African Bank
INVESTMENTS LIMITED

UNAUDITED INTERIM RESULTS AND PREFERENCE CASH DIVIDEND DECLARATION

for the six months ended 31 March 2014

Financial features for the six months ended 31 March 2014

Headline loss of R3,1 billion
(1H13: restated earnings of R604 million)

HEPS loss of 240,7 cents
(1H13: restated earnings 62,3 cents)

Basic loss of R4,4 billion
(1H13: earnings R602 million)

Basic loss per share of 337,6 cents
(1H13: earnings 62,1 cents)

Banking unit gross advances grew by 5% to R61,6 billion
(1H13: R58,8 billion)

Income from operations increased by 1% to R10,9 billion
(1H13: R10,8 billion)

Ordinary dividends per share of 0 cents
(1H13: 25 cents)

Net asset value (NAV) per share attributable to ordinary shareholders decreased by 62% to 635 cents
(1H13: restated 1 653 cents)

Tangible net asset value (NAV) per share attributable to ordinary shareholders decreased by 28% to 623 cents
(1H13: restated 870 cents)

Return on equity of negative 54,6%
(1H13: restated positive 9,1%)

Overview

Economic and business overview

Unsecured lending is an integral part of the South African economy as the majority of South Africa's population still has no access to secured credit, and rely on access to unsecured lending in order to meet their financial needs. In numbers, unsecured personal loans at R170 billion represented 11% of total retail lending of R1,52 trillion as at 31 December 2013 (as per NCR statistics). As at 31 December 2010, unsecured personal loans were R74 billion against a total of R1,19 trillion or 6% of total retail lending. Therefore, during this three-year period unsecured lending has grown at a CAGR of 32,3%, while total retail lending has grown at just 8,5%.

The success of an unsecured lending business is based on the future ability of customers to timeously meet their contractual repayment on loans granted and their credit card debt. Notwithstanding stricter underwriting standards and periodic pull-backs in risk, tough economic cycles negatively impact this ability.

The South African economy continues to experience difficult conditions, with downward revisions in GDP, increasing inflation trends signalling probable interest rate increases, all of which have had and will continue to have a negative impact on consumer confidence and their ability to meet their financial commitments. This is particularly true of the consumers in the medium to lower living standards measures (LSM 2 – 8). While the granting of credit has always been and continues to be a cyclical business, we do expect that the South African economy will continue to face substantial headwinds during the next two to three years.

Financial performance

The group reported a headline loss of R3,1 billion for the six months ended 31 March 2014 relative to the R604 million restated headline earnings for the equivalent six months to 31 March 2013 and a headline loss per share of 240,7 cents relative to the comparable restated headline earnings of 62,3 cents per share. The basic loss reported was R4,4 billion relative to the R602 million restated basic earnings for the comparative period. The basic loss per share was 337,6 cents per share compared to the restated basic earnings of 62,1 cents per share for the comparative period. The group reported an economic loss of R4,0 billion for the period relative to an economic loss of R355 million restated for the equivalent six months to 31 March 2013 after a charge for the cost of equity. No interim ordinary dividend was declared (1H13: 25 cents).

The Banking unit reporting a headline loss of R1,9 billion and an economic loss of R2,7 billion relative to the R604 million restated headline earnings and economic loss of R170 million for the equivalent six months to 31 March 2013.

The Banking unit was negatively impacted by lower disbursements and advances growth, a slight decrease in yield as a result of increased NPLs, as well as deteriorating asset quality with commensurate significantly higher credit impairment charges. This was as a result of continuing risk emergence from business written prior to the risk pull-back in July 2013. Specific factors driving the increased risk charge were:

- An increase in specific provisions of approximately R600 million driven by the following factors:
  - NPL emergence on business written pre July 2013 being at higher than anticipated levels. The total NPL formation in this reporting period was approximately R6 billion, which was R600 million more than anticipated; and
  - An increase in specific provision coverage on NPLs of over 1% from 30 September 2013 to 31 March 2014. This is due to seasonal factors that impacted collections and a continued challenging collections environment;
- A decision to significantly increase the general provision for credit impairment relating to the performing loans (PLs) by approximately R2,5 billion.

The Retail unit reported a headline loss of R1,2 billion relative to the headline earnings of R4 million restated for the equivalent six months to 31 March 2013. This result was driven by a significant decline in sales due to a difficult economic environment and exacerbated by a severe cutback in credit granted, as reflected by the decrease in credit sales of 28% to R1,1 billion for the six-month period from R1,5 billion for the equivalent six-month period to 31 March 2013. The results were further impacted by a once-off R100 million provision for discontinued, phased-out and damaged inventories and the decision to impair the deferred tax asset.

The group has contained cost growth to single digits, through a dedicated programme of stringent cost control.

Emerging trends in better-quality business written since 2013

The group reduced the granting of new loans to riskier customer segments during 2013 by means of significantly curtailed credit risk appetite further from July 2013. This resulted in a reduction and re-pricing of new business within the riskier segments of its customer base. This has had an expected negative impact on the volume of new business written, with the relative positive impact of the new business still being masked by the risk emergence of business written pre July 2013.

The group believes that the steps taken to restore the yield/risk relationship will result in improved profitability of the business over the medium to longer term, in the expected tough economic climate, barring a further deterioration in the environment. The continuing lower emerging risk trends are more fully discussed in the credit quality section of this report.

Capital and funding

The successful conclusion of the rights issue during December 2013 strengthened the balance sheet from a capital and liquidity perspective, adding 10% to group capital adequacy on a *pro forma* basis and providing R5,2 billion of new liquidity to the group. The increased provisioning, while strengthening the balance sheet through dramatically reducing uncovered NPLs, has had a negative impact on capital, and the group Tier 1 capital adequacy as at 31 March was 17,7%, while total capital adequacy was 25,2%.

The group has previously set target minimum regulatory capital ratios of 20% at Tier 1 and 30% at total level. Given the increase in provisioning, the current levels are below these levels. The group intends to increase its capital levels back to these target levels in the medium term, and has set an interim target of 18% at Tier 1 and 27% at total level as at 31 December 2014. As at 31 March 2014 ABIL's Tier 1 ratio was 17,7% while the total ratio was 25,2%. African Bank's corresponding ratios were 19,0% and 26,4%. The group is reviewing both strategic and operational initiatives to reach the targeted levels.

The decrease in sales post the risk pull-back from July 2013 significantly added to the cash flow-generating ability of the business, as collections have since significantly exceeded payaways on new business on a monthly basis. Since January 2013 collections have exceeded payaways by R8,9 billion, providing a net positive cash flow thereby lessening pressure on funding operational expenditure, rollovers of existing funding and new funding. African Bank also issued its fourth Swiss franc (CHF) bond of CHF175 million in February 2014, at a lower cost and a longer maturity than the previous bond of CHF125 million issued during October 2013.

African Bank already meets the short term liquidity coverage ratio (LCR) requirement, applicable from 2015, and 12-month net stable funding (NSFR) requirement, applicable from 2018. ABIL also remains in a strong forward liquidity position, maintaining a positive ALM profile during the next 12 months and beyond, while the percentage of the liabilities maturing within 12 months at 42% of total liabilities continues to be in line with the numbers reported as at the 2011 to 2013 financial year ends, where the percentages ranged from 43% to 44%.

The group continues to maintain a conservative liquidity risk appetite, with a positive ALM profile. Interest rate risk is hedged within strict risk parameters. Foreign currency risk on European Medium Term Note (EMTN) liabilities is fully hedged in respect of all cash flows covering principal and interest.

Funding costs during the period were marginally higher at 8,7% of liabilities from 8,6% for the full year 2013. This was off the back of increased repo rates, offset by lower rates on new funding raised subsequent to the rights issue. Further expected repo rate hikes will increase pressure on funding costs, although at a slower rate due to funding costs currently being fixed through hedging. The upside to any interest rate increases is that the entire credit card business of approximately R9 billion and all new loan and credit card business written will reprice based on the higher rates, per the interest rate pricing formula as appropriate.

Dividends and dividend cover

ABIL has not declared an ordinary interim dividend. Further guidance on dividend cover will be given as part of the full year results announcement in November 2014.

The group has declared an interim gross cash preference share dividend of 349 cents per share (296,65 cents net of dividend withholding tax) (1H13: 322 cents).

Directorate and ABIL executive committee changes

Antonio (Toni) Fourie and Thamsanqa (Tami) Sokutu resigned from the group and, accordingly, the boards of ABIL and African Bank and Ellerine Holdings with effect from 6 February 2014. The board expresses its gratitude to Toni and Tami for their contribution to the group since their appointment in 2003, and in particular for their respective roles as CEO of Ellerine Holdings Limited, and ABIL's chief risk officer.

Mano Moodley and Alan Schlesinger have been appointed as CEO and non-executive chairman, respectively, of Ellerine Holdings Limited with effect from 1 March 2014. ABIL has also appointed a chief risk officer (CRO) with effect from 1 June 2014, subject to SARB approval. Pieter Marais, who was appointed in an acting capacity, will be taking early retirement at the end of June 2014. The board and executive management would like to thank Pieter for his significant contribution to the group over the years.

Outlook

The South African economy and operating environment continue to prove challenging with little respite expected in the short term. ABIL's response to addressing challenges, particularly in the Banking unit, is beginning to produce the desired results. However, the group is only at the beginning of a turnaround that will take time to return to acceptable shareholder returns.

New business volumes are in line with levels of 2011, and are not expected to grow significantly over the next 12 to 24 months. The reduction in maximum term from 84 months to 60 months with effect from May 2014, and the potential impact of price caps, will have a negative impact on loan size and overall sales, while increases in affordability on the back of anticipated normal inflationary wage adjustments do open up some affordability.

Dividend declaration

Ordinary dividend

Ordinary shareholders are advised that the board of directors has not declared dividends for the six months to 31 March 2014.

Preference dividend

Preference shareholders are advised that the board of directors has declared an interim gross cash dividend of 349 cents per ordinary share (296,65000 cents net of dividend withholding tax). 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.

Timetable for preference shares

Share code	ABLP
ISIN	ZAE000065215
Company registration number	1946/021193/06
Company tax reference number	9850164717
Dividend number	19
Gross cash dividend per share	349 cents
Net dividend amount represented as cents per share	296,65000 cents
Issued share capital as at declaration date	13 523 029
Declaration date	Monday, 19 May 2014
Last date to trade cum-dividend	Friday, 6 June 2014
Shares commence trading ex-dividend	Monday, 9 June 2014
Record date	Friday, 13 June 2014
Dividend payment date	Tuesday, 17 June 2014

Share certificates may not be dematerialised or rematerialised between Monday, 9 June 2014 and Friday, 13 June 2014, both dates inclusive.

Basis of preparation

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

This group condensed interim financial information has 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 SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa (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 except for additional disclosure:

- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine
- IFRS 1 – First-time Adoption of International Financial Reporting Standards
- IFRS 7 – Financial Instruments: Disclosures
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 19 – Employee Benefits
- IAS 27 – Consolidated and Separate Financial Statements
- IAS 28 – Investments in Associates and Joint Ventures
- IAS 34 – Interim Financial Reporting

The accounting policies and their application are consistent with those used for the group's 2013 annual financial statements.

Restatements and reclassifications

Presentation of the group statement of cash flows

Following an internal review, the ABIL statement of cash flows has been improved to strictly show the cash flows on the direct method. The revised disclosure resulted in changes in cash flows from operating, investing and financing activities.

Reporting of the risk-adjusted income from operations

From the 2014 financial year, product insurance claims are included in risk-adjusted income from operations. The comparatives have been restated.

Impact of 2013 financial year restatements and reclassifications

In the September 2013 results certain comparative balances were restated. These restatements and reclassifications also affected the statement of comprehensive income and statement of financial position for 31 March 2013 as follows:

- Change in loan impairment provisioning methodology:
  The impact of the restatement on the statement of financial position is a decrease in net advances as at 31 March 2013 of R1,8 billion with a reduction in retained earnings of R1,3 billion, after accounting for current and deferred tax of R0,5 billion. The March 2013 income statement impact is an increase in credit impairment charge by R425 million and decrease in tax of R113 million resulting in an decrease in profit after tax of R312 million.
- Change to ABIL's IBNR accounting policy:
  The impact of the restatement on the statement of financial position is an increase in other liabilities as at 31 March 2013 of R423 million with a reduction in retained earnings of R305 million, after accounting for current and deferred tax of R118 million. The March 2013 income statement impact is an increase in claims paid by R138 million and a reduction of tax of R39 million resulting in a decrease in profit after tax of R99 million.
- Reclassification of software:
  The impact of the reclassification on the statement of financial position is a decrease in the carrying value of property and equipment and increase in intangible assets amounting to R180 million.

Other matters

During the reporting period the group issued bonds amounting to R3,6 billion and bonds amounting to R1 billion were redeemed by the group.

In December 2013, ABIL undertook a rights issue which resulted in the issue of 685 281 693 ordinary shares.

Events after the reporting period

The directors are not aware of any material events occurring between the reporting date and the date of authorisation of these group condensed interim financial statements as defined in IAS 10 – Events After the Reporting Period.

Fair value disclosures

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

The fair value of financial assets and liabilities are determined as follows:

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward-exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

R million	Level 1	Level 2	Level 3	Total
March 2014				
Assets				
Financial assets				
Derivative instruments	**–**	**4 216**	**–**	**4 216**
Liabilities				
Financial liabilities				
Derivative instruments	**231**	**316**	**–**	**547**
March 2013				
Assets				
Financial assets				
Derivative instruments	–	2 196	–	2 196
Liabilities				
Financial liabilities				
Derivative instruments	74	404	–	478
September 2013				
Assets				
Financial assets				
Derivative instruments	–	3 529	–	3 529
Liabilities				
Financial liabilities				
Derivative instruments	266	272	–	538

Corporate information

Board of directors

Non-executive: MC Mogase (Chairman), N Adams, Advocate MF Gumbi, JDMG Koolen#, NB Langa-Royds, M Mthombeni, RJ Symmonds
Executive: L Kirkinis (CEO), N Nalliah
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: ABLP) (ISIN: ZAE000065215)

Share transfer secretaries
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Telephone +27 11 713 0800
Telefax: +27 86 674 4381

Registered office
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Private Bag X170, Midrand, 1685, South Africa

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

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Condensed consolidated segmental income statement

for the six months ended 31 March 2014

R million	% change	31 March 2014 (Unaudited) ABIL Group	Banking unit	Retail unit	Consolidation adjustments	31 March 2013 (Restated) ABIL Group	Banking unit	Retail unit	Consolidation adjustments	30 September 2013 (Audited) ABIL Group	Banking unit	Retail unit	Consolidation adjustments
Sale of merchandise	(15)	**1 968**	**–**	**1 968**	**–**	2 324	–	2 324	–	4 034	–	4 034	–
Cost of sales	(5)	**(1 213)**	**–**	**(1 213)**	**–**	(1 282)	–	(1 282)	–	(2 264)	–	(2 264)	–
Gross margin on retail business	(28)	**755**	**–**	**755**	**–**	1 042	–	1 042	–	1 770	–	1 770	–
Interest income on advances	7	**6 069**	**6 017**	**52**	**–**	5 680	5 630	50	–	11 964	11 859	105	–
Insurance income	6	**2 641**	**2 431**	**210**	**–**	2 491	2 274	217	–	4 862	4 426	436	–
Non-interest income	(10)	**1 472**	**1 349**	**156**	**(33)**	1 632	1 475	235	(78)	3 337	3 058	384	(105)
Income from operations	1	**10 937**	**9 797**	**1 173**	**(33)**	10 845	9 379	1 544	(78)	21 933	19 343	2 695	(105)
Credit impairment charge	> 100	**(8 020)**	**(7 987)**	**(33)**	**–**	(3 888)	(3 866)	(22)	–	(9 155)	(9 096)	(59)	–
Credit life insurance claims	(26)	**(691)**	**(690)**	**(1)**	**–**	(939)	(922)	–	(17)	(1 609)	(1 585)	(1)	(23)
Product insurance claims	(6)	**(30)**	**–**	**(30)**	**–**	(32)	–	(32)	–	(55)	–	(55)	–
Risk-adjusted income from operations	(63)	**2 196**	**1 120**	**1 109**	**(33)**	5 986	4 591	1 490	(95)	11 114	8 662	2 580	(128)
Other interest and investment income	46	**259**	**253**	**35**	**(29)**	177	180	36	(39)	393	378	71	(56)
Interest expense	9	**(2 397)**	**(2 369)**	**(57)**	**29**	(2 199)	(2 181)	(52)	34	(4 564)	(4 509)	(105)	50
Operating costs	1	**(3 015)**	**(1 557)**	**(1 494)**	**36**	(2 982)	(1 606)	(1 474)	98	(6 124)	(3 331)	(2 929)	136
Indirect taxation: VAT	19	**(82)**	**(82)**	**–**	**–**	(69)	(66)	–	(3)	(168)	(160)	–	(8)
(Loss)/profit from operations	(> 100)	**(3 039)**	**(2 635)**	**(407)**	**3**	913	918	–	(5)	651	1 040	(383)	(6)
Capital items	–	**(1 413)**	**–**	**(1 298)**	**(115)**	–	–	–	–	(4 641)	(4 000)	(39)	(602)
(Loss)/profit before taxation	(> 100)	**(4 452)**	**(2 635)**	**(1 705)**	**(112)**	913	918	–	(5)	(3 990)	(2 960)	(422)	(608)
Direct taxation: Normal	(> 100)	**113**	**736**	**(622)**	**(1)**	(267)	(272)	4	1	(209)	(304)	94	1
(Loss)/profit for the period	(> 100)	**(4 339)**	**(1 899)**	**(2 327)**	**(113)**	646	646	4	(4)	(4 199)	(3 264)	(328)	(607)
Reconciliation of headline (loss)/earnings													
(Loss)/profit for the period (basic earnings)	(> 100)	**(4 339)**	**(1 899)**	**(2 327)**	**(113)**	646	646	4	(4)	(4 199)	(3 264)	(328)	(607)
Preference shareholders	(5)	**(42)**	**(42)**	**–**	**–**	(44)	(44)	–	–	(88)	(88)	–	–
Basic (loss)/earnings attributable to ordinary shareholders	(> 100)	**(4 381)**	**(1 941)**	**(2 327)**	**(113)**	602	602	4	(4)	(4 287)	(3 352)	(328)	(607)
Adjustment for non-headline items:	> 100	**1 258**	**2**	**1 141**	**115**	2	2	–	–	4 652	4 006	44	602
Gross#	> 100	**1 424**	**2**	**1 307**	**115**	2	2	–	–	4 656	4 008	46	602
Tax thereon	–	**(166)**	**–**	**(166)**	**–**	–	–	–	–	(4)	(2)	(2)	–
Headline (loss)/earnings	(> 100)	**(3 123)**	**(1 939)**	**(1 186)**	**2**	604	604	4	(4)	365	654	(284)	(5)
(Loss)/earnings per share (cents)													
Basic (loss)/earnings per share	(> 100)	**(337,6)**				62,1*				(440,8)*			
Headline (loss)/earnings per share	(> 100)	**(240,7)**				62,3*				37,5*			

Intersegment revenues included in income from operations are for Retail unit only and amount to R33 million (1H13: R78 million).

* *Restated in terms of IAS 33 for the rights issue.*

\# *Non-headline items include impairment of goodwill R831 million, impairment of trademarks R582 million and loss on disposal of property and equipment R11 million (1H13: loss on disposal of property and equipment R2 million).*

Condensed consolidated segmental statement of financial position

as at 31 March 2014

R million	% change	31 March 2014 (Unaudited) ABIL Group	Banking unit	Retail unit	Consolidation adjustments	31 March 2013 (Restated) ABIL Group	Banking unit	Retail unit	Consolidation adjustments	30 September 2013 (Audited) ABIL Group	Banking unit	Retail unit	Consolidation adjustments
Assets													
Short term deposits and cash	41	**6 568**	**7 334**	**43**	**(809)**	4 672	5 011	92	(431)	3 091	3 770	173	(852)
Statutory assets – bank and insurance	4	**5 331**	**4 564**	**690**	**77**	5 133	4 292	642	199	5 233	4 384	729	120
Inventories	(32)	**597**	**–**	**597**	**–**	872	–	872	–	731	–	731	–
Other assets	90	**4 511**	**4 245**	**271**	**(5)**	2 369	2 216	211	58	3 894	3 676	181	37
Other assets – intragroup	–	**–**	**883**	**77**	**(960)**	–	841	199	(1 040)	–	651	121	(772)
Taxation	(10)	**537**	**493**	**44**	**–**	595	562	33	–	520	490	30	–
Net advances	(2)	**47 861**	**47 494**	**367**	**–**	49 087	49 218	396	(527)	50 276	49 910	366	–
Deferred tax asset	76	**1 321**	**1 306**	**13**	**2**	752	193	556	3	1 012	279	730	3
Investment in preference shares	–	**177**	**177**	**–**	**–**	–	–	–	–	–	–	–	–
Property and equipment	(8)	**1 020**	**451**	**578**	**(9)**	1 106	481	636	(11)	1 077	453	636	(12)
Intangible assets	(78)	**185**	**118**	**67**	**–**	826	124	702	–	801	131	670	–
Goodwill	–	**–**	**–**	**–**	**–**	5 472	4 000	755	717	831	–	716	115
Total assets	(4)	**68 108**	**67 065**	**2 747**	**(1 704)**	70 884	66 938	5 094	(1 148)	67 466	63 744	5 083	(1 361)
Liabilities and equity													
Short term funding	(36)	**7 604**	**7 111**	**493**	**–**	5 577	5 109	468	–	8 034	7 513	521	–
Short term funding – intragroup	–	**–**	**77**	**747**	**(824)**	–	199	691	(890)	–	121	493	(614)
Other liabilities	18	**2 977**	**1 495**	**1 472**	**10**	2 523	1 613	1 480	(570)	2 996	1 506	1 529	(39)
Other liabilities – intragroup	–	**–**	**87**	**64**	**(151)**	–	58	107	(165)	–	33	49	(82)
Taxation	> 100	**49**	**47**	**2**	**–**	4	–	4	–	7	1	6	–
Deferred tax liability	(86)	**29**	**11**	**18**	**–**	206	–	206	–	199	11	188	–
Bonds and other long term funding	(3)	**42 399**	**42 339**	**60**	**–**	43 742	43 654	88	–	42 065	41 990	75	–
Subordinated bonds	1	**4 389**	**4 389**	**–**	**–**	4 355	4 355	–	–	4 361	4 361	–	–
Total liabilities	2	**57 447**	**55 556**	**2 856**	**(965)**	56 407	54 988	3 044	(1 625)	57 662	55 536	2 861	(735)
Ordinary shareholders' equity	(29)	**9 531**	**10 379**	**(109)**	**(739)**	13 347	10 820	2 050	477	8 674	7 078	2 222	(626)
Preference shareholders' equity	–	**1 130**	**1 130**	**–**	**–**	1 130	1 130	–	–	1 130	1 130	–	–
Total equity (capital and reserves)	(26)	**10 661**	**11 509**	**(109)**	**(739)**	14 477	11 950	2 050	477	9 804	8 208	2 222	(626)
Total liabilities and equity	(4)	**68 108**	**67 065**	**2 747**	**(1 704)**	70 884	66 938	5 094	(1 148)	67 466	63 744	5 083	(1 361)

Condensed consolidated statement of comprehensive income

for the six months ended 31 March 2014

R million	% change	31 Mar 2014 (Unaudited)	31 Mar 2013 (Restated)	30 Sep 2013 (Audited)
(Loss)/profit for the period	(> 100)	**(4 339)**	646	(4 199)
Other comprehensive income comprising items that are or may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(> 100)	**(4)**	5	9
Movement in cash flow hedge reserve	(78)	**72**	324	609
IFRS 2 reserve transactions	–	**–**	(31)	3
Total other comprehensive income for the period, net of tax	(77)	**68**	298	621
Total comprehensive (loss)/income for the period	(> 100)	**(4 271)**	944	(3 578)

Condensed consolidated statement of changes in equity

for the six months ended 31 March 2014

R million	Ordinary shares: Share capital and premium	Distributable reserves	Share-based payment reserve	Other	Ordinary shareholders' equity	Preference share capital and premium	Total
Balance at 30 September 2012 (Restated)	9 151	4 429	(3)	(438)	13 139	1 130	14 269
Dividends paid	–	(692)	–	–	(692)	(44)	(736)
Shares issued in terms of the scrip distribution	193	(193)	–	–	–	–	–
Total comprehensive income for the year	–	602	(31)	329	900	44	944
Balance at 31 March 2013 (Restated)	**9 344**	**4 146**	**(34)**	**(109)**	**13 347**	**1 130**	**14 477**
Dividends paid	–	(107)	–	–	(107)	(44)	(151)
Shares issued in terms of the scrip distribution	96	(96)	–	–	–	–	–
Transfer from insurance contingency reserve	–	9	–	(9)	–	–	–
Total comprehensive (loss)/income for the year	–	(4 889)	34	289	(4 566)	44	(4 522)
Balance at 30 September 2013 (Audited)	**9 440**	**(937)**	**–**	**171**	**8 674**	**1 130**	**9 804**
Dividends paid	**–**	**(40)**	**–**	**–**	**(40)**	**(42)**	**(82)**
Shares issued (net of costs)	**5 210**	**–**	**–**	**–**	**5 210**	**–**	**5 210**
Total comprehensive (loss)/income for the year	**–**	**(4 381)**	**–**	**68**	**(4 313)**	**42**	**(4 271)**
Balance at 31 March 2014 (Unaudited)	**14 650**	**(5 358)**	**–**	**239**	**9 531**	**1 130**	**10 661**

Condensed consolidated statement of cash flows

for the six months ended 31 March 2014

R million	Unaudited Mar 2014	Restated Mar 2013	Restated Sep 2013
Cash generated from operations	**5 440**	5 727	11 879
Cash receipts from customers and investments	**13 002**	11 925	24 225
Cash paid to customers, suppliers and employees	**(7 562)**	(6 198)	(12 346)
Increase in gross advances	**(5 729)**	(8 395)	(14 429)
Decrease/(increase) in statutory assets	**43**	(559)	(726)
Increase in customer deposits	**72**	16	85
Indirect and direct taxation paid	**(451)**	(589)	(1 011)
Cash outflow from operating activities	**(625)**	(3 800)	(4 202)
Cash outflow from investing activities	**(161)**	(128)	(398)
Acquisition of property and equipment	**(101)**	(170)	(285)
Acquisition of intangible assets	**(25)**	(15)	(54)
Proceeds on disposal of property and equipment	**22**	57	61
Other investing activities	**(57)**	–	(120)
Cash inflow from financing activities	**4 406**	6 007	5 031
Cash (outflow)/inflow from funding activities	**(722)**	6 743	5 918
Issue of ordinary shares	**5 210**	–	–
Preference shareholders' payments and transactions	**(42)**	(44)	(88)
Ordinary shareholders' payments and transactions	**(40)**	(692)	(799)
Increase in cash and cash equivalents	**3 620**	2 079	431
Cash and cash equivalents at the beginning of the period	**4 466**	4 035	4 035
Cash and cash equivalents at the end of the period	**8 086**	6 114	4 466
Made up as follows:			
Short term deposits and cash	**6 568**	4 672	3 091
Statutory cash reserves – insurance	**1 518**	1 442	1 375

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