, identifying customer needs, creating value propositions to address these needs and driving focused campaigns to the market.

The retail focus remains on accessing the institutional member base. However, the strategy in this area has evolved into a more streamlined, solution-driven and client-focused approach. As a result, the businesses within retail are being realigned to reflect the value proposition to the client. As such, the wealth management businesses of retail, incorporating the AF Individual Client Administration, AF Preservation Fund and Investment Solutions Retail, combined to form the Wealth and

Investment division. AF Insurance and AF Life, the short-term and long-term insurance providers, will remain as separate lines of business within the retail cluster.

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.

(i) Financial Services

The retail division of the SA Financial Services business incorporates financial planning consultants, AF Individual Client Administration, AF Preservation Fund and the AF Life individual life insurance businesses.

The growth in operating income was 8% to R615 million when compared to the year ended 31 March 2015 of which 56% is asset-based income and a further 43% relates to consulting and advisory fees linked to asset values. This growth is commendable in light of market performance for the year under review and is a result of the growth in retail assets under advisement and the number of clients.

The businesses with income related to asset values, being all of the above businesses excluding AF Life, have experienced volatile markets, resulting in clients moving to more conservative portfolios. In addition, the economic environment has seen increased withdrawals from retirement funds into cash, rather than preservation, and an increase in annuity payments to fund income requirements.

Assets under advisement grew by 9% over the 12 months to total R62.2 billion at 31 March 2016. Assets under administration grew by 8% to R52.2 billion.

Financial planning consultants delivered an increase in number of clients by 8% to 46 292 clients at 31 March 2016. Importantly, there was an increase in the proportion of assets, in respect of members exiting funds administered by the division, being advised by the financial planning consultants division. Further, the percentage of financial planning consultants' business written to Alexander Forbes products has increased from 84.7% to 89.5%. The focus will continue to be on servicing the institutional client base while maintaining consistently high client satisfaction rates.

The AF Life individual life insurance business accounts for only 1% of the retail Financial Services' operating income and is a strategic growth area from its relatively small base. The company increased distribution channels and product innovation which has enabled an increase in the number of policyholder clients for life cover by 61%.

Profit from operations increased 12% to R207 million on the back of a 6% growth in operating expenses.

(ii) Investment Solutions

Retail assets under management by Investment Solutions increased by 7% to R49.2 billion off the back of good new business cash flows. This was offset by the negative impact of volatile markets, an increase in withdrawals as well as annuity payments. While the majority of the growth in assets under management is still through financial planning consultants, newer distribution channels have shown good growth with assets under management from these channels growing by 36% over the prior year off a low base.

Operating income increased by 7% to R150 million when compared to the prior year. Cost management initiatives have resulted in an increase in profit from operations of 10% to R68 million for the year ended 31 March 2016.

(iii) Alexander Forbes Insurance

Alexander Forbes Insurance continued the trend of strong growth with a number of months delivering record new business numbers. Gross written premium increased by 11% to R1.4 billion. The business continues to grow ahead of competitors based on an enhanced valuable product offering and superior service.

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 to 18% (2015: 20%). A number of specific high-value weather-related claims had a detrimental effect on the claims for the year, resulting in a loss ratio of 76% for the motor household business which was higher than the prior year's 72%, which is the long-term target.

Operating income increased by 9% to R431 million. Expenses increased 8%, driven in part by an ongoing commitment to increase sales capacity and the impact of the weakening rand on claims procurement.

Profit from operations increased by 14% to R108 million.

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

Operating income increased by 19% to R346 million for the year ended 31 March 2016 and profit from operations grew by 23% to R74 million. The AfriNet division has consistently performed well and growth is currently still entirely organic.

An effective operating leverage of 2% assisted in achieving the profit from operations growth of 23% in an environment where operating income grew by 19% and costs by 16%. Since personnel costs and technology comprise more than 65% of the cost base management has been disciplined in ensuring cost benefits from automation expenditure are realised. Automation of certain labour-intensive support processes, together with effective performance management processes, has resulted in positive yielding cost management benefits over the last year, culminating in a margin improvement (inclusive of corporate overheads) from 20.6% to 21.4%.

It is pleasing to note that East Africa and retail are now consistent and larger contributors to the overall AfriNet growth. From a geographical perspective, East Africa now contributes 23% of operating income and 14% of profit from operations, whilst southern Africa remains a dominant contributor with 74% of operating income and 86% of profit from operations. West Africa still remains a key focus area for expansion. The Nigerian business contributes 3% to overall AfriNet operating income and is presently experiencing a very difficult economic environment.

The retail business lines offered now includes financial planning advice (wealth management), short-term insurance and life insurance, and contribute 19% to operating income. Further build out of wealth management in Uganda is scheduled for the current financial year.

Despite the current market conditions the pensions reform wave remains a valid underpin for growth prospects of the Alexander Forbes Group in the sub-Saharan region. In particular, there is renewed interest from governments in developing local pensions markets, as international funding for asset classes such as infrastructure become more difficult to source.

International Financial Services

The continuing operations of the international Financial Services business comprise the consulting actuarial business of Lane Clark & Peacock (LCP) with operations in the United Kingdom, Ireland and the Netherlands.

Operating income increased by a very pleasing 8% to £90.6 million for the year ended 31 March 2016 and profit from operations increased by 11% to £13.7 million. Revenue growth across the operations continued to grow in real terms, albeit those clients continue to manage their expenditure reflecting pressure on charge out rates. This revenue growth, combined with strong cost management, resulted in the achievement of good operating leverage. The businesses continue gaining new clients and capitalising on the demand for employer and trustee employee benefit and actuarial consulting, investment consulting, including de-risking solutions, and general insurance actuarial consulting. Market dominance in de-risking continues.

LCP continues to provide the group with a rand hedge. The 31% growth in rand profit from operations to R286 million for the year ended 31 March 2016 resulted from the 23% deterioration in the average rand/sterling exchange rate.

Financial position and dividend

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 is appropriately positioned for the pending introduction of consolidated supervision by the regulators. Based on representation made by the Financial Services Board the effective date of implementation of the formal framework for group-wide supervision is now expected to be 1 January 2017; however, current reporting requirements to the regulator already incorporate the expected formal framework.

As at 31 March 2016 the theoretical consolidated regulatory capital position, using the measures and interpretations under the Solvency Assessment and Management (SAM) standard, is a surplus of R416 million (before the proposed dividend distribution). The Investment Solutions internal model for risk-based capital adequacy assessment is established. The business will continue to refine the model and will seek regulatory approval once the legislative environment is established.

Final dividend

A dividend declaration has been considered, taking into account the group's current and projected regulatory position as well as the highly cash-generative nature of the group. The investment into modernising technology 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 final gross cash dividend of 22 cents (18.70 cents net of dividend withholding tax) per ordinary share for the year ended 31 March 2016.

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 1 341 426 963.

The salient dates for the dividend will be as follows:

Last day of trade to receive a dividend
Tuesday, 19 July 2016

Shares commence trading 'ex' dividend
Wednesday, 20 July 2016

Record date
Friday, 22 July 2016

Payment date
Monday, 25 July 2016

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 July 2016 and Friday, 22 July 2016, both days inclusive.

This brings the total dividend paid for the year to 34 cents.

Prospects

The year has been challenging for Alexander Forbes's executive management team, as the South African business environment and economic fundamentals have negatively affected key business drivers and worked against the group's efforts to show traction on the group's strategic goals.

The group's key focus will continue to align with its higher purpose objectives set a number of years back: to create, grow and protect clients' wealth and, in doing so, help its clients achieve peace of mind through securing their financial well-being.

Leadership remains confident that the group's strategic intent is sound and its focus in the coming year will remain on driving top line growth while optimising operational expenses and ensuring organisational integrity.

As such, the group will aim to:

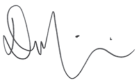
- improve asset capture in the institutional core business by providing tailored product options suited to clients' needs; deepening investment knowledge and enhancing investment performance; and by granting its clients easier access to investment choices including lower cost investment portfolios;
- continue to access the institutional member base to provide appropriate holistic financial advice and relevant value adding products to retail clients;
- use the expertise gained in South Africa to drive growth in the rest of the continent;
- drive modernisation in the group's technology environment including the digital interface with its clients; and
- continue to challenge itself and find efficiencies in the operating environment.

Change in directorate

The board is pleased to welcome two independent directors, Mr RM Kgosana and Ms BJ Memela, who were appointed on 20 April 2015 and 1 July 2015, respectively. Messrs B Petersen and E Chr Kieswetter resigned from the board with effect from 4 September 2015 and 8 February 2016 respectively. The board thanks Messrs Petersen and Kieswetter for their contribution to the group. There have been no further changes to the board during the year under review.

On behalf of the board of directors:

MS Moloko
Chairman



DM Viljoen
Group chief executive (interim)

Johannesburg
10 June 2016

SUMMARY CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2016

Rm	Notes	2016	2015
Continuing operations			
Fee and commission income	3	**5 839**	5 268
Net income from insurance operations	4	**540**	498
Direct expenses attributable to fee and commission income		**(1 003)**	(915)
Operating income net of direct expenses		**5 376**	4 851
Operating expenses		**(4 166)**	(3 714)
Profit from operations before non-trading and capital items		**1 210**	1 137
Non-trading and capital items	5	**(137)**	(355)
Operating profit		**1 073**	782
Investment income	6	**294**	226
Finance costs	7	**(71)**	(119)
Reported profit/(loss) arising from accounting for policyholder investments in treasury shares	13	**59**	(26)
Share of profit of associates (net of income tax)		**4**	3
Profit before taxation		**1 359**	866
Income tax expense	8	**(468)**	(361)
Profit for the year from continuing operations		**891**	505
Discontinued operations			
Loss on discontinued operations (net of income tax)	9	**(17)**	(145)
Profit for the year		**874**	360
Attributable to:			
Equity holders		**729**	253
Non-controlling interest holders		**145**	107
		874	360
Basic earnings per share (cents)	10	**56.9**	20.5
Headline earnings per share (cents)	10	**58.1**	31.9
Diluted earnings per share (cents)	10	**56.4**	20.2
Weighted average number of shares in issue (millions)	10	**1 282**	1 237

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

Rm	2016	2015
Profit for the year	**874**	360
Foreign currency translation differences of foreign operations	**198**	26
Foreign currency translation reserve of disposed operations recycled to profit or loss	**2**	–
Release of available-for-sale reserves	**(5)**	–
Other comprehensive income for the year (net of income tax) that will be reclassified to profit or loss	**195**	26
Remeasurement of post-employment benefit obligations	**–**	(4)
Other comprehensive loss for the year (net of income tax) that will not be reclassified to profit or loss	**–**	(4)
Total comprehensive income for the year	**1 069**	382
Total comprehensive income attributable to:		
Equity holders	**903**	272
Non-controlling interest holders	**166**	110
Total comprehensive income for the year	**1 069**	382

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

Rm	Notes	2016	2015
ASSETS			
Financial assets held under multi-manager investment contracts	13	**276 258**	262 004
Financial assets of insurance and cell-captive contracts		**253**	358
Property and equipment		**355**	331
Purchased and developed computer software		**139**	84
Goodwill		**3 995**	3 899
Intangible assets		**681**	764
Investment in associates		**8**	9
Deferred tax assets		**157**	149
Financial assets		**489**	419
Insurance receivables		**981**	820
Trade and other receivables		**933**	782
Cash and cash equivalents		**4 877**	4 350
Assets of disposal groups classified as held for sale	9	**131**	178
Total assets		**289 257**	274 147

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 31 March 2016

Rm	Notes	2016	2015
EQUITY AND LIABILITIES			
Equity holders' funds		**5 901**	5 350
Non-controlling interest		**255**	190
Total equity		**6 156**	5 540
Financial liabilities held under multi-manager investment contracts	13	**276 382**	262 172
Liabilities of insurance and cell-captive contracts		**253**	358
Borrowings		**705**	1 000
Employee benefits		**166**	177
Deferred tax liabilities		**322**	323
Provisions		**352**	317
Finance lease liability		**80**	86
Operating lease liability		**266**	207
Deferred income		**34**	25
Insurance payables		**2 878**	2 536
Trade and other payables		**1 620**	1 334
Liabilities of disposal groups classified as held for sale	9	**43**	72
Total liabilities		**283 101**	268 607
Total equity and liabilities		**289 257**	274 147
Total equity per above		**6 156**	5 540
Weighted average number of ordinary shares in issue (millions)		**1 282**	1 237
Net asset value per ordinary share (cents)		**480**	448

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

Rm	2016	2015
Cash flows from operating activities		
Cash generated from operations	**1 313**	1 043
Net interest received/(paid)	**22**	(15)
Taxation paid*	**(500)**	(524)
Dividends paid	**(352)**	–
Operating cash flows from continuing operations	**483**	504
Net cash flows received from insurance and policyholder contracts	**568**	274
Net cash flows received from/(paid to) policyholder investment contracts	**5 561**	(2 901)
Cash flows from operating activities – discontinued operations	**(9)**	3
Net cash inflow/(outflow) from operating activities	**6 603**	(2 120)
Cash flows from investing activities		
Net cash (outflows)/inflows on financial assets	**(54)**	29
Payments for capital expenditure (net of proceeds on disposal)	**(182)**	(109)
Dividends received from associate	**5**	–
Cash flows from investing activities – discontinued operations	**(2)**	(2)
Net cash outflow from investing activities	**(233)**	(82)

* Taxation paid includes tax paid on behalf of policyholders.

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 March 2016

Rm	2016	2015
Cash flows from financing activities		
Proceeds from the issue of shares	–	316
Payments for the redemption of B preference shares	–	(178)
Payments for purchase of treasury shares	–	(24)
Repayment of borrowings	**(299)**	(250)
Payments to non-controlling interests	**(101)**	(130)
Net cash outflow from financing activities	**(400)**	(266)
Net increase/(decrease) in cash and cash equivalents	**5 970**	(2 468)
Cash and cash equivalents at the beginning of the year	**9 674**	12 129
Foreign subsidiaries' translation adjustment	**104**	13
Cash and cash equivalents at the end of the year	**15 748**	9 674
Analysed as follows:		
Cash and cash equivalents of continuing operations	**4 877**	4 350
Cash held under multi-manager investment and insurance contracts	**10 820**	5 297
Cash held under cell-captive insurance contracts	**38**	–
Cash and cash equivalents of disposal groups held for sale	**13**	27
	15 748	9 674

SUMMARY GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

Rm	Share capital	Treasury shares	Other reserves	Accumu-lated loss	Total equity holders' funds	Non-controlling interest	Total equity
At 31 March 2014	5 819	(405)	102	(889)	4 627	210	4 837
Total comprehensive income	–	–	23	249	272	110	382
Profit for the year	–	–	–	253	253	107	360
Other comprehensive income	–	–	23	(4)	19	3	22
Issue of shares	373	–	–	–	373	–	373
Movement in treasury shares	–	239	–	–	239	35	274
Movement in share-based payment reserve	–	–	17	–	17	–	17
Redemption of B preference shares	–	–	(178)	–	(178)	–	(178)
Other movements in non-controlling interest*	–	–	–	–	–	(165)	(165)
At 31 March 2015	6 192	(166)	(36)	(640)	5 350	190	5 540

* 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.

SUMMARY GROUP STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 March 2016

Rm	Share capital	Treasury shares	Other reserves	Accumu-lated loss	Total equity holders' funds	Non-controlling interest	Total equity
At 31 March 2015	**6 192**	**(166)**	**(36)**	**(640)**	**5 350**	**190**	**5 540**
Total comprehensive income	**–**	**–**	**174**	**729**	**903**	**166**	**1 069**
Profit for the year	–	–	–	729	729	145	874
Other comprehensive income	–	–	174	–	174	21	195
Movement of treasury shares	–	(15)	–	–	(15)	–	(15)
Issue of shares**	–	–	–	–	–	–	–
Dividends paid	–	–	–	(352)	(352)	–	(352)
Movement in share-based payment reserve	–	–	19	–	19	–	19
Other movements in non-controlling interest*	–	–	–	(4)	(4)	(101)	(105)
At 31 March 2016	**6 192**	**(181)**	**157**	**(267)**	**5 901**	**255**	**6 156**

* 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. The movement in accumulated loss during the current year relates to the disposal of 20% of the direct shareholding in Alexander Forbes Financial Services (East Africa) Proprietary Limited.

** During the year the company issued 39 million shares to the Employee Share Option Plan for 1 cent per share.

GROUP SEGMENTAL INCOME AND PROFIT ANALYSIS

For the year ended 31 March 2016

Rm	Operating income net of direct expenses 2016	%	2015	Profit from operations before non-trading and capital items 2016	%	2015
Africa						
SA Financial Services	**1 934**	4	1 852	**399**	3	386
Investment Solutions	**759**	(6)	806	**358**	(12)	407
AF Insurance	**451**	11	407	**123**	17	105
AfriNet (Africa excluding South Africa)	**346**	19	291	**74**	23	60
Accounting for the property lease	**–**		–	**(30)**	(25)	(40)
Total Africa continuing operations (Rm)	**3 490**	4	3 356	**924**	1	918
International Financial Services (GBPm)	**90.6**	8	84.2	**13.7**	11	12.3
International Financial Services (Rm)	**1 886**	26	1 495	**286**	31	219
Total group continuing operations	**5 376**	11	4 851	**1 210**	6	1 137

During the year the group reorganised the operational key decision makers into newly formed clusters aligned with the group's strategy. The above segmental view reflects the reporting segments consistent with the prior year. The reporting segments aligned to the new clusters are presented in the directors report. From 1 April 2016 the group will provide segmental reporting on the new cluster segments only.

GROUP SEGMENTAL INCOME AND PROFIT ANALYSIS (continued)

For the year ended 31 March 2016

Rm	Depreciation and amortisation 2016	%	2015	Assets 2016	%	2015
Africa						
SA Financial Services	**16**		13	**75 768**		69 655
Investment Solutions	**9**		4	**276 357**		262 269
AF Insurance	**4**		4	**749**		618
AfriNet	**5**		3	**4 331**		3 962
Total Africa (Rm)	**34**	42	24	**357 205**	6	336 504
International Financial Services (GBPm)	**1.0**		0.9	**77.6**		75.1
International Financial Services (Rm)	**20**	25	16	**1 646**	22	1 343
Unallocated						
Corporate Services	**56**		46	**924**		1 038
Discontinued operations	**11**		1	**145**		178
Goodwill	**–**		–	**3 995**		3 899
Consolidation elimination*	**–**		–	**(74 658)**		(68 815)
Total group	**121**	39	87	**289 257**	6	274 147

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

For the year ended 31 March 2016

1. Basis of preparation

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the consolidated annual financial statements from which the summary consolidated financial statements have been derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

This summarised report is extracted from audited information, but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audit report does not necessarily report on all of the information contained in this report. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the information that has been audited, they should obtain a copy of the auditor's report together with the accompanying audited consolidated annual financial statements, both of which are available for inspection at the company's registered office.

These summary consolidated 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 and that the financial information has been correctly extracted from the underlying annual financial statements.

	2016	2015
2. Exchange rates		
The income statements and statement of financial position of foreign subsidiaries have been translated to rands as follows:		
Weighted average R:GBP rate	**20.8**	17.8
Closing R:GBP rate	**21.2**	17.9

For the year ended 31 March 2016

Rm	2016	2015
3. Fee and commission income		
Brokerage fees and commission income	**43**	26
Fee income from consulting and administration services	**4 042**	3 525
Revenue from investment management activities	**1 713**	1 670
Other income	**41**	47
Fee and commission income	**5 839**	5 268
4. Net income from insurance operations		
Insurance premiums earned	**2 123**	1 909
Less: amounts ceded to reinsurers	**(1 258)**	(1 114)
Investment income from insurance operations	**32**	11
Less: insurance claims and withdrawals	**(1 507)**	(1 326)
Plus: insurance claims and benefits covered through reinsurance contracts	**1 150**	1 018
Net income from insurance operations	**540**	498
5. Non-trading and capital items		
Non-trading:		
Professional indemnity insurance cell-captive result	**(9)**	(23)
Amortisation of intangible assets arising from business combination	**(124)**	(131)
Corporate transaction, listing and historic incentive costs	**–**	(207)
Other non-trading items	**(4)**	6
Total non-trading and capital items	**(137)**	(355)

For the year ended 31 March 2016

Rm	2016	2015
6. Investment income		
General operations		
Interest income	**77**	89
Investment and dividend income	**23**	31
Foreign exchange (losses)/gains on intergroup loans	**(3)**	3
	97	123
Multi-manager operations		
Investment income linked to policyholder tax expense	**197**	103
Total investment income	**294**	226
7. Finance costs		
Finance costs derived from financial liabilities classified and carried at amortised costs:		
Interest on borrowings	**(57)**	(102)
Other interest costs	**(14)**	(17)
Total finance costs	**(71)**	(119)

For the year ended 31 March 2016

Rm	2016	2015
8. Income tax expense		
South African income tax		
Current tax	**(248)**	(280)
Current year	**(248)**	(266)
Prior year	**–**	(14)
Deferred tax	**39**	77
Current year	**32**	71
Prior year	**7**	6
Foreign income tax		
Current tax	**(52)**	(48)
Current year	**(54)**	(45)
Prior year	**2**	(3)
Deferred tax	**(4)**	(2)
Current year	**(4)**	(1)
Prior year	**–**	(5)
Change in rate	**–**	4
Foreign withholding tax	**(6)**	(5)
Tax attributable to policyholders	**(197)**	(103)
Current tax – current year	**(176)**	(139)
Deferred tax – current year	**(21)**	36
Total tax expense	**(468)**	(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 year in respect of discontinued, where the disposal process is ongoing, have been reclassified as assets and liabilities of disposal groups held for sale.

Rm	**2016**	2015
Assets and liabilities of disposal group classified as held for sale		
Long-term assets	**3**	24
Deferred tax asset	**–**	6
Financial assets	**–**	1
Trade and other receivables	**8**	21
Other current assets	**107**	99
Cash and cash equivalents	**13**	27
Total assets	**131**	178
Deferred tax liability	**30**	29
Provisions	**6**	18
Trade and other payables	**7**	25
Total liabilities	**43**	72

For the year ended 31 March 2016

Rm	2016	2015
9. Discontinued operations (continued)		
Summary income statement from discontinued operations		
Operating income	**118**	103
Operating expenses	**(113)**	(134)
Operating profit/(loss) before non-trading and capital items	**5**	(31)
Finance costs	**–**	(1)
Non-trading and capital items	**(20)**	(105)
Share of loss from associates	**–**	(2)
Loss before tax	**(15)**	(139)
Income tax expense	**(3)**	9
Net loss for the year	**(18)**	(130)
Loss on disposals	**1**	(15)
Loss from discontinued operations	**(17)**	(145)

10. Earnings per share

10.1 Basic earnings per ordinary share

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

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 year. Headline earnings is defined in Circular 2/2015 issued by the South African Institute of Chartered Accountants.

For the year ended 31 March 2016

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.

Millions	**2016**	2015
10.4 Number of shares		
Weighted average number of shares	**1 334**	1 286
Weighted average shares held by policyholders classified as treasury shares	**(17)**	(15)
Weighted average treasury shares	**(35)**	(34)
Weighted average number of shares	**1 282**	1 237
Dilutive shares (conditional and forfeitable share plan)	**10**	14
	1 292	1 251
Actual number of shares	**1 341**	1 302
Actual treasury shares	**(61)**	(20)
Actual number of shares in issue	**1 280**	1 282

For the year ended 31 March 2016

Rm	2016	2015
10. Earnings per share (continued)		
10.5 Calculation of headline earnings and diluted headline earnings		
Profit attributable to equity holders (IAS 33 earnings)	**729**	253
Adjusting items		
Loss on sale of subsidiary	**2**	23
Impairment losses and other capital items	**13**	118
Headline earnings for the year	**744**	394
Basic earnings per share (cents)	**56.9**	20.5
Headline earnings per share (cents)	**58.1**	31.9
10.6 Dilutive earnings per share		
Diluted basic earnings per share (cents)	**56.4**	20.2
Diluted headline earnings per share (cents)	**57.6**	31.5

The group implemented certain share schemes during the listing process that may result in dilution on both earnings per share and headline earnings per share at the future date of vesting. The dilutive effect is largely conditional on performance during the year for each award. The above dilutive effect is calculated based on the performance of the company for the current year in relation to the performance criteria.

For the year ended 31 March 2016

Rm	2016	2015
11. Capital expenditure for the year	**183**	110
12. Operating lease commitments		
Due within one year	**235**	211
Thereafter	**2 230**	2 177
Total operating lease commitments	**2 465**	2 388

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

13. Financial assets and liabilities 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 being listed 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 year of R59 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 and liabilities 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	2016	2015
Total assets held under multi-manager investment contracts (per statement of financial position)	**276 258**	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	**157**	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	**(59)**	26
Total financial liabilities held for policyholders under multi-manager investment contracts	**276 382**	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 2016.

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

14.2 Liquidity risk

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

14. Financial risk management and financial instruments (continued)

14.3 Fair value hierarchy

The group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for valuation that are not based on observable market data (that is, inputs are unobservable).

The table below analyses financial instruments carried at fair value, by valuation method.

Rm	Level 1	Level 2	Level 3	Total
2016				
Financial assets measured at fair value				
Financial assets held under multi-manager investment contracts	195 150	79 515	1 593	276 258
Financial assets of insurance and cell-captive contracts	142	111	–	253
General operations	–	394	–	394
Total financial assets measured at fair value	195 292	80 020	1 593	276 905
Financial liabilities measured at fair value				
Financial liabilities held under multi-manager investment contracts	–	276 382	–	276 382
Financial liabilities of insurance and cell-captive contracts	–	253	–	253
Total financial liabilities measured at fair value	–	276 635	–	276 635

14. Financial risk management and financial instruments (continued)

14.3 Fair value hierarchy (continued)

Rm	Level 1	Level 2	Level 3	Total
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 contracts	115	67	176	358
General operations	–	125	–	125
Total financial assets measured at fair value	186 701	74 094	1 692	262 487
Financial liabilities measured at fair value				
Financial liabilities held under multi-manager investment contracts	–	262 172	–	262 172
Financial liabilities of insurance and cell-captive contracts	–	182	176	358
Total financial liabilities measured at fair value	–	262 354	176	262 530

Transfers between Levels 1 and 2

Movements in financial assets associated with multi-manager investment contracts and cell-captive insurance contracts are directed by clients. These movements are a result of investments and withdrawals made. There were no transfers between Levels 1 and 2 during the year 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 year.

14. Financial risk management and financial instruments (continued)

14.3 Fair value hierarchy (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 2016.

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

Non-executive directors
DJ Anderson, WS O'Regan

Executive directors
MS Moloko (chairman), DM Viljoen (group chief financial officer and interim group chief executive)

Company secretary
JE Salvado

Investor relations
MK Dippenaar

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

Transfer secretaries
Computershare Investor Services Proprietary Limited
Ground Floor, 70 Marshall Street, Johannesburg, 2001
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: 13 June 2016

Alexander Forbes Group Holdings Limited

(the company)

Tel: +27 (0)11 269 0000
115 West Street, Sandown
PO Box 787240, Sandton 2146, South Africa
www.alexanderforbes.co.za

Certain subsidiaries of the company are licensed financial services providers