



Features

- **Headline earnings decline by 26% to R1 015 million** (H1 2012: R1 370 million)
- **Headline earnings per share of 125,7 cents** (H1 2012: 170,4 cents)
- **Return on equity of 13,9%** (H1 2012: 20,3%)
- **Economic loss of R47 million** (H1 2012: Economic profit of R390 million)
- **Ordinary dividends per share of 25 cents** (H1 2012: 85 cents)

Highlights

- **25% growth in advances to R59 billion**
- **2,7 million customers, growth of 4%**
- **1 600 strong distribution network**
- **African Bank named Bank of the Year for 2012 by The Banker**
- **African Bank won EMEA Finance's Best Swiss Bond Award**
- **A range of new innovative products launched**
- **Strong growth in direct channels**
- **Call centre expanded to 1 300 agents**

Challenges

- **Subdued economic outlook**
- **Slowing consumer demand**
- **Tough collections environment**
- **Regulatory uncertainty**
- **Growing the customer base**
- **Balancing growth, shareholder returns and capital requirements**
- **Retail merchandise sales growth in current economic environment**

OVERVIEW

Trading environment

The first half of 2013 proved to be a challenging period. The significant increase in unsecured lending by all players in the market during 2012 introduced unacceptable risk into certain segments of our customer base. ABIL's response was to forego volume growth for risk reduction through lower offer rates, smaller loan sizes and increased pricing. These measures have substantially curbed credit offers. The demand for credit also reduced as consumers faced high levels of household debt and our offers became less competitive, which generally led to lower growth in disbursements. It also helped safeguard ABIL to a large extent against further increases in risk.

The negative impact of slowing credit extension is twofold: Book and revenue growth are affected and credit quality ratios deteriorate as the bad debts from previous high growth periods flow through. These trends were particularly evident in the current six months, where bad debts increased as a result of collections having come under pressure. The knock-on effect from the recent strike activity led to increased debt servicing burdens. The group is actively addressing these trends by bolstering the call centre capacity, implementing additional risk reduction measures, increasing provisions for credit losses and by placing increased emphasis on assisting customers through rehabilitation efforts.

Trading conditions in the furniture industry deteriorated rapidly during the period, as customers' lower disposable incomes and higher indebtedness affected both their willingness and ability to spend. Deflationary trends in durable goods continued. Measures implemented by ABIL to reduce high risk credit extension via smaller parcels of credit adversely impacted the sale of merchandise. Efforts to further reduce costs and maintain firm margins could not fully counter the decline in merchandise sales. The business is currently carrying duplicate costs from the recent rollout of the centralised distribution network which further affected results.

Financial performance

Commenting on results ABIL said, "The drop in earnings was impacted by a combination of a sharper than expected decline in the macro-economic landscape and some once off business related factors. We made the prudent decision in March to write off an additional amount of NPLs to improve the quality of our loan book in light of the economic outlook. The *in duplum* (once off adjustment in respect of capping of arrears interest and fees), increased bad debt charge and retrospective insurance claims, were also one off charges, all of which should normalise from now on, albeit at slightly higher levels."

Headline earnings and headline earnings per share declined by 26% to R1 015 million (H1 2012: R1 370 million) and 125,7 cents (H1 2012: 170,4 cents), respectively. The group generated a return on total equity of 13,9% for the six months to 31 March 2013 (H1 2012: 20,3%) and a return on average tangible equity of 23,9% (H1 2012: 37,5%). ABIL generated an economic loss, after charging for its cost of equity, of R47 million (H1 2012: economic profit of R390 million). An interim ordinary dividend per share of 25 cents (H1 2012: 85 cents) was declared.

Headline earnings benefited from the replacement of secondary tax on companies (STC) by a dividend withholding tax by an amount of R79 million. Excluding this benefit, headline earnings would have been 30% lower than the comparable period in 2012.

Headline earnings in the Banking unit declined by 20% to R1 001 million (H1 2012: R1 259 million) and economic profit by 72% to R129 million. The unit produced a return on equity of 16,6% (H1 2012: 22,9%) and a return on average tangible equity of 24,9%. The Banking unit continued to show positive advances growth and maintained good control over operating and funding costs. These improvements were, however, negated by:

- A lower yield, partially as a result of higher suspension of income on increased non-performing loans and more so due to a one-off charge as a result of the final implementation of *in duplum* for the credit card portfolio. The once-off charge impacted the yield by approximately 50 basis points. Excluding the once-off *in duplum* adjustment, the yield was marginally lower than the second half of 2012. The group has also increased pricing over the past year to ameliorate the increased risk and the current incoming gross yield prior to suspension is higher than in the comparative period.
- An elevated charge for bad and doubtful advances resulting from higher NPL formation in the first few months of the year, exacerbated by ABIL's decision to write off an additional R445 million of non-performing loans in March. This increased write-off coupled with the group's communicated intent to reduce the value of the previously written off book had the effect of reducing coverage, and accordingly NPL coverage was increased to recent norms post the write-off. These actions were taken to improve the quality of the loan book over the long term but in the short term, it affected the income statement particularly negatively.
- Insurance claims and related provisions increased as a result of the group broadening the range of insured events. The charge is retrospective in nature, as ABIL has previously applied a narrower definition of loss of income through retrenchment.

Headline earnings in the Retail unit decreased to R18 million (H1 2012: R191 million), due to the 11% decline in sales and the high fixed cost nature of the furniture retail business. Good cost management and slightly finer margins could not sufficiently counteract the merchandise sales decline. EHL is also currently carrying duplicate costs from the recent rollout of the centralised distribution network which contributed to the negative result and which is expected to disappear towards the end of 2014 as leases expire and old warehouses are shut down. The Retail unit generated a return on sales of 0,8%, a return on equity of 1,3% and a return on average tangible equity of 5,0%. It generated an economic loss of R189 million. EBITDA was R138 million for the period, relative to R350 million for the corresponding period.

Probe by the National Credit Regulator

The National Credit Regulator (NCR) announced in October 2012 that it was investigating a number of lenders including African Bank for possible reckless lending. The investigation into African Bank focused on fraudulent activity at one of its branches. The NCR advised African Bank in February 2013 that it has referred the matter to the National Consumer Tribunal (NCT) and has proposed that the NCT impose a fine of R300 million on the Bank.

African Bank has handed the matter to its attorneys, contests the allegations and believes, based on legal counsel, that the fine is unwarranted given the specific facts and circumstances. Both parties have submitted their documents to the NCT for review and it is expected that the NCT will review the matter within the next few months. Accordingly, no provision has been made in these results for any potential fine.

DIRECTORATE

Leeanne Goliath was appointed company secretary to African Bank Investments Limited on 18 October 2012.

There have been no changes to the ABIL board over the reporting period.

LOOKING AHEAD

The lower sales and collections for the first half of the 2013 financial year has put pressure on ABIL's full year results. The group has therefore implemented further revenue enhancing initiatives, whilst reducing risk and has renewed the impetus to tightly manage collections, operating costs and capital expenditure. Trading conditions are expected to remain difficult for the remainder of the year and possibly deteriorate slightly in the retail environment. The risk reduction measures of lower offer rates, smaller loan sizes and increased pricing will continue to impact on sales but will strengthen the quality of the loan book and sustain profitable growth beyond 2013.

ABIL's advances growth will continue to exceed sales growth as older short term loans pay off and are replaced by longer term loans. New products and changes in the group's customer offering also bode well for business over the medium term.

The bad debt charge is expected to remain elevated for the rest of the year, but the risk reduction measures implemented should benefit the charge from 2014. At the same time, the large write-offs have improved the quality of the remaining NPL portfolio.

The higher incoming yield, the fact that the effect of income suspension on the NPL portfolio will reduce and that the retrospective credit card *in duplum* charge will not repeat, should support the yield going forward.

Operating and funding cost growth remains well contained and approximately R100 million of duplicate costs is expected to come out of the Retail unit during 2014.

The slowdown in furniture sales growth is expected to endure due to continued pressure on the consumer as a result of rising inflation, lower consumer confidence, increasing debt burdens and continuing tightening of credit. The challenge lies in assessing how long the retail unit will last and implementing appropriate strategies given this assessment. The slowdown will continue to focus on margin management, further cost reduction initiatives to provide maximum operational leverage and exploring opportunities for profitable growth, while also paying close attention to stock levels, collections, the credit proposition, marketing and effective operational execution.

On ELH results the group said, "We witnessed a further decline in customers in our furniture outlets, which resulted in us lowering our expectations on customers' ability to spend even further towards the end of this reporting period. Current duplicate costs further exacerbated the retailers' drop in earnings. We have reduced our credit offering and do not foresee an improvement in our customers' disposable incomes and ability to spend, in the near future. While we are doing everything operationally to reduce the impact of lower sales, we anticipate a challenging year ahead for this business."

ABIL remains profitable and well-funded, with a solid capital position. The existing loan book continues to generate strong cash flows and our conservative funding approach continues to enable the Bank to withstand volatile economic cycles.

While the outlook for the short term is for continuing challenging conditions, we have spent the past few years building a group that is financially and operationally robust and resilient and can withstand downturns in the economy and in credit markets. ABIL remains confident of its ability to entrench its position as the market leader in a larger, more competitive and fast changing unsecured credit market, despite the challenging outlook.

The information in this announcement has not been reviewed nor audited and reported on by ABIL's external auditors.

On behalf of the board

Mutle Mogase

Chairman

Leon Kirkinis

Chief executive officer

20 May 2013

DIVIDEND DECLARATION

Ordinary dividend declaration and capitalisation share alternative

Ordinary shareholders are advised that the board of directors has declared an interim gross cash dividend of 25 cents per ordinary share (21,25000 cents net of dividend withholding tax) for the six months to 31 March 2013 (the cash dividend). No secondary tax on companies (STC) credits were applied to this dividend declaration. The dividend has been declared as a cash distribution but with an opportunity for ordinary shareholders to elect capitalisation shares to provide flexibility for shareholders wishing to increase their holding in the company given recent changes to dividend tax in South Africa.

Ordinary shareholders will be entitled to elect to receive ordinary shares of 2,5 cents each in the company as capitalisation shares in lieu of the cash dividend (the capitalisation issue), to be determined by the ratio that 25 cents bears to the volume weighted average price of the company's ordinary shares on the exchange operated by the JSE Limited (JSE) during the nine-day trading period ending 30 May 2013.

The cash dividend will be paid out of the company's distributable profits while the issue price of the capitalisation shares (which will equal the volume weighted average price of ABIL's ordinary shares traded on the JSE for the 9 day period ending on Thursday, 30 May 2013) will be settled by the company utilising a portion of the company's share premium reserves of R9 324 million but the share premium will only be utilised to the extent of the par value of the capitalisation shares (being 2,5 cents each) and the balance of the issue price shall be paid for through the capitalisation of distributable profits. The capitalisation shares will, upon their issue, rank *pari passu* in all respects with the other ordinary shares then in issue.

Details of the ratio will be released on the Securities Exchange News Services (SENS) of the JSE by no later than 11:00 on Friday, 31 May 2013 and published in the South African press the following business day. Trading in the Strate Limited environment does not permit fractions and fractional entitlements. Accordingly, where an ordinary shareholder's entitlement to new ordinary shares calculated in accordance with the above formulae gives rise to a fraction of a new ordinary share, such fraction of a new ordinary share will be rounded up to the nearest whole number where the fraction is greater than or equal to 0,5 and rounded down to the nearest whole number where the fraction is less than 0,5.

A circular relating to the cash dividend and the alternative capitalisation issue will be posted to ordinary shareholders on or about Friday, 24 May 2013.

Timetable for ordinary shares

Share code	ABL
ISIN	ZAE000030060
Company registration number	1946/021193/06
Company tax reference number	9850164717
Dividend number	25
Gross cash dividend per share	25 cents
Net dividend amount represented as cents per share	21,25000 cents
Issued shares as at declaration date	810 232 118
Declaration date	Monday, 20 May 2013
Circular and form of election posted to shareholders on	Friday, 24 May 2013
Finalisation announcement released on SENS	Friday, 31 May 2013
Finalisation announcement published in the press	Monday 3 June 2013
Last date to trade to be eligible for the cash dividend/capitalisation shares	Friday, 7 June 2013
Shares commence trading ex-cash dividend/capitalisation shares	Monday, 10 June 2013
Listing of maximum possible number of ordinary shares from	Monday, 10 June 2013
Last date to elect to receive the capitalisation issue instead of the cash dividend. Forms of election to reach the transfer secretaries by 12:00 on	Friday, 14 June 2013
Record date in respect of cash dividend/capitalisation shares	Friday, 14 June 2013
Dividend payment date	Tuesday, 18 June 2013
Results of capitalisation issue released on SENS	Tuesday, 18 June 2013
Share listing adjusted	Wednesday, 19 June 2013
Share certificates may not be dematerialised or rematerialised between Monday, 10 June 2013 and Friday, 14 June 2013, both dates inclusive.	

Tax implications

The cash dividend and the capitalisation issues are likely to have tax implications for both resident and non-resident shareholders. Shareholders are therefore encouraged to consult their professional tax advisers should they be in any doubt as to the appropriate action to take.

In terms of the Income Tax Act, the cash dividend will, unless exempt, be subject to dividend withholding tax (DWT) that was introduced with effect from 1 April 2012. South African resident shareholders that are liable for DWT, will be subject to DWT at a rate of 15% of the cash dividend and this amount will be withheld from the cash dividend. Non-resident shareholders may be subject to DWT at a rate of less than 15% depending on their country of residence and the applicability of any double tax agreement (DTA) between South Africa and their country of residence.

The capitalisation issue is not subject to DWT in terms of the Income Tax Act, but the subsequent disposal of shares obtained as a result of the capitalisation issue is likely to have income tax or capital gains tax (CGT) implications. Where any future disposals of shares obtained as a result of the capitalisation issue fall within the CGT regime, the base cost of such shares will be deemed to be zero in terms of the Income Tax Act (or the value at which such shares will be included in the determination of the weighted average base cost method will be zero).

Preference dividend declaration

Preference shareholders are advised that the board of directors has declared an interim gross cash dividend of 322 cents per ordinary share (273,70000 cents net of DWT). The dividends have been declared from income reserves.

A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt from the tax, or liable to lower tax rates due to any DTA.

Timetable for preference shares

Share code	ABLP
ISIN	ZAE000065215
Company registration number	1946/021193/06
Company tax reference number	9850164717
Dividend number	17
Gross cash dividend per share	322 cents
Net dividend amount represented as cents per share	273,70000 cents
Issued shares as at declaration date	13 523 029
Declaration date	Monday, 20 May 2013
Last date to trade cum-dividend	Friday, 7 June 2013
Shares commence trading ex-dividend	Monday, 10 June 2013
Record date	Friday, 14 June 2013
Dividend payment date	Tuesday, 18 June 2013

Share certificates may not be dematerialised or rematerialised between Monday, 10 June 2013 and Friday, 14 June 2013, both dates inclusive.

OTHER DISCLOSURES

Basis of preparation

The preparation of these group condensed interim financial statements was supervised by the chief financial officer, Nithia Nalliah CA(SA).

These condensed group interim financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board, Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, IAS 34 – Interim Financial Reporting, the AC 500 Standards as issued by the Accounting Practices Board, the requirements of the Companies Act 71 of 2008 as well as the Listings Requirements of the JSE Limited.

The group has adopted the following standards and interpretations during the financial year, which did not have a material impact on the reported results:

- IAS 1 – Presentation of Items of Other Comprehensive Income; and
- IAS 12 – Measurement of Deferred Tax Asset.

The accounting policies and their application are consistent with those used for the group's 2012 annual financial statements.

Contingent liability

The group has a contingent liability in respect of the proposed fine by the National Credit Regulator. There is no provision as it is not practical to estimate the outcome of the matter.

CORPORATE INFORMATION

Board of directors

Non-executive: MC Mogase (Chairman), N Adams, Advocate MF Gumbi, JDMG Koolen*, NB Langa-Royds, S Sithole*, RJ Symmonds
Executive: L Kirkinis (CEO), A Fourie, N Nalliah, TM Sokutu

* Zimbabwean * Dutch

Company secretary: L Goliath

African Bank Investments Limited

(Incorporated in the Republic of South Africa)
(Registered bank controlling company)
(Registration number 1946/021193/06)
(Ordinary share code: ABL) (ISIN: ZAE000030060)
(Preference share code: ABPL) (ISIN: ZAE000065215)

Registered office

59 16th Road
Midrand, South Africa, 1685
Private Bag X170, Midrand,
South Africa, 1685

Investor relations and shareholder details

Lydia du Plessis Chiquita Schram
Telephone: +27 11 564 6991 +27 11 256 9523
Email: investor.relations@afribanbank.co.za

Sponsor

Rand Merchant Bank
(a division of FirstRand Bank Limited)
1 Merchant Place,
cnr Fredman Drive & Rivonia Road,
Sandton, 2196

Share transfer secretaries

Link Market Services South Africa (Pty) Limited
13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein
PO Box 4844, Johannesburg, 2000
Telephone +27 11 713 0800
Telefax: +27 86 674 4381

CONDENSED SEGMENTAL INCOME STATEMENT
for the six months ended 31 March 2013

R million	% change	31 March 2013 (Unaudited)				31 March 2012 (Unaudited)				30 September 2012 (Audited)			
		ABIL Group	Banking unit	Retail unit	Consolidation adjustments	ABIL Group	Banking unit	Retail unit	Consolidation adjustments	ABIL Group	Banking unit	Retail unit	Consolidation adjustments
Gross margin on retail business	(11)	1 042	–	1 042	–	1 172	–	1 172	–	2 134	–	2 134	–
Interest income on advances	25	5 680	5 630	50	–	4 557	4 509	48	–	9 919	9 823	96	–
Assurance income	26	2 491	2 274	217	–	1 976	1 749	227	–	3 828	3 401	427	–
Non-interest income	1	1 632	1 475	235	(78)	1 616	1 465	259	(108)	3 291	3 018	479	(206)
Income from operations	16	10 845	9 379	1 544	(78)	9 321	7 723	1 706	(108)	19 172	16 242	3 136	(206)
Credit impairment charge	45	(3 463)	(3 441)	(22)	–	(2 385)	(2 375)	(10)	–	(5 197)	(5 170)	(27)	–
Claims paid	> 100	(801)	(801)	–	–	(395)	(394)	(1)	–	(912)	(918)	6	–
Risk-adjusted income from operations	1	6 581	5 137	1 522	(78)	6 541	4 954	1 695	(108)	13 063	10 154	3 115	(206)
Product insurance claims	(24)	(32)	–	(32)	–	(42)	–	(42)	–	(60)	–	(60)	–
Other interest and investment income	23	177	180	36	(39)	144	141	37	(34)	219	324	74	(179)
Interest expense	25	(2 199)	(2 181)	(52)	34	(1 762)	(1 753)	(43)	34	(3 680)	(3 771)	(84)	176
Operating costs	7	(2 982)	(1 606)	(1 457)	81	(2 795)	(1 516)	(1 387)	108	(5 467)	(2 957)	(2 716)	206
Indirect taxation: VAT	60	(69)	(66)	–	(3)	(43)	(43)	–	–	(72)	(72)	–	–
Profit from operations	(28)	1 476	1 464	17	(5)	2 043	1 783	260	–	4 003	3 678	329	(4)
Capital items	(100)	–	–	–	–	(6)	–	(6)	–	(6)	–	(6)	–
Profit before taxation	(28)	1 476	1 464	17	(5)	2 037	1 783	254	–	3 997	3 678	323	(4)
Direct taxation: STC	(100)	–	–	–	–	(79)	1	–	(80)	(82)	(2)	–	(80)
Direct taxation: Normal	(26)	(419)	(421)	1	1	(569)	(502)	(67)	–	(1 112)	(1 038)	(75)	1
Profit for the period	(24)	1 057	1 043	18	(4)	1 389	1 282	187	(80)	2 803	2 638	248	(83)
Reconciliation of headline earnings													
Profit for the period (basic earnings)	(24)	1 057	1 043	18	(4)	1 389	1 282	187	(80)	2 803	2 638	248	(83)
Preference shareholders	91	(44)	(44)	–	–	(23)	(23)	–	–	(61)	(61)	–	–
Basic earnings attributable to ordinary shareholders	(26)	1 013	999	18	(4)	1 366	1 259	187	(80)	2 742	2 577	248	(83)
Adjustment for non-headline items:	(50)	2	2	–	–	4	–	4	–	12	3	9	–
Gross		2	2	–	–	6	–	6	–	17	4	13	–
Tax thereon		–	–	–	–	(2)	–	(2)	–	(5)	(1)	(4)	–
Headline earnings	(26)	1 015	1 001	18	(4)	1 370	1 259	191	(80)	2 754	2 580	257	(83)

Intersegment revenues included in income from operations are for the Retail unit only and amounted to R78 million (H1 2012: R108 million).

CONDENSED SEGMENTAL STATEMENT OF FINANCIAL POSITION
as at 31 March 2013

R million	% change	31 March 2013 (Unaudited)				31 March 2012 (Unaudited)				30 September 2012 (Audited)			
		ABIL Group	Banking unit	Retail unit	Consolidation adjustments	ABIL Group	Banking unit	Retail unit	Consolidation adjustments	ABIL Group	Banking unit	Retail unit	Consolidation adjustments
Assets													
Short term deposits and cash	(1)	4 672	5 011	92	(431)	4 733	4 886	78	(231)	3 070	3 394	92	(416)
Statutory assets – bank and insurance	43	5 133	4 292	642	199	3 586	3 045	541	–	4 322	3 533	605	184
Inventories	3	872	–	872	–	847	–	847	–	871	–	871	–
Other assets	> 100	2 369	2 216	211	(58)	1 006	685	391	(70)	1 310	971	411	(72)
Other assets – intragroup	–	–	770	199	(969)	–	324	156	(480)	–	464	184	(648)
Taxation	27	33	–	33	–	26	–	26	–	27	–	27	–
Net advances	24	50 842	50 973	396	(527)	41 014	41 085	348	(419)	46 013	46 130	363	(480)
Deferred tax asset	37	732	192	537	3	534	175	358	1	762	323	437	2
Property and equipment	34	1 286	605	692	(11)	962	575	390	(3)	1 152	627	531	(6)
Intangible assets	(10)	647	–	647	–	718	–	718	–	683	–	683	–
Goodwill	–	5 472	4 000	755	717	5 472	4 000	755	717	5 472	4 000	755	717
Total assets	22	72 058	68 059	5 076	(1 077)	58 898	54 775	4 608	(485)	63 682	59 442	4 959	(719)
Liabilities and equity													
Short term funding	27	5 577	5 109	468	–	4 393	3 955	438	–	4 587	4 111	476	–
Short term funding – intragroup	–	–	199	691	(890)	–	156	319	(475)	–	184	459	(643)
Other liabilities	14	2 100	1 194	1 405	(499)	1 841	724	1 541	(424)	2 201	1 003	1 689	(491)
Other liabilities – intragroup	–	–	58	107	(165)	–	70	–	(70)	–	66	–	(66)
Taxation	(75)	26	22	4	–	105	64	41	–	94	79	15	–
Deferred tax liability	(6)	206	–	206	–	219	–	219	–	216	–	216	–
Bonds and other long term funding	28	43 742	43 654	88	–	34 200	34 173	27	–	37 320	37 300	20	–
Subordinated bonds	40	4 355	4 355	–	–	3 105	3 105	–	–	3 831	3 831	–	–
Total liabilities	28	56 006	54 591	2 969	(1 554)	43 863	42 247	2 585	(969)	48 249	46 574	2 875	(1 200)
Ordinary shareholders' equity	7	14 922	12 338	2 107	477	13 905	11 398	2 023	484	14 303	11 738	2 084	481
Preference shareholders' equity	–	1 130	1 130	–	–	1 130	1 130	–	–	1 130	1 130	–	–
Total equity (capital and reserves)	7	16 052	13 468	2 107	477	15 035	12 528	2 023	484	15 433	12 868	2 084	481
Total liabilities and equity	22	72 058	68 059	5 076	(1 077)	58 898	54 775	4 608	(485)	63 682	59 442	4 959	(719)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 31 March 2013

R million	% change	Unaudited	Unaudited	Audited
		6 months to 31 Mar 2013	6 months to 31 Mar 2012	12 months to 30 Sep 2012
Profit for the period	(24)	1 057	1 389	2 803
Other comprehensive income comprising of items that are or may subsequently be reclassified to profit or loss				
Exchange differences on translating foreign operations	> (100)	5	(4)	(4)
Movement in cash flow hedge reserve	> (100)	324	44	(200)
IFRS 2 reserve transactions (employee incentives)	> (100)	(31)	46	(7)
Other comprehensive income for the period, net of tax	> (100)	298	86	(211)
Total comprehensive income for the period	(8)	1 355	1 475	2 592

CONDENSED STATEMENT OF CASH FLOWS
for the six months ended 31 March 2013

R million	% change	Unaudited	Unaudited	Audited
		6 months to 31 Mar 2013	6 months to 31 Mar 2012	12 months to 30 Sep 2012
Cash generated from operations		5 703	4 860	9 558
Cash received from lending, insurance activities, sale of merchandise and cash reserves		12 253	10 825	21 917
Recoveries on advances previously written off		110	98	300
Cash paid to funders, staff, suppliers and insurance beneficiaries		(6 660)	(6 063)	(12 659)
Increase in gross advances		(8 352)	(8 352)	(16 274)
Increase in working capital		(1 421)	(321)	(344)
(Increase)/decrease in inventories		(1)	38	14
Increase in other assets		(1 211)	(115)	(438)
(Decrease)/increase in other liabilities		(209)	(244)	80
Indirect and direct taxation paid		(589)	(808)	(1 486)
Cash inflow from equity accounted incentive transactions		–	11	14
Cash outflow from operating activities		(4 659)	(4 610)	(8 532)
Cash outflow from investing activities		(687)	(618)	(1 304)
Acquisition of property and equipment (to maintain operations)		(185)	(227)	(568)
Disposal of property and equipment		57	13	31
Other investing activities		(559)	(404)	(767)
Cash inflow from financing activities		7 200	7 169	10 487
Cash inflow from funding activities		7 936	7 585	11 625
Issue of preference shares		–	411	411
Preference shareholders' payments and transactions		(44)	(23)	(61)
Ordinary shareholders' payments and transactions		(692)	(804)	(1 488)
Increase in cash and cash equivalents		1 854	1 941	651
Cash and cash equivalents at the beginning of the period		4 260	3 609	3 609
Cash and cash equivalents at the end of the period		6 114	5 550	4 260
Made up as follows:				
Short term deposits and cash		4 672	4 733	3 070
Statutory cash reserves – insurance		1 442	817	1 190
		6 114	5 550	4 260

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY
for the six months ended 31 March 2013

R million	Ordinary shares				Preference share capital and premium	Total	
	Share capital and premium	Distributable reserves	Share-based payment reserve	Other			
Balance at 30 September 2011 (audited)	9 151	4 263	81	(249)	13 246	719	13 965
Dividends paid	–	(804)	–	–	(804)	(23)	(827)
Issue of preference shares	–	–	–	–	–	411	411
Profit on group employees acquiring ABIL Share Trust shares less dividends received	–	3	–	–	3	–	3
Shares purchased into the ABIL Employee Share Trust less shares issued to employees (cost)	–	–	–	8	8	–	8
Transfer to insurance contingency reserve	–	(4)	–	4	–	–	–
Total comprehensive income for the period	–	1 366	46	40	1 452	23	1 475
Balance at 31 March 2012 (unaudited)	9 151	4 824	127	(197)	13 905	1 130	15 035
Dividends paid	–	(684)	–	–	(684)	(38)	(722)
Shares purchased into the ABIL Employee Share Trust less shares issued to employees (cost)	–	–	–	3	3	–	3
Transfer from share-based payment reserve	–	77	(77)	–	–	–	–
Total comprehensive income for the period	–	1 376	(53)	(244)	1 079	38	1 117
Balance at 30 September 2012 (audited)	9 151	5 593	(3)	(438)	14 303	1 130	15 433
Dividends paid	–	(692)	–	–	(692)	(44)	(736)
Shares issued in terms of the scrip distribution announced on 30 November 2012	193	(193)	–	–	–	–	–
Total comprehensive income for the period	–	1 013	(31)	329	1 311	44	1 355
Balance at 31 March 2013 (unaudited)	9 344 </						