

Annual > report 2014

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Board of directors

Directors as at the date of publication of the annual report

Mutle Constantine Mogase (51)

Position: Independent non-executive chairman

Date appointed: 12 March 2007

Qualifications: BComm; Executive Development Programme and Graduate Diploma in Corporate Governance

Directorships: Non-executive chairman of African Bank Investments Limited and African Bank Limited; Non-executive director of Kwikspace Modular Buildings Proprietary Limited, ECI Africa Consulting Proprietary Limited, JP Morgan advisory board, Global Pact Trading 125 Proprietary Limited, Business Ventures Investments No 1041 Proprietary Limited, Air Liquide Proprietary Limited advisory board, Fluxrab Investments No 192 Proprietary Limited, Fluxrab Investments No 200 Proprietary Limited and Fluxrab Investments No 72 Proprietary Limited. Executive chairman of Vantage Capital Group Proprietary Limited

Nicholas (Nic) Adams (56)

Position: Independent non-executive director

Date appointed: 01 February 2008

Qualifications: BComm (Hons); CTA (UCT); ACMA

Directorships: Non-executive director of African Bank Investments Limited, African Bank Limited, MKP Management Holdings Proprietary Limited, Swanvest 203 Proprietary Limited, Findlay's Properties No. 5 Proprietary Limited, Uplands College Proprietary Limited. Executive director of TukTuk Investments Proprietary Limited, Walter H Adams Kimberley Proprietary Limited, Portion 14 of portion 60 Buffelsfontein CC and Sailing Sometime CC.

Robert John (Johnny) Symmonds (56)

Position: Independent non-executive director

Date appointed: 21 May 2009

Qualifications: BComm (Hons) (UCT); Strategic Banking Programme (IMD-Lausanne); Executive Development Programme (GIMT)

Directorships: Non-executive director of African Bank Investments Limited; African Bank Limited, PtyProps211 Proprietary Limited, Helm Underwriting Management Services (SA) Proprietary Limited, BrightRock Proprietary Limited, Leppard and Associates Proprietary Limited, Cape Finance Corporation Limited, HCV Underwriting Managers Proprietary Limited, Consort Technical Underwriting Managers Proprietary Limited, Cast Arena Trade and Invest 87 Proprietary Limited, Gatewin Holdings Limited, Phaphama Entrepreneurs Proprietary Limited, New Africa Holdings Proprietary Limited and Phaphama Investments Proprietary Limited. Executive director of LomHold Proprietary Limited and its subsidiaries

Morris Mthombeni (41)

Position: Independent non-executive director

Date appointed: 16 September 2013

Qualifications: BProc, LLB, B Juris, MBA (Finance)

Directorships: Non-executive director of African Bank Investments Limited, African Bank Limited, Public Affairs Research (a non-profit organisation) and Vilakazi Street Kapital Proprietary Limited. Executive director of Inno-Phemba Investments Proprietary Limited and PEN (a non-profit organisation).

Advocate Mojankunyane Florence (Mojanku) Gumbi (57)

Position: Independent non-executive director

Qualifications: BProc, LLB, Certificate in Trial Advocacy (University of Texas, Austin, USA)

Appointed to the board: 1 March 2011

Directorships: Non-executive director of African Bank Investments Limited, African Bank Limited, The Standard General Insurance Company Limited, Relyant Life Assurance Company Limited, Relyant Insurance Company Limited and Customer Protection Insurance Company. Executive director of Mojanku Gumbi Advisory Services Proprietary Limited.

Nomalizo Beryl (Ntombi) Langa-Royds (53)

Position: Independent non-executive director

Qualifications: BA Law, LLB (University of Lesotho)

Appointed to the board: 15 March 2011

Directorships: Non-executive director of African Bank Investments Limited, African Bank Limited, PPC Limited and Mpact Limited. Executive director of Faranani Investments Proprietary Limited and executive member of Nthake Consultants CC.

Shareholders' information

Top ordinary shareholders*

	Holding	%
Top shareholders/managers of ABIL as at 30 September 2014		
Public Investment Corporation	188 251 748	12,54
Coronation Asset Management Proprietary Limited	124 931 716	8,32
Allan Gray Investment Council	96 966 738	6,46
STANLIB Asset Management	88 154 369	5,87
Sanlam Investment Management	87 206 375	5,81
Momentum Investments	85 723 919	5,71
Genesis Investment Management LLP	80 204 749	5,34
Eyomhlaba Investment Holdings (RF) Limited	48 176 160	3,21
Bank Julius Baer & Co Ltd	40 773 986	2,72
The Vanguard Group Inc	39 140 309	2,61

	Holding	%
Top beneficial owners at 30 September 2014		
Government Employees Pension Fund (PIC)	217 855 801	14,51
Liberty Life Association of Africa Ltd	56 501 824	3,76
Eyomhlaba Investment Holdings (RF) Limited	48 176 160	3,21
Bank Julius Baer & Co Limited	40 773 986	2,72
Momentum Life Assurance	39 825 951	2,65
Coronation Top 20 Fund	28 289 951	1,88
Genesis Emerging Markets Inv Company	27 056 238	1,80
Hlumisa Investment Holdings (RF) Limited	25 911 800	1,73
Vanguard Emerging Markets Stock Index Fd	23 385 446	1,56
Investment Solutions	23 148 248	1,54

Shareholder split

	Number of holders	Number of shares	% of issued shares
Non-public	6	226 535 262	15,1
Directors	4	7 310 067	0,5
Development Trust	1	1 369 394	0,1
Shares held in excess of 10% of issued capital	1	217 855 801	14,5
Public	14 432	1 274 557 970	84,9
Total	14 438	1 501 093 232	100,0

* Shareholding based on records as at suspension of trading in ABIL securities.

Shareholders' information (continued)

Top preference shareholders*

	Number of shares	%
Top shareholders/managers of ABIL as at 30 September 2014		
SBSA ITF OMUT Real Income Fund	396 883	2,9%
SCB ATF PT High Yield Growth Fund	347 497	2,6%
NES Investment Proprietary Limited	311 934	2,3%
SBSA ITF OMUT Flexible Fund	295 557	2,2%
ELEMENT Flexible Fund	288 984	2,1%

Shareholder split

	Number of holders	Number of shares	% of issued shares
Non-public	–	–	–
Public	1 516	13 523 029	100,0
Total	1 516	13 523 029	100,0

* Shareholding based on records as at suspension of trading in ABIL securities.

Corporate governance report

Ethical leadership and corporate citizenship

The board of directors and senior management are committed to the highest standards of corporate governance and strive for the highest moral and ethical business standards, as well as sound and transparent business practices. ABIL embraces the principles of good corporate governance in order to ensure that an ethical foundation exists which promotes, inter alia:

- **Responsibility** – by assuming responsibility for the actions of the company and being willing to take corrective actions to keep the company on a strategic path that is ethical and sustainable;
- **Accountability** – by being able to justify its actions and decisions to shareholders and other stakeholders;
- **Fairness** – by giving fair consideration to the legitimate interests and expectations of all stakeholders; and
- **Transparency** – by disclosing information in a manner that enables stakeholders to make an informed analysis of the company's performance and sustainability.

Board committees

The mandates of the board committees are as follows:

Name of committee	Function and mandate
Audit committee	Assists the board of directors in discharging its duties relating to the safeguarding of assets, accounting systems and practices, the integrity of internal financial control processes and integrated reporting and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.
Risk and capital management committee	The quality, integrity and reliability of risk management of ABIL is delegated to the risk and capital management committee.
Remuneration and transformation committee	The role of the remuneration and transformation committee is to support and advise the board of directors, by ensuring that employees of ABIL are appropriately and equitably compensated for their services and motivated to perform to the best of their abilities, in the interests of all stakeholders.
Ethics and sustainability committee	This committee assists management in the formulation and implementation of policies, principles and practices to foster the sustainable growth. Sustainable growth encompasses a business model that creates value consistent with the long-term preservation and enhancement of financial, environmental and social capital.
Directors' affairs committee	This committee assists the board in its determination and evaluation of the adequacy, efficiency and appropriateness of the corporate governance structure and practices of ABIL.

The board of directors

The board of directors takes decisions on a majority basis and therefore no one person has unfettered powers of decision-making. The board is responsible for determining the strategic direction and the control of the company.

It provides effective and responsible leadership and exercises integrity and judgement in directing the company, with a view to achieving continuing prosperity for the company and its stakeholders.

Board of directors and committee membership as at 30 September 2014

Board of directors and committees	Directors/members
ABIL board of directors	Mutle Constantine (Mutle) Mogase (chairman), Nomalizo Beryl (Ntombi) Langa-Royds, Mojankunyane Florence (Mojanku) Gumbi, Robert John (Johnny) Symmonds, Jacobus Dorotheus Maria Gerardus (Jack) Koolen, Nicholas (Nic) Adams, Morris Mthombeni and Nithiananthan (Nithia) Nalliah
Audit committee ("AC")	Johnny Symmonds (chairman), Nic Adams and Morris Mthombeni
Risk and capital management committee ("RCMC")	Nic Adams (chairman), Johnny Symmonds, Mojanku Gumbi and Jack Koolen
Remuneration and transformation committee ("RTC")	Ntombi Langa-Royds (chairman), Mutle Mogase and Mojanku Gumbi
Ethics and sustainability committee ("ETC")	Ntombi Langa-Royds (chairman), Mutle Mogase and Jack Koolen

Corporate governance report (continued)

Board of directors and committees	Directors/members
Directors' affairs committee ("DAC")	Mutle Mogase (chairman), Mojanku Gumbi, Ntombi Langa-Royds, Johnny Symmonds and Nic Adams

Composition of the board of directors

The board consisted of eight directors, classified as independent non-executive directors and executive directors.

The company does not have a chief executive officer due the chief executive officer resigning late in the financial year.

The company had an executive financial director, Nithia Nalliah. On an annual basis, the audit committee considers and satisfies itself of the appropriateness of the expertise and experience of the financial director.

Board composition at 30 September 2014

Independent non-executives (7)

- Mutle Mogase
- Mojanku Gumbi
- Nic Adams
- Johnny Symmonds
- Jack Koolen
- Ntombi Langa-Royds
- Morris Mthombeni

Executive (1)

- Nithia Nalliah

Board meetings and attendance

The details of the directors' attendance at the board and committee meetings are reflected in the table below:

Name	Board	AC	RCMC	RTC	DAC	ESC
Number of meetings held	18	4	4	5	4	4
Independent non-executive directors						
Mutle Mogase	18/18	n/a	n/a	3/5	4/4	4/4
Nic Adams	16/18	4/4	4/4	n/a	4/4	n/a
Ntombi Langa-Royds	15/18	n/a	n/a	5/5	3/4	4/4
Mojanku Gumbi	14/18	n/a	2/4	4/5	4/4	n/a
Johnny Symmonds	14/18	4/4	3/4	n/a	4/4	n/a
Jack Koolen	12/18	n/a	3/4	n/a	n/a	3/4
Morris Mthombeni	17/18	4/4	n/a	n/a	n/a	n/a
Executive directors						
Leon Kirkinis (resigned on 6 August 2014)	14/14	3/3 [#]	3/3 [#]	4/4 [#]	3/3 [#]	3/3 [#]
Nithia Nalliah	14/18	4/4 [#]	4/4 [#]	1/1 [#]	1/1 [#]	1/1 [#]
Toni Fourie (resigned on 6 February 2014)	n/a	1/1 [#]	1/1 [#]	2/3 [#]	n/a	2/2 [#]
Tami Sokutu (resigned on 6 February 2014)	n/a	0/1 [#]	0/1 [#]	n/a	n/a	0/2 [#]

[#] Denotes standing attendee/invitee.

Period of office of board members

All non-executive directors are appointed for specific terms and reappointment is not automatic. An approved term limit policy exists which can be accessed at www.abil.co.za. In summary, the term limit policy provides as follows:

- The chairperson of the board of directors shall serve for a maximum period of 10 years; and
- All other non-executive directors shall serve for a maximum period of six years, which may be extended for a further two years.

Corporate governance report (continued)

Board and committee evaluations

The performance of the board is evaluated on an annual basis and includes:

- An assessment of the performance and effectiveness of the board as a whole and that of individual directors, including the CEO and the CFO;
- A peer evaluation by all directors ranking their fellow directors on contribution to the board; and
- An evaluation of each committee by members of the committee, focusing on effectiveness of the chairperson and contributions of individual committee members.

The evaluation process takes place by the completion of evaluation questionnaires based on the observations and experiences of board members throughout the year. The results are discussed by the board and one-on-one meetings are held with directors to discuss the results of the evaluations and propose developmental actions should they be required.

Company secretary

During the year, the board considered the competence, qualifications and performance of the company secretary. The board is satisfied that Leanne Goliath was competent and had the requisite qualification, experience and knowledge to serve as the company secretary.

The board confirms that the company secretary maintained an arm's-length relationship with the board when carrying out her duties and was not a director of ABIL.

Appointment of directors

The appointment of directors to the board is formal and transparent and a matter for the board of directors as a whole. The appointment of directors is facilitated by the directors' affairs committee, which also serves as the nominations committee. The directors' affairs committee is constituted only of non-executive directors, of whom the majority are independent. The committee is chaired by the chairperson of the board who is an independent non-executive director.

All appointments are subject to approval by the South African Reserve Bank, and fit and proper tests in terms of the Banks Act, as amended, the Companies Act, the JSE Listings Requirements and any other applicable legislation. All directors' appointments are subject to shareholder approval at the annual general meeting immediately following the date of their appointment.

Induction and training

The induction, training and development of directors is conducted through a process consisting of:

- Providing directors with information relating to policies, processes, charters, minutes of meetings, results, financials and other material relevant to their taking up office as a director;
- Affording directors an open invitation to visit the operational divisions of ABIL, to meet with management and attend management meetings; and
- Encouraging all directors to attend external courses presented by an institution of their choice, at the cost of the business.

Independent advice

In allowing the board to discharge its corporate responsibilities by exercising the care that an ordinary prudent person would exercise under similar circumstances, the board and the board committees may engage the services of external experts at ABIL's expense.

Succession planning

The remuneration and transformation committee and the directors' affairs committee review succession planning as a regular item on their respective agendas.

The directors' affairs committee of the board, in line with its terms of reference, from time to time reviews the general composition of the board and makes appropriate recommendations on the appointment of new executive or non-executive directors.

Conflict of interest

All directors are required to disclose any conflict or potential conflict of interest that they may have with regard to any activity or any matter discussed at board and committee meetings.

Corporate governance report (continued)

Dealing in the group's securities

The board has approved a policy for dealing in securities which regulates the procedures that a director must follow prior to trading in any of the group's securities. In terms of this policy, a director may not deal in any securities relating to the group without:

- First advising two designated directors, one of which must be a non-executive director, in advance of the director's intention to trade in any securities relating to ABIL; and
- Receiving clearance in writing from them.

In addition, directors may not deal in securities during a closed period and the board invokes a strict policy of prohibiting dealings in securities by all staff and associates during closed periods. The closed period conditions are strictly adhered to in terms of investor meetings and contacts.

Audit committee

The audit committee ensures that the combined assurance received is appropriate to address the significant risks facing ABIL. The combined assurance model consists of management, the risk committee, internal assurance providers, ie finance, internal audit, risk and various external assurance providers.

A comprehensive overview of the audit committee's role, mandate and activities is available in its charter under the corporate governance section on www.abil.co.za.

The governance of risk

The quality, integrity and reliability of risk management within ABIL is delegated to the risk and capital management committee. This committee assists the board in discharging its duties relating to the identification and monitoring of key risk areas and key performance indicators within ABIL.

The governance of information technology ("IT")

The IT strategy committee, which was chaired by the ABIL CEO, assists the board in discharging its duties relating to IT performance management, ensuring that IT governance supports the effective and efficient management of IT resources, and facilitates the achievement of the company's strategic objectives.

The main objective of the IT strategy committee is to ensure that IT strategic objectives are aligned with changes in ABIL's strategic needs, and judiciously manages IT risks and identifies opportunities to be acted on.

The ABIL risk and capital management committee measures overall exposure to IT risks and ensures that proper processes are in place to manage these risks.

Compliance with laws, codes, rules and standards

The board is committed to high standards of integrity and fair dealing in the conduct of its business. It is committed to the preservation of its integrity and reputation and thus requires all business units, divisions, departments and subsidiaries within ABIL to have a good understanding of, and observe compliance with, applicable laws, regulations and standards in each of the markets and jurisdictions within which they operate.

The ABIL audit committee oversees compliance matters within ABIL. The audit committee:

- Requires that the compliance officer reports non-compliance with laws and regulations or supervisory requirements to the audit committee; and
- Requires that the compliance officer submits a report on the level of compliance with laws and regulations or supervisory requirements at every meeting of the audit committee.

The ABIL compliance officer has a direct reporting line to the ABIL audit committee and unrestricted access to the chairperson of the committee.

Internal audit

The internal audit function is an essential management tool and one of the measures put in place to maintain the integrity, adequacy, efficiency and effectiveness of ABIL's financial and other risk management control systems.

The scope of internal audit encompasses the examination and evaluation of the adequacy and effectiveness of ABIL's system of internal control, information systems, governance processes and the quality of performance in carrying out assigned responsibilities.

Corporate governance report (continued)

To ensure independence, internal audit is directly responsible to the audit committee and will remain independent of all line and functional management.

Internal audit is responsible for utilising a systematic, disciplined approach to evaluating and improving the effectiveness of internal controls, which includes:

- Developing and maintaining a comprehensive audit programme necessary to ensure compliance with accounting standards, policies and procedures necessary to safeguard assets; and
- Communicating results of reviews by preparing timely reports, including recommendations for modifications of management practices, fiscal policies and accounting procedures as justified by audit findings.

Governing stakeholder relationships

ABIL recognises that it does not operate in a vacuum and is therefore cognisant of the environment within which it operates and its direct and indirect impact on its stakeholders, thereby informing how it conducts its business. ABIL strives to maintain proactive engagement with its relevant stakeholder groups to manage expectations and reputational risks as well as align the company objectives with those of its stakeholders.

Integrated reporting and disclosure

The ABIL integrated report is published annually and presents an overview of ABIL's activities, practices and financial performance for the year.

Owing to the following factors, no sustainability or risk report are presented:

- The company is under business rescue and its sustainability prospects are uncertain. After the conclusion of the business rescue process, then sustainability can be reconsidered.
- The risk and capital management committee mainly focuses on group risks which relate mainly to the operating entities and are not relevant for the company only. Therefore in the circumstances, presentation of a risk report is not considered appropriate.

The report is reviewed by the audit committee and the board to satisfy themselves of the materiality, accuracy and balance of disclosures.

Application of King III

The board of directors is committed to complying in all material respects with the principles contained in the King III Code. ABIL has performed a review of the implications of King III and, where appropriate, the corporate governance structure has been amended to comply with the Code.

For the 2014 financial year, the company has complied with all aspects of the Code, except as noted below on remuneration of non-executive directors and sustainability reporting.

The following is an analysis of the application of the corporate governance principles in the King Code:

No.	Requirement	Status	Comments
1. Ethical leadership and corporate citizenship			
1.1	The board should provide effective leadership based on an ethical foundation	Applied	
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen	Applied	
1.3	The board should ensure that the company's ethics are managed effectively	Applied	
2. Boards and directors			
Role and function of the board			
2.1	The board should act as the focal point for and custodian of corporate governance	Applied	
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	Applied	
2.3	The board should provide effective leadership based on an ethical foundation	Applied	

Corporate governance report (continued)

No.	Requirement	Status	Comments
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	Applied	
2.5	The board should ensure that the company's ethics are managed effectively	Applied	
2.6	The board should ensure that the company has an effective and independent audit committee	Applied	
2.7	The board should be responsible for the governance of risk	Applied	
2.8	The board should be responsible for information technology (IT) governance	Applied	
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	
2.10	The board should ensure that there is an effective risk-based internal audit	Applied	
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	Applied	
2.12	The board should ensure the integrity of the company's integrated report	Applied	
2.13	The board should report on the effectiveness of the company's system of internal controls	Applied	
2.14	The board and its directors should act in the best interests of the company	Applied	
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	Applied	
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	Applied	
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	Applied	
Composition of the board			
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	Applied	
Board appointment process			
2.19	Directors should be appointed through a formal process	Applied	
Director developments			
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	Applied	
Company secretary			
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	Applied	
Performance assessment			
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	Applied	

Corporate governance report (continued)

No.	Requirement	Status	Comments
Board committees			
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	Applied	
Group boards			
2.24	A governance framework should be agreed between the group and its subsidiary boards	Applied	
Remuneration of directors and senior executives			
2.25	Companies should remunerate directors and executives fairly and responsibly	Partially applied	Non-executive directors earn fixed fees. This is considered appropriate due to the performance appraisal system that is in place.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	Applied	
2.27	Shareholders should approve the company's remuneration policy	Applied	
3. Audit committees			
3.1	The board should ensure that the company has an effective and independent audit committee	Applied	
Membership and resources of the audit committee			
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors	Applied	
3.3	The audit committee should be chaired by an independent non-executive director	Applied	
Responsibilities of the audit committee			
3.4	The audit committee should oversee integrated reporting	Applied	
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Applied	
Internal assurance providers			
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	Applied	
3.7	The audit committee should be responsible for overseeing of internal audit	Applied	
3.8	The audit committee should be an integral component of the risk management process	Applied	
External assurance providers			
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	Applied	
Reporting			
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	Applied	
4. The governance of risk			
Board's responsibility for risk governance			
4.1	The board should be responsible for the governance of risk	Applied	
4.2	The board should determine the levels of risk tolerance	Applied	

Corporate governance report (continued)

No.	Requirement	Status	Comments
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	Applied	
Management's responsibility for risk management			
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	Applied	
Risk assessment			
4.5	The board should ensure that risk assessments are performed on a continual basis	Applied	
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Applied	
Risk response			
4.7	The board should ensure that management considers and implements appropriate risk responses	Applied	
Risk monitoring			
4.8	The board should ensure continual risk monitoring by management	Applied	
Risk assurance			
4.9	The board should receive assurance regarding the effectiveness of the risk management process	Applied	
Risk disclosure			
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	Applied	
5. The governance of information technology			
5.1	The board should be responsible for information technology (IT) governance	Applied	
5.2	IT should be aligned with the performance and sustainability objectives of the company	Applied	
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	Applied	
5.4	The board should monitor and evaluate significant IT investments and expenditure	Applied	
5.5	IT should form an integral part of the company's risk management	Applied	
5.6	The board should ensure that information assets are managed effectively	Applied	
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	Applied	
6. Compliance with laws, rules, codes and standards			
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Applied	
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	Applied	
6.3	Compliance risk should form an integral part of the company's risk management process	Applied	

Corporate governance report (continued)

No.	Requirement	Status	Comments
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	Applied	
7.	Internal audit		
	The need for and role of internal audit		
7.1	The board should ensure that there is an effective risk-based internal audit	Applied	
	Internal audit's approach and plan		
7.2	Internal audit should follow a risk-based approach to its plan	Applied	
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	Applied	
7.4	The audit committee should be responsible for overseeing internal audit	Applied	
	Internal audit's status in the company		
7.5	Internal audit should be strategically positioned to achieve its objectives	Applied	
8.	Governing stakeholder relationships		
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	Applied	
8.2	The board should delegate to management to proactively deal with stakeholder relationships	Applied	
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	Applied	
8.4	Companies should ensure the equitable treatment of shareholders	Applied	
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Applied	
	Dispute resolution		
8.6	The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible	Applied	
9.	Integrated reporting and disclosure		
	Transparency and accountability		
9.1	The board should ensure the integrity of the company's integrated report	Applied	
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	N/A	No sustainability report is presented.
9.3	Sustainability reporting and disclosure should be independently assured	Not applied	The integrated report is considered to be adequate.

Remuneration report

Executive directors' remuneration

Basic remuneration, benefits and bonuses paid to executive directors

The executive directors were paid by the operating subsidiaries, African Bank Limited and Ellerine Furnishers Proprietary Limited.

Executive directors

R'000	L Kirkinis ⁽¹⁾		T Fourie ⁽²⁾		T Sokutu ⁽³⁾		N Nalliah		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Salary	1 672	1 966	1 258	3 587	619	3 151	3 014	2 976	6 562	11 679
Contributions ⁽⁴⁾	182	218	148	443	117	350	344	344	790	1 355
Travel allowance	–	–	139	400	–	–	82	120	222	520
Total cost to company package	1 854	2 184	1 545	4 430	736	3 501	3 440	3 440	7 574	13 555
Leave pay	252	–	511	–	–	–	–	–	763	–
Other benefits ⁽⁵⁾	–	–	–	6	–	–	12	–	16	6
Annual cash incentive ⁽⁶⁾	–	–	–	–	–	–	–	–	–	–
Initial value of LTIP awarded ⁽⁶⁾	–	–	–	–	–	–	–	–	–	–
Total remuneration	2 106	2 184	2 059	4 436	736	3 501	3 452	3 440	8 353	13 561

(1) Leon Kirkinis resigned with effect from 6 August 2014.

(2) Toni Fourie resigned with effect from 6 February 2014.

(3) Tami Sokutu resigned with effect from 6 February 2014. During the year Tami Sokutu was on an extended period of leave for health reasons.

(4) Contributions to retirement funds.

(5) Other benefits consist of long service awards and subsistence allowances for international travel.

(6) No annual cash incentive or LTIPs were awarded in the current and prior financial year.

The Long-term Incentive Plan (“LTIP”)

The LTIP is a cash-settled, share appreciation scheme modelled on the performance of ABIL ordinary shares. Qualifying individuals are awarded a certain value of LTIPs each year, with the instrument structured as follows:

- Each LTIP award, plus an additional gearing of between 100% and 200%, depending on the individual's level (2013: between 100% and 200%), achieved through a notional non-recourse loan, is synthetically “invested” into ABIL shares. The entry price for LTIP 2011, 2012 and 2013 is set at the ABIL volume-weighted average price (“VWAP”) for the three months to end November of each year (for LTIP 2010 the calendar month of issue, being September, was utilised). The settlement value is determined with reference to the VWAP for the similar three-month period ending November (for LTIP 2010 the VWAP for the month of vesting).

In the 2014 financial year, the gearing was removed in order to ensure that the scheme retained value for employees whilst the ABIL share price was volatile. Therefore the award was linked to only the changes in the share price based on the original notional shares issued when the award was issued. The removal of gearing did not apply to executive directors.

- Interest is accrued on the notional loan on a semi-annual basis and the dividends paid on the synthetic ABIL shares (grossed up at the corporate tax rate) are applied to reduce the loan balance. The interest rate charged on the notional loan is market-related having regard to the risk free-rate in the market and the risk premium relevant to a similar investment.

In the 2014 financial year, due to the removal of the gearing, no interest accrued. At the same time no dividends were payable on the shares either.

- Thus at any one point, the value of the LTIP, from time to time, is the market value of the synthetic ABIL shares.

In the 2014 financial year, after the removal of the gearing, the outstanding value on the 2010, 2011 and 2012 LTIPs was payable based on the 90 day VWAP as at 30 September 2014, 2015 and 2016 in equal tranches. Should the individual resign or be dismissed, his or her unvested LTIPs will be forfeited and cancelled.

- Commencing with the LTIP2010 and going forward, individuals have been given the ability to roll-over a tranche into the following year or years, which must be done prior to each vesting period. These may not be rolled beyond the last vesting date in terms of the LTIP tranche issued. The forfeiture rules apply equally to any tranche that may have been rolled over to the following year.

Remuneration report (continued)

LTIPs allocated to executive directors and prescribed officers

for the year ended 30 September 2014

All amounts in R'000	Value as at 1 October 2013	2014 LTIPs awarded	LTIPs forfeited	Change in value of LTIPs	LTIPs vested and payable	Value as at 30 September 2014
Executive directors						
Leon Kirkinis	–	–	–	–	–	–
Toni Fourie	51	–	–	(51)	–	–
Tami Sokutu	44	–	–	(44)	–	–
Nithia Nalliah	133	–	–	(133)	–	–
Total	228	–	–	(228)	–	–

for the year ended 30 September 2013

All amounts in R'000	Value as at 1 October 2012	2013 LTIPs awarded	LTIPs forfeited	Change in value of LTIPs	LTIPs vested and payable	Value as at 30 September 2013
Executive directors						
Leon Kirkinis	3 322	–	–	(3 322)	–	–
Toni Fourie	8 222	–	–	(7 779)	(392)	51
Tami Sokutu	5 951	–	–	(5 664)	(243)	44
Nithia Nalliah	10 867	–	–	(9 069)	(1 665)	133
Total	28 362	–	–	(25 834)	(2 300)	228

Non-executive directors' remuneration

The non-executive directors are paid fixed fees for their responsibilities and duties. These fees are determined annually by the executive directors for all services rendered as directors of the boards and participation in the various committees of the boards.

The fees payable to non-executive directors have been approved by shareholders in terms of section 66(8) and (9) of the Companies Act and in line with King III, during the annual general meeting in February 2014.

The directors are paid a fixed fee for their responsibilities on the board and various committees. Fees are not dependent on attendance at meetings as directors' performance is evaluated annually through a peer review process by all members of the board. Non-attendance is dealt with by the chairman at the directors' affairs committee as part of the performance assessment of the director. No additional fees are payable for special or ad hoc meetings. The remuneration payable compensates the directors for their time and contribution.

The non-executive directors do not participate in any bonus and incentive schemes and neither do they receive any other benefits. All expenses incurred in connection with attendance of meetings, such as travel and accommodation, are reimbursed at cost.

The fees paid to the non-executive directors are as follows:

R'000	ABIL board and committees	Subsidiary boards and committees	Total 2014	Total 2013
MC Mogase	387	1 162	1 549	1549
N Adams	160	480	641	641
N Langa-Royds	155	464	618	618
M Gumbi	124	486	610	684
J Koolen	104	424	528	543
J Symmonds	112	536	648	561
M Mthombeni	83	350	432	28
S Sithole ⁽¹⁾	4	12	15	492
Total	1 128	3 913	5 041	5 116

(1) Sam Sithole resigned with effect from 16 September 2013.

Annual financial > statements 2014

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These financial statements were prepared under the supervision of Reynold Ngobese CA(SA) and have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Published 22 April 2016

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the annual financial statements of African Bank Investments Limited, comprising the statement of financial position at 30 September 2014, the income statement, the statement of comprehensive income, the statement of changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

The directors' responsibility includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors are responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the year under review.

The going concern ability of the company is in question as the company is in business rescue and there are significant liabilities which are owing to various financial institutions and are due.

For the reasons set out in note 3.1 of the notes to the company annual financial statements, the directors have made an assessment of the entity's ability to continue as a going concern and believe it is appropriate that the annual financial statements are prepared on the going concern assumption.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with International Financial Reporting Standards and the Companies Act of South Africa.

Approval of the annual financial statements

The annual financial statements set out on pages 21 to 58 were approved by the board of directors and signed on its behalf by:

M Mogase
Chairman

Midrand

22 April 2016

Certificate from the company secretary

In accordance with the provisions of section 88(2)(e) of the Companies Act of South Africa, I certify that, in respect of the year ended 30 September 2014, the company has lodged with the Companies and Intellectual Property Commission, all returns and notices prescribed by the Act and that all such returns and notices are true, correct and up to date.

LM Goliath

Company secretary

Midrand

22 April 2016

Independent auditor's report

To the shareholders of African Bank Investments Limited

Report on the financial statements

We have audited the consolidated and separate financial statements of African Bank Investments Limited set out on pages 26 to 58 which comprise the statements of financial position as at 30 September 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Director's responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion on the consolidated financial statements and our audit opinion on the separate financial statements.

Basis for adverse opinion on consolidated financial statements and opinion on the separate financial statements

The company has subsidiaries and is required by International Financial Reporting Standards to prepare consolidated financial statements. As described in the directors' report, the directors have prepared unconsolidated financial statements. These financial statements have been prepared on the same basis as separate financial statements, which are financial statements permitted in terms of International Financial Reporting Standards when an entity also prepares consolidated financial statements. Unconsolidated financial statements are prepared on the basis that investments in subsidiaries are reported at cost and income is recognised when dividends from subsidiaries are receivable. The effect of not preparing consolidated financial statements in accordance with International Financial Reporting Standards is not given as required.

Adverse opinion on consolidated financial statements

In our opinion, because of the significance of the matter discussed in the preceding paragraph, the financial statements do not present fairly the financial position of the group as at 30 September 2014, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Opinion on the separate financial statements

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the company as at 30 September 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3.1 to the financial statements which indicate that the company incurred a loss of R16,2 billion for the year ended 30 September 2014 and, as at that date the company's total liabilities exceed its total assets by R253 million. Note 3.1 also indicated that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

Independent auditor's report (continued)

To the shareholders of African Bank Investments Limited

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 September 2014, we have read the Directors' Report, Audit Committee's Report and Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on other legal and regulatory requirements

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified certain unlawful acts or omissions committed by persons responsible for the management of African Bank Investments Limited which constitute reportable irregularities in terms of the Auditing Profession Act, and have reported such matters to the Independent Regulatory Board for Auditors.

The reportable irregularities reported are that the annual financial statements for the years ended 30 September 2014 and 30 September 2015 have not been published within six months after the year-end as required in terms of Section 30(1) of the Companies Act and the Annual General Meeting has not been held within 15 months from the previous Annual General Meeting as required by Section 61(7) of the Companies Act.

In terms of the IRBA Rule published in Government Gazette 39475 dated 4 December 2015, we report that Grant Thornton Johannesburg Partnership has been the auditor of African Bank Investments Limited for one year.

GRANT THORNTON JOHANNESBURG PARTNERSHIP

Registered Auditors

Soné Jeanette Kock

Partner

Registered Auditor

Chartered Accountant (SA)

22 April 2016

@Grant Thornton

Wanderers Office Park

52 Corlett Drive

2196

Audit committee report

The audit committee presents its report for the financial year ended 30 September 2014 as required by section 94(7)(f) of the Companies Act. The audit committee has been constituted in accordance with applicable legislation and regulations.

Purpose of the audit committee

The main purpose of the audit committee is to assist the board in discharging its duties relating to the safeguarding of assets, accounting systems and practices, the integrity of internal financial control processes and the preparation of accurate financial reporting and statements in compliance with all legal requirements and accounting standards.

Membership and attendance

The audit committee consists of three members who are all independent non-executive directors. The committee meets at least four times per financial and calendar year. The names of the members and attendance at meetings are recorded in the corporate governance section of the integrated report.

Functions of the audit committee

The audit committee has approved the audit committee charter and has discharged the functions in terms of the charter which included:

- Reviewing and approving the external audit plan including the proposed audit scope, approach to risk activities and the audit fee;
- Confirming the independence of the auditors;
- Reviewing external audit reports;
- Assessing the nature and extent of non-audit services;
- Evaluating the role, independence and effectiveness of the internal audit function;
- Approving the appointment or dismissal, if applicable, of the head of internal audit;
- Approving the internal audit charter and internal audit plan;
- Reviewing the accounting policies and all proposed changes in accounting policies and practices;
- Reviewed the interim and annual financial statements to confirm the financial statements are prepared in accordance with International Financial Reporting Standards, the Companies Act and the Listings Requirements of JSE Limited;
- Reviewing the compliance plan and assessing the procedures for identifying the regulatory risks;
- Reviewing the legal matters that could have a significant impact on the company's financial statements; and
- Assess the qualifications, expertise and experience of the financial director.

Independence of external auditors

The audit committee has satisfied itself that Grant Thornton Johannesburg Partnership, the external auditors, and Ms S Kock, the designated partner, are independent of the company.

Expertise and experience of financial director

As required by the JSE Listings Requirements, the audit committee assessed and are unanimously satisfied that the financial director, Nithia Nalliah, had the appropriate skills, qualifications and experience. Nithia Nalliah was the financial director for the whole of the 2014 financial year.

Nithia Nalliah resigned as financial director subsequent to year-end. The company currently does not have a financial director and JSE Limited has given the company limited exemption from appointing a financial director.

Internal financial controls, accounting practices and annual financial statements

Based on the work of the assurance providers, nothing has come to the attention of the committee which indicates that the company's system of internal financial controls and accounting practices, in all material respects, does not provide a basis for reliable annual financial statements.

The committee is satisfied that the company annual financial statements are in compliance, in all material respects, with the requirements of the Companies Act and International Financial Reporting Standards, and recommended the financial statements for approval by the board.

For the reasons set out on page 22, ABIL is not able to prepare consolidated annual financial statements for the year ended 30 September 2014.

Johnny Symmonds

Chairman: Group audit committee

Midrand
22 April 2016

Directors' report

The directors present their report to shareholders, together with the audited company annual financial statements for the financial year ended 30 September 2014.

Nature of business

ABIL is a publicly quoted bank-controlling company, in terms of the Banks Act No 94 of 1990, as amended, listed on the JSE Limited. ABIL's subsidiaries are listed in appendix A.

The 2014 financial year was one of significant changes for ABIL with the following changes taking place:

- African Bank Limited, a subsidiary of ABIL, was placed under curatorship on 10 August 2014.
- Ellerine Furnishers Proprietary Limited, a subsidiary of Ellerine Holdings Limited, which is in turn a subsidiary of ABIL, was placed under business rescue on 7 August 2014 whilst Ellerine Holdings Limited was placed under business rescue on 22 August 2014.
- Trading in ABIL securities on the JSE was suspended with effect from 11 August 2014.

Preparation of company annual financial statements

During the financial year under review and for the reasons described below, the company lost control of two of its material wholly owned subsidiaries, African Bank Limited and Ellerine Holdings Limited.

On 10 August 2014, the board of African Bank requested the Registrar of Banks to place the bank under curatorship. The Registrar in conjunction with the Minister of Finance, placed African Bank under curatorship in terms of section 69 of the Banks Act, 1990. From that date control of African Bank was vested with the curator and the African Bank board of directors was relieved of its duties.

From the date that African Bank was placed under curatorship ABIL has had neither control nor access to the African Bank accounting records and data relating to its advances book.

In light of the significant size of the additional credit impairment provision raised by the curator on the advances book, ABIL requested access to the African Bank accounting records in order to form a view of the accuracy and correctness of the significant changes to the provisions – materially affecting both the current and the prior year results of African Bank.

The board of ABIL agreed to appoint KPMG to conduct an independent review to verify the accuracy of the calculations of the impairment provisions.

The board of ABIL also appointed an independent accounting expert to provide a view on the correctness of the IFRS accounting treatment that African Bank adopted for the increased provisions, as this would directly affect the 2014 ABIL consolidated financial statements and the comparative for 2013. In terms of professional rules, the curator of African Bank and Deloitte (who acted as auditors of the African Bank financial statements for the year ended September 2013 and prior years) had to agree on the facts relating to the past and additional credit impairment provisions raised in order for the independent accounting expert to furnish an opinion on the proper IFRS accounting for the additional credit impairment provisions. Regrettably, the ABIL board was unable to convince the curator to support this process and Deloitte would only respond to the requests for confirmation of background facts relevant to the accounting after the curator had agreed to the background facts. Therefore the KPMG review referred to above did not take place, and the independent expert could not complete his work.

Given the circumstances described above, the Board is not in a position to satisfy itself on the correctness or accuracy of the African Bank financial statements prepared by the curator, and not in a position to consolidate the financial results of African Bank up to the date it was placed under curatorship.

On 22 August 2014, Ellerine Holdings commenced voluntary business rescue proceedings in terms of section 129 of the Companies Act 71 of 2008. From that date, control of Ellerine Holdings vested with the business rescue practitioner.

The major trading subsidiary of Ellerine Holdings, Ellerines Furnishers Proprietary Limited ("Ellerines Furnishers"), had already commenced voluntary business rescue proceedings on 7 August 2014. The business rescue practitioners of Ellerines Furnishers disposed of or closed all South African operations before 31 December 2014. As a result, all staff involved in the South African business operations were retrenched. As Ellerines Furnishers no longer has staff, it is not possible to obtain sufficient and proper financial information to perform the consolidation of Ellerine Holdings up to the date it was placed in business rescue. Given the circumstances, the board is not in a position to consolidate the financial results of Ellerine Holdings up to the date it was placed in business rescue.

Directors' report (continued)

Share capital

Ordinary shares

In October 2013, the company's authorised share capital was increased to 2 000 000 000 shares of 2,5 cents each.

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

At 30 September 2014, the issued ordinary share capital totalled 1 501 093 232 (2013: 815 811 539) shares of 2,5 cents each. There were no shares repurchased during the current financial year (2013: Nil).

Preference shares

The authorised preference share capital remains unchanged at 20 000 000 shares of 1 cent each. No preference shares were issued during the current or previous financial year.

The issued preference share capital at 30 September 2014 totalled 13 523 029 (2013: 13 523 029) shares of 1 cent each.

Holding company

ABIL does not have a holding company.

ABIL shares held by subsidiary companies

As at 30 September 2014, there are no shares held by subsidiary companies.

Going concern

The company is currently under business rescue and consequentially the going-concern ability of the company is in doubt. The company has significant liabilities owing to various financial institutions which are currently repayable. However, the company has a source of dividend income from The Standard General Insurance Company Limited which should enable the company intends to repay these liabilities and accumulate cash reserves to invest in new opportunities or make distributions to shareholders.

On this basis the directors consider that the company has adequate resources to continue operating for the foreseeable future and therefore deem it appropriate to adopt the going-concern basis in preparing the financial statements for this reporting period.

Events after the reporting period

On 5 June 2015, the company commenced business rescue proceedings and is currently still under business rescue.

Except for the above, the directors are not aware of any material events occurring between the reporting date and the date of authorisation of these financial statements as defined in IAS 10: *Events after the reporting period*.

Directors and changes in directors

In accordance with article 13 of the company's memorandum of incorporation one-third of the directors shall retire at each annual general meeting on a rotational basis as determined in this article. Retiring directors are eligible for re-election. The following directors were re-elected at the annual general meeting held on 6 February 2014:

- Mutle Mogase (Non-executive director)
- Morris Mthombeni (Non-executive director)

Toni Fourie and Tami Sokutu, both executive directors of ABIL, resigned with effect from 6 February 2014 whilst Leon Kirkinis (the chief executive officer) resigned on 6 August 2014.

ABIL board of directors

At 30 September 2014, the following were the board of directors:

- Mutle Mogase (Independent non-executive chairman)
- Nithiananthan (Nithia) Nalliah (Acting chief executive officer and financial director)
- Jacobus (Jack) Koolen (Independent non-executive director)
- Mojankunyane (Mojauku) Gumbi (Independent non-executive director)
- Nicholas (Nic) Adams (Non-executive director)
- Ntombi Langa-Royds (Independent non-executive director)
- Robert (Johnny) John Symmonds (Independent non-executive director)
- Morris Mthombeni (Independent non-executive director)

Directors' report (continued)

Nithia Nalliah resigned as director subsequent to year-end on 31 March 2015.

Jack Koolen sadly passed away subsequent to year-end on 3 May 2015.

Company secretary and registered office

At 30 September 2014, the company secretary was Leeanne Goliath. Her business address was 59 16th Road, Midrand, 1685, and her postal address was Private Bag X170, Halfway House, 1685.

Leeanne Goliath resigned as company secretary subsequent to year end on 31 August 2015 and Acorim Proprietary Limited was appointed in the 2016 financial year.

Directors' interest in shares

The directors' direct and indirect interests in the issued share capital of the company are set out in the following table. All the shares are held beneficially.

There has been no material change in the interest of directors in the ordinary and preference issued share capital of the company between 30 September 2014 and the date of this report.

Interest of directors of the company directly and indirectly in the shares of ABIL

Name	Notes	2014			2013		
		Direct	Indirect	Total	Direct	Indirect	Total
Current directors							
Ordinary shares							
Executive directors							
Nithia Nalliah	3	–	2 491 744	2 491 744	–	2 541 731	2 541 731
Subtotal		–	2 491 744	2 491 744	–	2 541 731	2 541 731
Non-executive directors							
Mutle Mogase (Non-executive chairman)	4	–	3 102 604	3 102 604	–	3 168 852	3 168 852
Nic Adams		3 680	1 708 177	1 711 857	2 000	1 308 792	1 310 792
Johnny Symmonds		3 862	–	3 862	2 099	–	2 099
Subtotal		7 542	4 810 781	4 818 323	4 099	4 477 644	4 481 743
Total		7 542	7 302 525	7 310 067	4 099	7 019 375	7 023 474
Past directors*							
Ordinary shares							
Leon Kirkinis		6 065 628	15 934 372	22 000 000	3 043 624	13 688 251	16 731 875
Toni Fourie		–	304 405	304 405	–	304 405	304 405
Tami Sokutu	5	–	5 806 475	5 806 475	–	5 929 430	5 929 430
Sam Sithole	6	–	1 024 839	1 024 839	–	1 024 839	1 024 839
Subtotal		6 065 628	23 070 091	29 135 719	3 043 624	20 946 925	23 990 549
Total ordinary shares		6 073 170	30 372 616	36 445 786	3 047 723	27 966 300	31 014 023

* The shareholding of past directors are as at the date of resignation. The directors are not aware of changes in shareholding by directors after their resignation.

Note 1: Eyomhlaba Investment Holdings (RF) Limited ("Eyomhlaba") owns 48 176 160 (2013: 48 501 465) ordinary shares in ABIL which is 3,2% (2013: 5,9%) of ABIL's issued ordinary share capital.

Note 2: Hlumisa Investment Holdings (RF) Limited ("Hlumisa") owns 25 911 800 (2013: 25 840 808) ordinary shares in ABIL which is 1,7% (2013: 3,2%) of ABIL's issued ordinary share capital.

Note 3: Nithia Nalliah has a 4,8% (2013: 4,9%) interest in Eyomhlaba and a 0,6% (2013: 0,6%) interest in Hlumisa.

Note 4: Mutle Mogase has a 4,8% (2013: 4,9%) interest in Eyomhlaba and a 3,0% (2013: 3,1%) interest in Hlumisa.

Note 5: Tami Sokutu has a 9,8% (2013: 9,9%) interest in Eyomhlaba and a 4,3% (2013: 4,4%) interest in Hlumisa.

Note 6: Sam Sithole resigned from the board effective 16 September 2013.

Directors' report (continued)

Interest of directors and officers in transactions

During the financial year no material contracts were entered into in which directors and officers of the company had an interest and which significantly affected the business of the company or subsidiaries. The directors had no interest in any third party or company responsible for managing any of the business activities of the company or subsidiaries.

Special resolutions by ABIL

At the annual general meeting held on 6 February 2014, African Bank Investments Limited shareholders passed the following special resolutions:

Special resolution 1 – Remuneration of non-executive directors

The approval of the remuneration payable to non-executive directors for their services as directors for the year ended 30 September 2014.

Special resolution 2 – General authority to provide financial assistance in terms of section 45 of the Companies Act

To the extent required, to authorise ABIL to provide direct or indirect financial assistance to any of its subsidiaries and/or any other company that is related or interrelated to ABIL in accordance with section 45 of the 2008 Companies Act.

Special resolution 3 – General authority to provide financial assistance in terms of section 44 of the Companies Act

To the extent required, to authorise ABIL to provide direct or indirect financial assistance to any person or entity for purpose of or in connection with the subscription of any option or any securities issued or to be issued by the company or related or interrelated company as contemplated in section 44(3)(a)(ii) of the 2008 Companies Act.

Insurance and directors' and officers' indemnity

As permitted by the company's memorandum of incorporation, the company has purchased an insurance policy to protect the directors and company secretary against certain losses and liabilities which they may incur in the course of acting as directors or officers of the company or of one or more of its subsidiaries. The board believes that it is in the best interest of the company to attract and retain the services of the most able and experienced directors and officers by offering competitive terms of engagement, including directors and officers insurance on terms consistent with the legislation and best practice.

Auditors

The company's auditors are Grant Thornton Johannesburg Partnership and the designated audit partner is Soné Kock. Grant Thornton Johannesburg Partnership were appointed as auditors on 24 August 2015.

Deloitte & Touche resigned as auditors on 26 June 2015 for the following reasons as set out in their resignation letter to ABIL:

- Deloitte & Touche were of the view that the relationship of trust and confidence between the ABIL directors and Deloitte & Touche was in doubt due to statements made by certain directors which Deloitte & Touche consider to be inaccurate or indicate a hostile attitude to Deloitte & Touche;
- Deloitte & Touche consider that certain of these statements indicate that the relevant directors perceive themselves to be adversarial to Deloitte & Touche and/or conflicting interests to Deloitte & Touche signalling the possibility of litigation between the parties; and
- Deloitte & Touche were of the view that the above situation posed a threat to the independence of Deloitte & Touche and they were unable to identify appropriate safeguards which would reduce the threat to an acceptable level.

Company statement of financial position

as at 30 September 2014

<i>R million</i>	<i>Notes</i>	2014	2013
Assets			
Short-term deposits and cash	5	4	35
Other financial assets	6	4	125
Deferred tax asset	7	–	1
Investments	8	–	–
Investment in subsidiaries	9	564	12 040
Total assets		572	12 201
Liabilities and equity			
Borrowings	10	447	1 314
Other liabilities	11	378	29
Total liabilities		825	1 343
Ordinary share capital	12	192	20
Ordinary share premium	12	14 458	9 420
Reserves	13	(16 033)	288
Ordinary shareholders' equity		(1 383)	9 728
Preference shareholders' equity	14	1 130	1 130
Total equity (capital and reserves)		(253)	10 858
Total liabilities and equity		572	12 201
Tangible net asset value per ordinary share (cents)		(92,1)	1 192,4
Net asset value per ordinary share (cents)		(92,1)	1 192,4

Company income statement

for the year ended 30 September 2014

<i>R million</i>	<i>Notes</i>	<i>2014</i>	<i>2013</i>
Dividends received	15	1 271	1 227
Sundry income	15	7	–
Interest received	15	9	2
Total income		1 287	1 229
Reversal of impairment loss	16	–	338
Operating costs	17	(372)	(7)
Impairment of financial instruments	6	(167)	–
Impairment of subsidiaries	16	(16 925)	(1 784)
Finance costs		(6)	–
Indirect tax		(4)	(1)
Loss before taxation		(16 187)	(225)
Direct taxation: SA normal tax	18	(4)	–
Loss for the year		(16 191)	(225)
Loss per share (cents)			
Basic and diluted	19	(1 160,9)	(32,2)

Company statement of other comprehensive income

for the year ended 30 September 2014

<i>R million</i>	2014	2013
Loss for the year	(16 191)	(225)
Other comprehensive loss	–	–
Total comprehensive loss	(16 191)	(225)

Company statement of changes in equity

for the year ended 30 September 2014

<i>R million</i>	Notes	Ordinary shares		Preference share capital and premium	Total
		Ordinary share capital and premium	Retained earnings		
Balance at 30 September 2012	12, 13, 14	9 151	1 689	1 130	11 970
Shares issued in scrip distribution	12, 24, 14	289	(289)	–	–
Dividends paid	20	–	(799)	(88)	(887)
Total comprehensive loss for the year		–	(313)	88	(225)
Balance at 30 September 2013	12, 13, 14	9 440	288	1 130	10 858
Shares issued in rights issue	12, 24, 14	5 210	–	–	5 210
Dividends paid	20	–	(41)	(89)	(130)
Total comprehensive loss for the year		–	(16 280)	89	(16 191)
Balance at 30 September 2014	12, 13, 14	14 650	(16 033)	1 130	(253)

Company statement of cash flows

for the year ended 30 September 2014

<i>R million</i>	Notes	2014	2013
Cash generated from operations	21	1 258	1 218
Cash receipts		1 287	1 229
Cash payments		(29)	(11)
Indirect and direct taxation paid	22	(7)	(1)
Cash inflow from operating activities		1 251	1 217
Cash outflow from investing activities		(5 494)	(1 381)
Investments acquired during the year	6	(177)	(120)
Investments disposed of during the year	23	132	–
Investments in subsidiaries	9	(5 449)	(1 261)
Cash inflow from financing activities		4 216	192
Cash (outflow)/inflow from funding activities	10	(867)	1 079
Issue of ordinary shares	12	5 213	–
Preference shareholders' payments and transactions	20	(89)	(88)
Ordinary shareholders' payments and transactions	20	(41)	(799)
(Decrease)/increase in cash and cash equivalents		(27)	28
Cash and cash equivalents at the beginning of the year		35	7
Reclassification of cash held by African Bank Limited	5	(4)	–
Cash and cash equivalents at the end of the year	24	4	35

Notes to the company annual financial statements

for the year ended 30 September 2014

1. General information

African Bank Investments Limited (“ABIL”) is a listed company incorporated in the Republic of South Africa.

The principal activities are disclosed in the directors’ report.

2. Adoption of new standards and interpretations effective for the current and future financial years

2.1 New and revised IFRSs with no material effect on the financial statements

The following new and revised standards, amendment to standards and interpretation have been applied in the current year:

IFRS/IFRIC	Title and details
IFRIC 20	<p>Stripping Costs in the Production Phase of a Surface Mine</p> <p>The interpretation deals with waste removal costs that are incurred in surface mining activity during the production phase of a mine and considers when and how to account separately for benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently.</p>
IFRS 1	<p>First time adoption of International Financial Reporting Standards</p> <p>Amendments add an exception to the retrospective application of IFRSs to require that the first-time adopters apply the requirements of IFRS 9 and IAS 20 prospectively to government loans existing at the date of transition to IFRSs.</p>
IFRS 7	<p>Financial Instruments: Disclosures</p> <p>Amendments related to the enhancement of disclosure about offsetting of financial assets and financial liabilities.</p> <p>The amendments do not change the current offsetting model in IAS 32, which requires an entity to offset a financial asset and financial liability in the statement of financial position only when the entity currently has a legally enforceable right to set off and intends either to settle the asset and liability on a net basis or to realise the asset and settle the liability simultaneously.</p> <p>The amendments clarify the set off requirements as well as the requirements towards the disclosure of the financial instruments that are offset.</p>
IFRS 10	<p>Consolidated Financial Statements</p> <p>IFRS 10 establishes a new control model for determining which entities should be consolidated. The standard also provides guidance on how to apply the principle of control to specific situations in order to identify whether an investor controls an investee. IFRS 10 supersedes a portion of IAS 27 Separate and Consolidated Financial Statements and SIC 12 Consolidation – Special Purpose Entities.</p> <p>Amendments to the transition guidance of IFRS 10 limiting the requirements to provide adjusted comparative information.</p>
IFRS 11	<p>Joint Arrangements</p> <p>The standard supersedes IAS 31 Joint Ventures and aims to improve on IAS 31 by establishing accounting principles that are applicable to all joint arrangements.</p> <p>The standard distinguishes between two types of joint arrangements, joint operations and joint ventures. The accounting for joint operations remains unchanged from IAS 31 and all joint ventures should be equity accounted in the financial statements of the venture.</p> <p>Amendments to the transition guidance of IFRS 10 limiting the requirements to provide adjusted comparative information.</p>

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

IFRS/IFRIC	Title and details
IFRS 12	<p>Disclosure of Interests in Other Entities</p> <p>The standard aims to provide consistent disclosure requirements for subsidiaries, joint arrangements, associates and structured entities.</p> <p>IFRS 12 requires disclosure of information that will enable users to evaluate the nature of the risks associated with the interest and the effect of the interest on the financial position, performance and cash flows of the reporting entity.</p> <p>Amendments to the transition guidance of IFRS 10 limiting the requirements to provide adjusted comparative information.</p>
IFRS 13	<p>Fair Value Measurement</p> <p>IFRS 13 was issued in order to eliminate inconsistencies in the guidance on how to measure fair value and disclosure requirements that currently exist under the different IFRSs that require or permit fair value measurement. It provides a fair value hierarchy, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.</p>
IAS 19	<p>Employee Benefits</p> <p>The main changes include the removal of the corridor approach, which allowed entities the option to defer the recognition of actuarial gains and losses on defined benefit plans. The revised standard requires that all remeasurements arising from defined benefit plans be presented in other comprehensive income. It also enhanced disclosure requirements for defined benefits plans.</p>
IAS 27	<p>Consolidated and Separate Financial Statements</p> <p>IAS 27 removes the accounting and disclosure requirements for consolidated financial statements as a result of the issue of IFRS 10 and IFRS 12, which establish new consolidation and disclosure standards. IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.</p>
IAS 28	<p>Investments in Associates and Joint-Ventures</p> <p>IAS 28 Investments in Associates and Joint Ventures (amended) supersedes IAS 28 Investments in Associates as a result of the issue of IFRS 11 and IFRS 12. The new IAS 28 prescribes the accounting for investment in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The disclosure requirements relating to these investments are now contained in IFRS 12.</p>
Annual improvements	<p>Annual Improvements Project</p> <p>Annual improvements 2009-2011 cycles. Amendments affected IFRS 1, IAS 16, IAS 32, and IAS 34.</p>

The application of these new and revised standards and interpretations has not had any material effect on the amounts reported for the current and prior years, except for the changes described below.

2.1.1 *Subsidiaries including structured entities*

As a result of IFRS 10, the company has reconsidered whether the company has control over the investee through power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns.

2.1.3 *Fair value measurement*

In accordance with transitional provisions of IFRS 13, the company has applied the new definition of fair value prospectively. The change had no significant impact on the measurements of the assets and liabilities, but the company has expanded disclosures in the financial statements, which are required under IFRS 13.

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

2.2 New and revised IFRSs in issue but not yet effective

The company has not applied the following new and revised IFRSs that have been issued but not yet effective:

IFRS	Title and details	Expected impact
IFRS effective for periods beginning on or after 1 January 2014 or 1 July 2014 (applicable to the financial statements for the year ended 30 September 2015)		
IFRS 10	Consolidated Financial Statements IFRS 10 exception to the principle that all subsidiaries must be consolidated. Entities meeting the definition of "Investment entities" must be accounted for at fair value under IFRS 9 "Financial Instruments" and IAS 39 "Financial Instruments: Recognition and measurement".	The company is in the process of assessing the impact that the amendment will have on the financial statements.
IFRS 12	Disclosure of interest in other entities Amendments applicable to investment entities	The company is in the process of assessing the impact that the amendment will have on the financial statements.
IAS 19	Employee benefits Amendments regarding clarification of the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to period of service.	The company is in the process of assessing the impact that the amendment will have on the financial statements.
IAS 27	Consolidated and separate financial statements Requirement to account for interests in "Investment entities" at fair value under IFRS 9 "Financial Instruments" and IAS 39 "Financial Instruments: Recognition and measurement", in the separate financial statements of a parent.	The company is in the process of assessing the impact that the amendment will have on the financial statements.
IAS 32	Financial Instruments: Classification and Measurement The amendments do not change the current offsetting model in IAS 32, which requires an entity to offset a financial asset and financial liability in the statement of financial position only when the entity currently has a legally enforceable right to set off and intends either to settle the asset and liability on a net basis or to realise the asset and settle the liability simultaneously. The amendments are made to clarify the application principles on the offsetting requirements for the financial assets and financial liabilities.	The company will comply with the standard and will make sure that the set off requirements are applied correctly when the standard becomes effective.
IAS 36	Impairment of assets Amendments arising from recoverable amount disclosures for non-financial assets. The amendments clarify the disclosure requirements in respect of fair value less costs of disposal. Two additional disclosure requirements were added: <ul style="list-style-type: none"> • Additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal. • Information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique. The amendment harmonises disclosure requirements between value in use and fair value less costs of disposal. 	The company will comply with the standard and will make sure that the appropriate disclosure is provided.

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

IFRS	Title and details	Expected impact
IAS 39	<p>Financial instruments: Recognition and measurement Amendments for novations of derivatives. The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument.</p>	The company will comply with the standard and will make sure that the appropriate disclosure is provided.
IFRIC 21	<p>Levies This interpretation provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 and those where the timing and amount of the levies is certain.</p> <p>The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. Guidance provided indicates that the liability is recognised progressively if the obligating event occurs over a period of time and if an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.</p> <p>Annual improvements 2010 – 2012 Amendments affect IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38.</p> <p>Annual improvements 2011 – 2013 Amendments affect IFRS 1, IFRS 3, IFRS 13, IAS 40.</p>	<p>This interpretation will have no impact on the company.</p> <p>The amendments are not expected to have a significant impact on the company.</p> <p>The amendments are not expected to have a significant impact on the company.</p>
<p>IFRS effective for periods beginning on or after 1 January 2015 (applicable to the financial statements for the year ended 30 September 2016)</p>		
IFRS 7	<p>Financial Instruments: Disclosures Amendments require specific disclosure about the initial application of IFRS 9.</p> <p>The amendments defer the effective date of IFRS 9 from periods beginning on or after 1 January 2013 to periods beginning on or after 1 January 2015.</p> <p>The amendments to IFRS 7 require additional disclosures on transition from IAS 39 to IFRS 9. The new transitional disclosures include, but are not limited to:</p> <p>Changes in the classifications of financial assets and financial liabilities, showing separately:</p> <ol style="list-style-type: none"> the changes in the carrying amounts on the basis of their measurement categories in accordance with IAS 39 (ie not resulting from a change in measurement attribute on transition to IFRS 9); and the changes in the carrying amounts arising from a change in measurement attribute, such as from amortised cost to fair value, on transition to IFRS 9. 	<p>Also effective when IFRS 9 is first applied.</p> <p>The company will comply with the standard and will reconsider the classification of its financial assets into financial assets at amortised cost or fair value when the standard becomes effective.</p>

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

IFRS	Title and details	Expected impact
	<p>The following four financial assets and financial liabilities that have been reclassified so that they are measured at amortised cost as a result of the transition to IFRS 9:</p> <ul style="list-style-type: none"> a) The fair value of the financial assets or financial liabilities at the end of the reporting period. b) The fair value gain or loss that would have been recognised in profit or loss or other comprehensive income during the reporting period if the financial assets or financial liabilities had not been reclassified. c) The effective interest rate determined on the date of reclassification. d) The interest income or expense recognised. <p>The amendments also require additional hedge accounting disclosures resulting from introduction of the hedge accounting chapter in IFRS 9.</p> <p>Implementation guidance has been added to IFRS 7, which illustrates how the quantitative disclosures might be made.</p>	
IFRS effective for periods beginning on or after 1 January 2016 (applicable to the financial statements for the year ended 30 September 2017)		
IFRS 10	<p>Consolidated Financial Statements Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture.</p>	The company will comply with the standard when the standard becomes effective.
IFRS 11	<p>Joint arrangements Amendments regarding the accounting for acquisitions of an interest in joint operation.</p>	The company will comply with the standard when the standard becomes effective.
IFRS 14	<p>Regulatory Deferral Accounts The standard permits an entity which is a first-time adopter of IFRS to continue to account, with some limited changes for “regulatory deferral account balances” in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances arise when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.</p>	This standard will have no impact on the company.
IAS 1	<p>Presentation of Financial Statements Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements.</p>	The company will comply with the standard when the standard becomes effective.
IAS 16	<p>Property, plant and equipment Amendments regarding the clarification of acceptable methods of depreciation and amortisation.</p> <p>Amendments bringing bearer plants into the scope of IAS 16.</p>	The company will comply with the standard when the standard becomes effective.
IAS 27	<p>Separate financial statements Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an equity’s separate financial statements.</p>	The company will comply with the standard when the standard becomes effective.

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

IFRS	Title and details	Expected impact
IAS 28	Investments in associates and joint ventures Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture.	The company will comply with the standard when the standard becomes effective.
IAS 38	Intangible assets Amendments regarding the clarification of acceptable methods of depreciation and amortisation.	The company will comply with the standard when the standard becomes effective.
IAS 41	Agriculture Amendments bringing bearer plants into the scope of IAS 16. Annual improvements 2011 – 2013 Amendments affect IFRS 10, IFRS 11, IAS 16, IAS 27, IAS 28, IAS 41. Annual improvements 2012 – 2014 Amendments affect IFRS 4, IFRS 7, IAS 19, IAS 34.	<p>This standard is not expected to have an impact on the company.</p> <p>The amendments are not expected to have a significant impact on the company.</p> <p>The amendments are not expected to have a significant impact on the company.</p>
IFRS effective for periods beginning on or after 1 January 2017 (applicable to the financial statements for the year ended 30 September 2018)		
IFRS 15	Revenue from contracts with customers The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.	The company will comply with the standard when the standard becomes effective.
IFRS effective for periods beginning on or after 1 January 2018 (applicable to the financial statements for the year ended 30 September 2019)		
IFRS 9	Financial Instruments: Classification and Measurement This standard is part of the IASB's three-part project intended to ultimately replace current IAS 39: <i>Recognition and Measurement of Financial Instruments</i> standard. This phase deals with classification and measurement of financial assets. Finalised version of the standard was issued in July 2014. The final version incorporates requirements for classification and measurement, impairment, general hedge accounting and derecognition. The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted (subject to local endorsement requirements). For a limited period, previous versions of IFRS 9 may be adopted early if not already done so provided the relevant date of initial application is before 1 February 2015.	The company will comply with the standard when the standard becomes effective.

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, which are described below, management is required to make judgements, estimates and assumptions. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates, judgements and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A change in accounting estimates is defined as an adjustment to the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

The following are the critical judgements and key estimation uncertainties that management have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

3.1 Going concern

As stated in the directors' responsibility section, the annual financial statements have been prepared on a going-concern basis which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The entering of Ellerine Holdings Limited and Ellerine Furnishers Proprietary Limited into business rescue proceedings and placing of African Bank Limited under curatorship has cast doubt on whether the company can continue as a going concern.

The directors have considered the following in deciding whether the company is a going concern:

ABIL is currently in business rescue due to the demand for repayment of loans and fulfilment of guarantees issued to various financial institutions.

The company is an investment holding company and hence is reliant on the dividends it receives from its subsidiaries for income in order to meet its commitments.

The directors believe that the claims by the creditors will be paid in full for the following reasons:

- The company's subsidiary, The Standard General Insurance Company Limited ("Stangen"), is in a strong financial position and has equity of approximately R1,1 billion at 30 September 2015.
- Stangen is profitable and in the 2015 financial year made profits of approximately R1,4 billion.
- Value will be realised from Stangen's run-off credit life book with African Bank Limited despite the lapsing of the purchase and sale agreement of the entire issued shares in Stangen. Stangen is exploring various ways to retain value in its book as well as developing new routes to market independent of African Bank Limited.
- Stangen has sufficient cash and equity to declare dividends to ABIL that will fund operations, facilitate repayment of ABIL's creditors and provide ABIL with funds to either invest in new opportunities or to make distributions to ABIL's shareholders.

The directors believe that either if Stangen is sold or continues operating as a subsidiary of ABIL there will be sufficient cash to pay ABIL's creditors, fund operations and potentially make new investments or make distributions to ABIL's shareholders.

Thus the directors concluded that the preparation of the annual financial statements as a going concern is appropriate as the company is expected to realise its assets and settle its commitments in the normal course of business for a period of not less than one year from the date of approval of these annual financial statements.

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

3.2 Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair value less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that certain key assumptions may change, which may then impact our estimations and may then require a material adjustment to the carrying value of assets.

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use are inherently uncertain and could materially change over time.

In determining the impairment of the deposits that are held with African Bank Limited the deposits are held at 90% of face value which is based on the assumption that the deposits will be transferred to the Good Bank at 90% of face value.

3.3 Provisions

By their nature, various assumptions are applied in arriving at the carrying value of provisions that are recognised in terms of the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Where the provision relates to a legal matter, management relies on input from legal external and internal counsel in assessing the probability of matters of a significant nature.

4. Significant accounting policies

The significant accounting policies set out below have been applied in the preparation and presentation of the annual financial statements in dealing with items that are considered material during this reporting period.

4.1 Statement of compliance

The annual financial statements are prepared in accordance with, and comply with, the International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"), interpretations issued by the IFRS Interpretations Committee ("IFRIC") of the IASB, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act (Act 71 of 2008).

4.2 Basis of preparation

The financial statements have been prepared in accordance with the going-concern principle and using a historical cost basis, except where specifically indicated otherwise in the accounting policies.

The statement of financial position is presented in order of liquidity with the exception of certain long-term liabilities which reflect the original time frame and intention of the instrument entered into. Reference to the current maturities of these financial liabilities is disclosed in the notes and in the analysis of financial assets and liabilities. The accounting policies and their application are consistent with the previous year except where specifically stated otherwise.

Functional and presentation currency

The financial statements are presented in South African rand, which is the company's functional currency. All monetary information and figures have been rounded to the nearest million rand (R million), unless otherwise stated.

4.3 Assets and liabilities

An asset is a resource controlled by the company as a result of past events and from which future economic benefits are expected to flow to the company.

Assets are recognised if it is probable that future economic benefits will flow to the company and the asset has a cost or value that can be measured reliably.

A liability is a present obligation of the company arising from past events, the settlement of which is expected to result in an outflow from the company's resources, embodying economic benefits.

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

Liabilities are recognised if it is probable that the settlement of the obligation will result in an outflow of resources, embodying economic benefits, and the settlement amount can be measured reliably.

4.4 Impairment of non-financial assets

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher amount of an asset's fair value less cost to sell and value in use. Fair value less cost to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

In respect of other non-financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.5 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale or held for distribution if it is highly probable that they will be recovered primarily through a sale or distribution rather than through continuing use. This condition is regarded as met only when the sale or distribution is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale or distribution which should be expected to qualify for recognition as a completed sale or distribution within 12 months from the date of classification.

4.6 Financial instruments

A financial instrument is defined as a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial instruments, as reflected on the statement of financial position, include all financial assets, financial liabilities, derivative instruments and equity instruments held for investment, trading, hedging or liquidity purposes, but exclude investments in subsidiaries, associated companies and joint ventures, employee benefit plans, investment property, property and equipment, inventory, assets and liabilities of insurance operations, deferred taxation, taxation payable, provisions, intangible assets and goodwill.

Financial instruments are accounted for under IAS 32 *Financial Instruments: Presentation* and IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*. Financial assets are classified into the following categories:

- Financial assets at fair value through profit or loss;
- Held-to-maturity investments;
- Loans and receivables; and
- Available-for-sale financial assets.

Financial liabilities are classified into the following categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost.

The classification of financial assets and financial liabilities depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition.

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

4.6.1 Initial recognition

Financial instruments are recognised on the statement of financial position when the company becomes a party to the contractual provisions of a financial instrument.

4.6.2 Initial measurement

All financial instruments are initially recognised at fair value plus transaction costs, except those carried at fair value through profit or loss where transaction costs are recognised immediately through profit or loss.

4.6.3 Subsequent measurement

Subsequent to initial measurement, financial instruments are either measured at fair value or amortised cost, depending on their classification.

Financial assets and financial liabilities at fair value through profit or loss

Financial instruments at fair value through profit or loss consist of trading instruments and instruments that the company has elected, on the date of initial recognition, to designate as at fair value through profit or loss.

A financial asset or financial liability is classified as held for trading if:

- It has been acquired or incurred principally for the purpose of selling or repurchasing in the near term; or
- On initial recognition it is a part of an identified portfolio of identifiable financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial assets and financial liabilities other than a financial asset or liability held for trading may be designated as at fair value through profit or loss upon initial recognition to the extent it produces more relevant information because it either:

- Forms part of a group of financial assets and/or financial liabilities, which is managed and its performance is evaluated on a fair value basis in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally to management on that basis; or
- Eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise as a result of measuring assets and liabilities and the gains and losses on them on a different basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company has both the positive intent and ability to hold to maturity, other than those that meet the definition of loans and receivables or those that were designated as at fair value through profit or loss or available-for-sale.

Held-to-maturity financial assets are measured at amortised cost, using the effective-interest method, less any provisions for impairment with the interest income recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those designated by the company as at fair value through profit or loss or available-for-sale.

Trade receivables, loans, advances and other receivables that are not held for trading purposes and have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective-interest rate method, less an allowance for impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are intended to be held for an undefined period of time, which may be sold in response to the need for liquidity or changes in interest rates, exchange rates or equity prices. Gains and losses arising from changes in fair value are recognised in other comprehensive income, until the asset is disposed of or it is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period. Interest income is excluded from the fair value gains and losses which are recognised in other comprehensive income.

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

Financial liabilities at amortised cost

All financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost.

4.6.4 *Effective interest rate method*

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees receivable payable that form an integral part of the effective interest rate) through the expected life of the financial asset/liability or, where appropriate, a shorter period.

4.6.5 *Fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, ie the fair value of the consideration paid or received. Transaction costs that are directly attributable are included in the initial fair value of financial assets and financial liabilities, other than those at fair value through profit or loss.

Subsequent to initial recognition, the fair values of financial assets and liabilities are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is an unlisted instrument, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's-length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date for a financial asset or liability with similar terms and conditions.

4.6.6 *Impairment of financial instruments*

4.6.6.1 **Assets carried at amortised cost**

The company assesses at each reporting date whether there is objective evidence that an asset or group of assets is impaired.

The company reviews the carrying amounts of its loans and advances to determine whether there is any indication that those loans and advances have become impaired, using objective evidence at a loan level and at the portfolio level. A loan or receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event(s) has an adverse impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

- Significant financial difficulty of the issuer or debtor.
- A breach of contract, such as a default or delinquency in the payment of interest or principal.

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- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider.
- It becoming probable that the borrower is over-indebted.
- Indication that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
 - adverse changes in the payment status of borrowers in the group (eg an increased number of delayed payments or an increased number of credit card borrowers who have reached their credit limit and are paying less than the minimum monthly amount); or
 - national or local economic conditions that correlate with defaults on the assets in the group (eg an increase in the unemployment rate in the geographical area of the borrowers or adverse changes in industry conditions that affect the borrowers in the group).

When portfolio (collective) assessment of impairment is used, financial assets are grouped on the basis of similar credit characteristics which indicate the borrower's ability to pay in accordance with the contractually agreed terms.

The company estimates the recoverable amount on a portfolio basis using portfolio statistics derived from past performance of similar financial assets, taking into account any changes to collection procedures and projected future market conditions.

The recoverable amount is the sum of the estimated future cash flows, discounted to their present value using a discount rate that reflects the portfolio of advances' original effective interest rate. The effective interest method is a method of calculating the amortised cost and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including initiation and monthly service fees) through the expected life of the loan, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

If the recoverable amount of the advance is estimated to be less than the carrying amount, the carrying amount of the advance is reduced to its recoverable amount by raising an impairment provision (through the use of a separate allowance account), which is recognised as an expense in profit or loss. Loans are written off, either partially or in full, when there is no realistic prospect of full or partial recovery. A write-off is effected against the allowance account.

In order to provide for latent losses in a group of loans that have not yet been identified as specifically impaired, impairment for incurred but not reported losses is recognised based on historic loss patterns and estimated emergence periods. Groups of loans and advances are also impaired when adverse economic conditions develop after initial recognition, which may impact future cash flows.

Where an impairment loss subsequently reverses, the carrying amount of the advance is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the advance in prior years. A reversal of an impairment loss is immediately recognised in profit or loss.

Impairment allowances raised during the year are charged to profit or loss.

4.6.6.2 Available-for-sale financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but on or before the reporting date, that have a negative impact on the future cash flows of the asset. In addition, an available-for-sale financial asset is considered to be impaired if a significant or prolonged decline in fair value of the instrument below its cost has occurred. In that instance, the cumulative loss, measured as the difference between the acquisition price and the current fair value, less any previously recognised impairment losses on that financial asset, is reclassified from other comprehensive income to profit or loss.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated in revaluation reserve in equity. In respect of available-for-sale

Notes to the company annual financial statements (continued)

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debt securities, impairment losses are subsequently reversed through profit or loss if an increase in fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

4.6.7 *Derecognition of financial instruments*

The company derecognises a financial asset (or group of financial assets) or a part of a financial asset (or part of a group of financial assets) when:

- The contractual rights to the cash flows arising from the financial asset have expired; or
- The company transfers the financial asset and the transfer qualifies for derecognition.

The company transfers a financial asset if:

- It transfers the contractual rights to receive the cash flows of the financial asset; or
- It retains the contractual rights to receive the cash flows of the financial asset, but assumes a corresponding contractual obligation to pay the cash flows to one or more recipients, and consequently transfers substantially all the risks and benefits associated with the asset.

When the company transfers a financial asset it evaluates the extent to which it retains the risks and rewards of ownership of the financial asset. In this case:

- If the company transfers substantially all the risks and rewards of ownership of the financial asset, the company derecognises the financial asset and recognise separately as asset or liability any rights and obligations created or retained in the transfer;
- If the company retains substantially all the risks and rewards of ownership of the financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received;
- If the company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the company determines whether it has retained control of the financial asset. In this case:
 - If the company has not retained control, it derecognises the financial asset and recognise separately as asset and liabilities any rights and obligations created or retained in the transfer;
 - If the company has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (eg when the company retains an option to repurchase part of a transferred asset), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

A financial liability (or group of financial liabilities) or a part of a financial liability (or part of a group of financial liabilities) is derecognised when and only when the liability is extinguished, ie when the obligation specified in the contract is discharged, cancelled or expires.

The difference between the carrying amount of a financial asset or financial liability (or part thereof) that is derecognised and the consideration paid or received, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss for the period.

4.6.8 *Offsetting*

Financial assets and liabilities are offset and the net amount reported only when a legally enforceable right to set off the recognised amount exists and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expense items are offset only to the extent that their related instruments have been offset in the statement of financial position.

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

4.7 Borrowings

Borrowings are recognised initially at fair value, generally being their issue proceeds, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost and interest is recognised over the period of the borrowing using the effective interest rate method.

Non-participating preference shares, which do not carry a mandatory coupon, are not redeemable on a specific date, or at the occurrence of a contingent future event at the option of the shareholder and where the dividend payments are discretionary, are classified as equity. Dividends on such preference shares are accounted for in the statement of changes in equity.

4.8 Cash and cash equivalents

Short-term deposits and cash comprise fixed and notice deposits as well as call and current accounts with financial institutions.

4.9 Equity

All transactions relating to the acquisition and sale or issue of shares in the company, together with their associated costs, are accounted for in equity.

Ordinary and preference share capital are separately disclosed on the statement of financial position and statement of changes in equity.

4.9.1 Share capital and share premium

Shares issued by the company are recorded at the value of the proceeds received less the external costs directly attributable to the issue of the shares. In line with the requirements of the Banks Act, only par value shares are issued by the company. Where shares are issued for consideration other than in cash under a business combination in terms of IFRS 3, the value at which the issued shares are recorded is the market value of the company's shares at the date of issue.

4.9.2 Dividends

Dividends to equity holders are recognised as a liability in the period in which they are declared and are accounted for as movement in reserves in the statement of changes in equity. Dividends declared after the statement of financial position date are not recognised but are disclosed in the dividends note.

4.10 Revenue

Revenue comprises interest income and dividend income.

4.10.1 Interest income

Interest income is accrued on a yield to maturity basis by reference to the principal outstanding and the interest rate applicable.

4.10.2 Dividend income

Dividend income is recognised when the company's right to receive payment is established.

4.11 Taxation

4.11.1 Indirect taxation

Indirect taxation in the form of non-claimable value-added tax ("VAT") on expenses is disclosed as indirect taxation in profit or loss and not as part of the taxation charge.

4.11.2 Direct taxation

Direct taxation in profit or loss consists of South African corporate income tax, inclusive of capital gains tax ("CGT") (currently payable, prior year adjustments and deferred).

4.11.2.1 Current and withholding taxation

Current taxation is the expected taxation payable to tax authorities based on the taxable income, inclusive of capital gains, for the year, using taxation rates enacted or substantially enacted at the statement of financial position date, and any adjustment to taxation payable in respect of previous years. Taxable income is determined by adjusting the profit before taxation for items which are non-taxable or disallowed in terms of tax legislation.

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

4.11.2.2 Deferred taxation

Deferred taxation is provided on temporary differences using the balance sheet liability method. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation base. However, deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit or loss, nor taxable income.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised on the tax effects of income tax losses available for carry forward, if the company considers it probable that future taxable income will be available against which the unused tax losses can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences.

4.12 Contingent liabilities and commitments

4.12.1 Contingent liabilities

A contingent liability is disclosed when:

- A possible obligation arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of the company; or
- The company has a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources will be required to settle such obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.12.2 Commitments

Items are classified as commitments where the company has committed itself at the reporting date to future significant transactions or the acquisition of assets for material amounts.

4.13 Comparative figures

Where necessary, comparative figures within notes have been restated to conform to changes in presentation in the current year and to enhance disclosure of certain items.

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

<i>R million</i>	2014	2013
5. Short-term deposits and cash		
Call account	–	35
Current account	4	–
Call and current accounts	4	35
In 2014, African Bank Limited (“ABL”) entered curatorship and the deposit the company had with ABIL was frozen. Thus this deposit is now disclosed as “other financial asset” and not as cash as it is not liquid nor is it readily convertible to cash.		
The current account is held with Standard Bank South Africa and attracts interest at market-related rates.		
6. Other financial assets		
Deposit placed with African Bank Limited	4	–
Deposit amount	6	–
Impairment of deposit	(2)	–
Deferred costs	–	5
Security deposit		
Security deposits represent an amount paid to Rand Merchant Bank under the put option, cession and pledge agreements entered into by African Bank Investments Limited, preference shareholders of Hlumisa Investment Holdings (RF) Limited and Eyomhlaba Investment Holdings (RF) Limited. Deposit bears interest at the top call deposit rate as quoted by FirstRand Bank Limited. The deposit is pledged in terms of the put option agreements.	–	120
Investment in preference shares	165	–
Eyomhlaba Investment Holdings (RF) Limited (“Eyomhlaba”)		
Investment is represented by 10 “C” and 94 “D” cumulative, redeemable preference shares at R1 million each. The “C” cumulative, redeemable preference shares have a contractual dividend rate which is equal to 8,5% nominal annual compounded semi-annually (“NACS”) payable semi-annually on 30 June and 31 December each year. Preference shares are redeemable in December 2015.	104	–
The “D” cumulative, redeemable preference shares have a contractual dividend rate which is equal to 8,37% NACS payable semi-annually on 30 June and 31 December each year.		
The preference shares to the value of R16 million are redeemable on 31 December 2014 and 30 June 2015. The remaining portion of the preference shares is redeemable in December 2015.		
Hlumisa Investment Holdings (RF) Limited (“Hlumisa”)		
Investment is represented by 18 “A” and 50 “B” cumulative, redeemable preference shares at R1 million each.		
The “A” cumulative, redeemable preference shares have a contractual dividend rate which is equal to 8,5% nominal annual compounded semi-annually (“NACS”) payable semi-annually on 30 June and 31 December each year. The preference shares are redeemable in December 2015.	61	–
The “B” cumulative, redeemable preference shares have a contractual dividend rate which is equal to 8,37% NACS payable semi-annually on 30 June and 31 December each year. The preference shares to the total value of R6 million are redeemable on 31 December 2014 and 30 June 2015. The remaining portion of the preference shares is redeemable in December 2015.		
Impairment of investment in preference shares	(165)	–
	4	125

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

6. Other financial assets (continued)

Deposit placed with African Bank Limited represents the cash placed with the bank. On 10 August 2014, the SARB announced that it is placing African Bank Limited ("ABL") under curatorship with effect from that day. The announcement contains a proposal for the restructuring of the liabilities of African Bank. As per the proposal, senior debt instruments and wholesale deposits (excluding subordinated debt holders) will be transferred at 90% of face value following the restructuring (the absolute interest rate will be based on the revised face value). Thus the amounts receivable from ABL are recorded in the manner reflecting the measures proposed by SARB (the wholesale deposits are recorded at 90% of face value).

Hlumisa and Eyomhlaba were created by African Bank Investments Limited to accommodate ABIL's broad-based black equity ownership programme. Both companies hold a significant number of ABIL shares.

From 31 December 2013, African Bank Investments Limited is the holder of all the preference shares issued by Hlumisa and Eyomhlaba. The investments in preference shares of Hlumisa and Eyomhlaba are fully impaired due to significant uncertainty regarding the companies' ability to repay the preference shares.

The initial investment in Hlumisa and Eyomhlaba preference shares was R177 million of which R12 million redeemed in June 2014 as part of the redemption profile for these shares. Thus shares with a cost of R165 million remain after this redemption.

<i>R million</i>	<i>Opening balance</i>	<i>Recognised in profit and loss</i>	<i>Closing balance</i>
7. Deferred tax asset			
2014			
Temporary differences			
Estimated tax losses	1	(1)	–
Total	1	(1)	–
2013			
Temporary differences			
Estimated tax losses	1	–	1
	1	–	1

The deferred tax asset is related to the assessed losses and was tested for recoverability in terms of IAS 12.

	2014	2013
7.1 Unrecognised deferred tax assets		
Deferred tax assets not recognised at reporting date:		
Estimated tax losses	1	–
	1	–

The unrecognised deferred tax asset above relates to the capital losses of African Bank Investments Limited.

This deferred tax asset is not recognised as there is uncertainty whether the asset will be recovered through sufficient capital gains in the future.

<i>R million</i>	2014	2013
8. Investments		
<i>Unlisted shares</i>		
African Bank Limited	–	–
Cost	14 419	–
Impairment	(14 419)	–
Ellerine Holdings Limited	–	–
Cost	4 261	–
Impairment	(4 261)	–
	–	–

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

8. Investments (continued)

The investments in African Bank Limited and Ellerines Holdings Limited were previously disclosed under investments in subsidiaries (note 9). Both these entities are now disclosed under investments as they are no longer subsidiaries due to the change in control as illustrated below.

On 10 August 2014, the SARB announced that it is placing ABL under curatorship with effect from that day. ABIL and ABL have a common board. With effect from the date of curatorship, the ABL board was suspended. Due to the nature of the curatorship, ABIL has lost control over its subsidiary from the date of curatorship.

On 7 August 2014, Ellerine Furnishers Proprietary Limited (the biggest subsidiary of Ellerine Holdings Limited) voluntarily began business rescue proceedings. As a result of it the company was placed under supervision of a business rescue practitioner.

On 22 August 2014, Ellerine Holdings Limited also voluntarily began business rescue proceedings and placed the company under supervision of a business rescue practitioner.

Due to the nature of the business rescue process, ABIL has lost control over its subsidiary from the date of introduction of the business rescue proceedings.

See appendix A for information relating to investment in unlisted shares.

<i>R million</i>	2014	2013
9. Investments in subsidiaries		
Unlisted shares		
Shares at cost less impairments	564	12 040
	564	12 040
Reconciliation of carrying value		
Opening balance	12 040	12 225
Acquisition of shares in subsidiaries	5 449	1 261
Impairment of investments (refer note 16)	(16 925)	(1 446)
Closing balance	564	12 040
See appendix A for information relating to subsidiaries.		
10. Borrowings		
Loan from African Bank Limited	447	1 314
The loan from African Bank Limited is unsecured, interest-free and was repayable on or before 30 November 2014.		
11. Other liabilities		
Sundry creditors and accruals	12	3
Provision for guarantees issued	340	–
Shareholders for odd-lot offer	13	13
Shareholders for unclaimed dividends	13	13
	378	29

The provision for guarantees is related to the guarantees provided by ABIL to Ellerine Furnishers Proprietary Limited funders in June and July 2014 to the total value of R550 million in connection with the facilities granted to Ellerine Furnishers Proprietary Limited by its funders. These guarantees have now been called by the funders and hence are provided for. The provision is equal to guarantee value less payments made by Ellerine Furnishers plus interest accrued on the unpaid amount.

The guarantees are currently repayable and attract interest of between prime and prime +2%.

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

<i>R million</i>	<i>Opening balance</i>	<i>Provision and interest recognised during the year</i>	<i>Closing balance</i>
11. Other liabilities (continued)			
11.1 Provisions reconciliation			
2014			
Provision for guarantees	–	340	340
Total	–	340	340

	2014		2013	
	<i>Number of shares</i>	<i>R million</i>	<i>Number of shares</i>	<i>R million</i>
12. Ordinary share capital and premium				
Authorised				
Ordinary shares of 2,5 cents each	2 000 000 000	25	2 000 000 000	25
Issued				
Ordinary shares at par value of 2,5 cents each	1 501 932 232	192	815 811 539	20
Ordinary share premium		14 458		9 420
		14 650		9 440

Unissued shares

The directors have no authority to issue any of the unissued share capital. The directors have the authority to contract African Bank Investments Limited or any subsidiary to acquire shares not exceeding 3% of the issued share capital.

Shares issued during the year

On 9 December 2013, ABIL issued 685 281 693 shares as a result of a rights offer.

Shares issued during the previous year

During 2013 financial year ABIL issued 11 636 339 capitalisation shares in lieu of a cash dividend.

	2014	2013
Number of ordinary shares		
Number of shares in issue at the beginning of the year	815 811 539	804 175 200
Shares issued during the year	685 281 693	11 636 339
Number of shares in issue at the end of the year	1 501 093 232	815 811 539

<i>R million</i>	2014	2013
13. Reserves		
Reserves comprise the following:		
(Accumulated loss)/retained earnings	(16 033)	288
Total reserves	(16 033)	288

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

	2014		2013	
	Number of shares	R million	Number of shares	R million
14. Preference shareholders' equity				
Authorised				
Preference shares of 1 cent each	20 000 000	*	20 000 000	*
Issued				
Preference shares at par value of 1 cent each	13 523 029	*	13 523 029	*
Preference share premium		1 130		1 130
		1 130		1 130

* Amount below R1 million.

13 523 029 non-redeemable, non-cumulative, non-participating preference shares with a par value of R0,01 are in issue. Five million shares were issued on 23 March 2005 at a premium of R99,99 per share and share issue expenses of R17 million were set off against the preference share premium. A further 3 042 251 shares were issued during the 2011 financial year and 5 480 778 shares were issued in the 2012 financial year. The shares were issued at a premium of R76,13 per share and share issue expenses of R6 million were set off against the preference share premium. These shares rank *pari passu* with the 8 042 251 preference shares already in issue.

ABIL will not declare an ordinary dividend unless a preference dividend has been declared. Preference dividends will be calculated at 69% of the daily average prime overdraft rate which prevailed in respect of the period for which the dividend is calculated.

Shares issued during the year

No preference shares were issued in the current financial year.

R million	2014	2013
15. Interest and non-interest income		
Dividends received from subsidiary companies	1 271	1 227
Interest received	9	2
Preference dividend received	7	–
	1 287	1 229
Preference dividend received is classified as interest for reporting purposes.		
16. Impairment of investments in subsidiaries		
Impairment losses	(16 925)	(1 784)
Impairment of investment in Theta Investments Proprietary Limited	–	(21)
Impairment of investment in African Bank Limited	(14 419)	–
Impairment of investment in Creditsave Proprietary Limited	(8)	–
Impairment of investment in Ellerine Holdings Limited	(2 498)	(1 763)
Reversal of impairment loss related to The Standard General Insurance Company Limited	–	338
	(16 925)	(1 446)
17. Operating costs		
Auditors' remuneration	7	2
Audit fees – current year	3	2
Audit fees – audit of other group companies	4	–
Non-executive directors' remuneration	1	1
Provision for guarantees issued to related parties	334	–
Consulting fees	14	–
Other expenses	16	4
	372	7

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

<i>R million</i>	2014	2013
18. Direct taxation		
Total taxation charge per the income statement	(4)	–
18.1 Direct taxation		
SA normal tax		
Current year	3	–
Deferred tax		
Current year	1	–
Direct taxation charge per the income statement	4	–
18.2 Tax rate reconciliation		
Loss before taxation (amount used as the denominator in the tax rate reconciliation)	(16 187)	(225)
	%	%
Total taxation charge for the year as a percentage of loss before taxation	–	–
Effective rate of taxation	–	–
Dividend income	(2,2)	(152,7)
Disallowable expenses	30,2	222,9
Other	–	(42,2)
Standard rate of South African taxation	28,0	28,0
19. Reconciliation between basic loss and headline earnings		
Reconciliation between basic loss and headline earnings		
Loss for the year	(16 191)	(225)
Preference shareholders	(89)	(88)
Basic loss attributable to ordinary shareholders	(16 280)	(313)
Adjusted for:		
Impairment of subsidiaries	16 925	1 446
Headline earnings	645	1 133
Earnings per ordinary share		
Headline earnings per ordinary share (cents)	46,0	116,5
Basic loss per ordinary share (cents)	(1 160,9)	(32,2)

<i>R million</i>	2014		2013	
	<i>Total number of shares in issue</i>	<i>Weighted number of shares in issue</i>	<i>Total number of shares in issue</i>	<i>Weighted number of shares in issue</i>
Number of shares				
Number of shares in issue at the end of the year	1 501,0	1 402,4	815,8	972,7

The weighted number of shares in issue as at 30 September 2013 was restated taking into account the effects of the rights issue which was closed on 6 December 2013. The previously reported weighted number of shares was 810,5 million.

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

<i>R million</i>	2014	2013
20. Ordinary and preference dividends		
20.1 Ordinary dividends		
Final dividend number 26 of 5 cents per ordinary share (2013: 110 cents)	41	692
No interim dividend was declared during the year (2013: 25 cents)	–	107
Total ordinary and special dividends paid during the year	41	799
No interim dividend was declared during the year (2013: 25 cents)	–	107
No final dividend was declared with respect to the income for the year (2013: 5 cents)	–	41
Total ordinary and special dividends relating to income for the year	–	148
20.2 Preference dividends		
Final preference dividend number 18 of 308 cents per preference share (2013: 327 cents)	42	44
Interim preference dividend number 19 of 349 cents per preference share (2013: 322 cents)	47	44
Total preference dividends paid during the year	89	88
Interim preference dividend number 19 of 349 cents per preference share (2013: 322 cents)	47	44
No final preference dividend was declared with respect to the income for the year (2013: 308 cents)	–	42
Total preference dividends relating to income for the year	47	86
21. Cash generated from operations		
Loss from operations (before direct and indirect taxation)	(16 183)	(224)
Adjusted for:		
Movement in accruals	9	1
Movement in deferred costs	–	(5)
Reversal of impairment in The Standard General Insurance Company Limited	–	(338)
Provisions and finance cost	340	–
Impairment of financial assets and subsidiaries	17 092	1 784
	1 258	1 218
22. Direct and indirect taxation paid		
Direct and indirect taxation charged to the income statement	7	1
	7	1
23. Investments disposed during the year		
Refund of security deposit by Rand Merchant Bank	120	–
Receipt on redemption of Eyomhlaba and Hlumisa preference shares	12	–
	132	–
24. Cash and cash equivalents		
Short-term deposits and cash	4	35

25. Facility unutilised

African Bank Investments Limited have Rnil (2013: R186 million) unutilised credit facilities, provided by African Bank Limited.

26. Related-party information

African Bank Investments Limited holds 100% of *inter alia* Theta Investments Proprietary Limited, Customer Protection Insurance Company Limited, Creditsave Proprietary Limited and The Standard General Insurance Company Limited. Details of investment in subsidiaries are disclosed in appendix A.

Dividends received from subsidiaries are disclosed in note 15 and additional shares acquired in subsidiaries are disclosed in note 9.

Director-related transactions

There were no material transactions with directors other than interests in share capital and share options and emoluments as disclosed in the directors' report and the remuneration report.

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

27. Risk management

27.1 Interest rate risk management

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the company's liabilities are either interest-free or are at variable rates. Therefore the company seeks to ensure that there is a balance between assets at fixed interest rates and variable interest rates where possible.

<i>R million</i>	<i>Up to one month</i>	<i>Non-interest sensitive items</i>	<i>Non- financial instruments</i>	<i>Total</i>
2014				
Assets				
Short-term deposits and cash	4	–	–	4
Other financial assets and taxation	–	4	–	4
Investments	–	–	–	–
Investment in subsidiaries	–	–	564	564
Total assets	4	4	564	572
Liabilities and equity				
Borrowings	–	447	–	447
Other liabilities	340	38	–	378
Shareholders' equity	–	–	(253)	(253)
Total liabilities and equity	340	485	(253)	572
On-balance sheet interest sensitivity	(336)	(481)	817	–
2013				
Assets				
Short-term deposits and cash	–	35	–	35
Other financial assets and taxation	120	5	1	126
Investment in subsidiaries	–	–	12 040	12 040
Total assets	120	40	12 041	12 201
Liabilities and equity				
Borrowings	–	1 314	–	1 314
Other liabilities	–	29	–	29
Shareholders' equity	–	–	10 858	10 858
Total liabilities and equity	–	1 343	10 858	12 201
On-balance sheet interest sensitivity	120	(1 303)	1 183	–

Sensitivity analysis based on 100 basis point increase in interest rates

IFRS 7 requires that a sensitivity analysis be provided for changes in interest rates. The sensitivity analysis below has been determined based on exposure to interest rates at the reporting date. A 100 basis point increase is used when reporting interest rate risk internally and represents management's assessment of the reasonably possible change in interest rates. Given the extent of the risk and the current risk mitigants, a more sophisticated (eg value-at-risk) analysis is not considered necessary.

The sensitivity analysis below is based on an increase in rates. Given the linear structure of the company's portfolio, a 100 basis point increase in interest rates would've resulted in a corresponding net increase of R3 million (2013: net decrease R0,1 million) in net loss before tax.

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

<i>R million</i>	Carrying value at year-end	Amount exposed to market risk	Index to which interest rate is linked	Income statement impact		Other comprehensive income impact	
				Pre-tax	Post-tax	Pre-tax	Post-tax
27. Risk management (continued)							
27.1 Interest rate risk management (continued)							
2014							
Financial assets							
Other financial assets	4	4	Prime	–	–	–	–
Total financial assets	4	4		–	–	–	–
Financial liabilities							
Other liabilities	378	340	Prime	3	2	–	–
Total financial liabilities	378	340		3	2	–	–
Net effect on profit and loss and equity				(3)	(2)	–	–
2013							
Financial assets							
Other financial assets	120	120	Prime	0,1	0,1	–	–
Total financial assets	120	120		0,1	0,1	–	–
Net effect on profit and loss and equity				–	–	–	–
27.2 Foreign currency risk management							
The company is not exposed to foreign currency risk.							
27.3 Other price risk management							
The company is not exposed to price risk.							

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

27. Risk management (continued)

27.4 Liquidity risk management

Liquidity risk is defined as the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises when the company is unable to maintain or generate sufficient cash resources to meet its payment obligations as they fall due, or can only do so on materially disadvantageous terms.

Being an investment holding company, the company normally has significant higher financial liabilities than its financial assets as its source of income is dividends or disposal of subsidiaries which are of uncertain timing.

The table below analyses the company's financial assets and liabilities into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date.

<i>R million</i>	<i>Up to one month</i>	<i>One to 3 months</i>	<i>Greater than 3 months to 12 months</i>	<i>Greater than 12 months</i>	<i>Non- financial instruments</i>	<i>Total</i>
Assets and liabilities maturities as at 30 September 2014						
Short-term deposits and cash	4	–	–	–	–	4
Other financial assets and taxation	–	–	–	4	–	4
Investments	–	–	–	–	–	–
Investment in subsidiaries	–	–	–	–	564	564
Total assets	4	–	–	4	564	572
Borrowings	–	447	–	–	–	447
Other liabilities	378	–	–	–	–	378
Shareholders' equity	–	–	–	–	(253)	(253)
Total liabilities and equity	378	447	–	–	(253)	572
Net liquidity gap	(374)	(447)	–	4	817	–
Assets and liabilities maturities as at 30 September 2013						
Short-term deposits and cash	35	–	–	–	–	35
Other financial assets and taxation	120	5	–	1	–	126
Investment in subsidiaries	–	–	–	–	12 040	12 040
Total assets	155	5	–	1	12 040	12 201
Borrowings	–	–	–	1 314	–	1 314
Other liabilities	29	–	–	–	–	29
Shareholders' equity	–	–	–	–	10 858	10 858
Total liabilities and equity	29	–	–	1 314	10 858	12 201
Net liquidity gap	126	5	–	(1 313)	1 182	–

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

27. Risk management (continued)

27.5 Fair value estimations

The company has no assets or liabilities carried at fair value.

27.5.1 Assets and liabilities for which fair value is disclosed

<i>R million</i>	Level 1	Level 2	Level 3	Total
2014				
Assets				
Financial assets				
Short-term deposits and cash	4	–	–	4
Other financial assets	–	–	4	4
	4	–	4	8
Liabilities				
Financial liabilities				
Borrowings	–	–	447	447
Other liabilities	–	–	378	378
	–	–	825	825
2013				
Assets				
Short-term deposits and cash	35	–	–	35
Other financial assets	–	–	125	125
	35	–	125	160
Liabilities				
Financial liabilities				
Borrowings	–	–	1 314	1 314
Other liabilities	–	–	29	29
	–	–	1 343	1 343

The fair values disclosed above are recurring in nature.

27.5.2 Valuation models

The company measures fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1 fair value measurements are those derived from quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie 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).

The company's instruments are relatively simple and are valued in the following manner:

Short-term deposits and cash are placed with highly rated financial institutions in South Africa, and hence the fair value is assessed as equal to the face value.

Other assets include deposits placed with African Bank Limited. These deposits are valued at the face value less the 10% haircut as announced by the South African Reserve Bank on 10 August 2014.

Also in other assets are investment in preference shares of Eyomhlaba and Hlumisa. This is valued at nil as the counterparties are currently technically insolvent and are not expected to be able to redeem these preference shares.

Borrowings represent a loan due to African Bank Limited. As this is due shortly after year-end, the amount owed approximates the fair value.

The other liabilities comprise mainly of guarantees which are currently repayable on demand hence the amount owed is assessed to be the fair value.

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

28. Analysis of financial assets and liabilities

Financial assets and financial liabilities are measured either at fair value or at amortised cost. The principal accounting policies describe how the classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised.

The following table analyses the financial assets and financial liabilities in the statement of financial position per class and category of financial instruments to which they are assigned:

<i>R million</i>	<i>Loans and receivables</i>	<i>Non-financial instruments</i>	<i>Total</i>
28.1 Analysis of financial assets			
2014			
Short-term deposits and cash	4	–	4
Other financial assets	4	–	4
Investments	–	–	–
Investment in subsidiaries	–	564	564
Total assets	8	564	572
Fair value	8		
2013			
Short-term deposits and cash	35	–	35
Other financial assets	125	1	126
Investment in subsidiaries	–	12 040	12 040
Total assets	160	12 041	12 201
Fair value	160		

<i>R million</i>	2014	2013
Income statement effect of financial instruments by category		
Interest income recognised – loans and receivables	16	2
Total	16	2

<i>R million</i>	<i>Amortised cost</i>	<i>Non-financial instruments</i>	<i>Total</i>
28.2 Analysis of financial liabilities			
2014			
Borrowings	447	–	447
Other liabilities	378	–	378
Shareholders' equity	–	(253)	(253)
Total liabilities and equity	825	(253)	572
Fair value	825		
2013			
Borrowings	1 314	–	1 314
Other liabilities	29	–	29
Shareholders' equity	–	10 858	10 858
Total liabilities and equity	1 343	10 858	12 201
Fair value	1 343		

Notes to the company annual financial statements (continued)

for the year ended 30 September 2014

<i>R million</i>	2014	2013
28. Analysis of financial assets and liabilities (continued)		
28.2 Analysis of financial liabilities (continued)		
Income statement effect of financial instruments by category		
Finance costs – liabilities held at amortised cost	6	–

29. Contingent liability

A number of Ellerine Furnishers employees have claimed amounts due to them from Ellerine Furnishers Proprietary Limited and Ellerine Holdings Limited. The amounts claimed by the executives amount to R42,6 million.

The claimants are also seeking to recover this amount from the company.

The legal opinion obtained by the company from an eminent Senior Counsel states that the company is not liable for payment of the amounts claimed and accordingly the company has not provided for this contingent liability.

Appendix A

Investment in subsidiaries and other entities

	Type of business	Issued share capital		Effective percentage held		Investment (at cost and impairments)		Loans	
		2014 R million	2013 R million	2014 %	2013 %	2014 R million	2013 R million	2014 R million	2013 R million
Direct holding by African Bank Investments Limited:									
African Bank Limited	Banking	121	121	100	100	14 419	8 970	(447)	(1 314)
African Bank Limited – impairment						(14 419)			
Theta Investments (Pty) Limited	Investment holding entity	*	*	100	100	64	64	–	–
Theta Investments (Pty) Limited – impairment						(50)	(50)		
The Standard General Insurance Company Limited	Long-term insurance	5	5	100	100	539	539	–	–
Customer Protection Insurance Company Limited	Short-term insurance	10	10	100	100	11	10	–	–
Creditsave (Pty) Limited	Dormant	*	*	100	100	8	8	–	–
Creditsave (Pty) Limited – impairment						(8)	–		
Ellerine Holdings Limited	Retail	6	6	100	100	9 664	9 664	–	–
Ellerine Holdings Limited – impairment						(9 664)	(7 165)		
		142	142			564	12 040	(447)	(1 314)

* Amount below R1 million.

All entities are incorporated in the Republic of South Africa.

Corporate information

African Bank Investments Limited

Registration number 1946/021193/06

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Board of directors

Non-executive

MC Mogase (Chairman)
N Adams
MF Gumbi
NB Langa-Royds
M Mthombeni
RJ Symmonds

Share transfer secretaries

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