

AFRICAN BANK INVESTMENTS LIMITED

Incorporated in the Republic of South Africa

(Registration number 1946/021193/06)

Ordinary share code: ABL ISIN: ZAE000030060

Hybrid instrument code: ABLP ISIN: ZAE000065215

CONDENSED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

INTRODUCTION

Shareholders are referred to the Notice of Annual General Meeting distributed to shareholders on 8 August 2016 in respect of, *inter alia*, the change of name of the Company from African Bank Investments Limited to African Phoenix Investments Limited ("Name Change"). Shareholders are further referred to the SENS announcements pertaining to the "Proposed Change of Name" dated 18 August 2016, setting out the salient dates and times in respect of the Name Change, the "Results of Annual General Meeting" dated 6 September 2016 wherein shareholders were advised that, *inter alia*, the resolution approving the Name Change was passed by the requisite majority of shareholders, and the "Update Regarding the Proposed Change of Name" dated 23 September 2016, wherein shareholders were advised, *inter alia*, that the previously published salient dates and times pertaining to the Name Change were no longer applicable as the Company was still awaiting registration of the relevant resolution ("Special Resolution") by the Companies and Intellectual Property Commission ("CIPC").

Shareholders are hereby advised that the Special Resolution, together with all prescribed documents, has been registered by CIPC.

Accordingly, shareholders are advised that the Company is working with the JSE Limited ("JSE") to ensure the lifting of the suspension in the trading of its ordinary and preference shares as soon as practicably possible, which at the request of the Board, will resume under the new Company name.

Shareholders will therefore be advised of the salient dates and times pertaining to, *inter alia*, the last day to trade in ABIL shares, the date of the lifting of the suspension of securities and the resumption of trading in the ordinary and preference shares on the JSE under the new JSE codes, together with the new ISIN numbers in respect thereof.

References to "the Company" or "the Group" in these condensed audited financial results for the year ended 30 September 2016 relate to African Bank Investments Limited ("ABIL") and African Phoenix Investments Limited ("African Phoenix"), being the new name of the Company, as the case may be.

OVERVIEW

On 19 May 2016, the joint business rescue practitioners of the Company filed notice of substantial implementation of the business rescue plan, following which, control of the Company reverted to the directors of ABIL ("the Board").

The 100% owned, Standard General Insurance Company Limited ("Stangen") is the Company's only operating subsidiary.

Since the previous year end, there were no changes in status of the Company's investments with Residual Debt Services Limited (formerly African Bank Limited), still in curatorship, and Ellerine Holdings Limited ("Ellerines"), still under business rescue.

The Board is pleased to present consolidated annual financial statements for the years ended 30 September 2015 and 30 September 2016. African Phoenix, with dispensation granted by the JSE, did not previously publish consolidated financial statements for the financial year ended 30 September 2015.

FINANCIAL PERFORMANCE

The Company recorded a profit after tax of R491 million (2015: R1,287 million). The significant change in earnings was mainly due to Stangen exiting its relationship with African Bank Limited.

Included in the income statement is a R189 million discretionary actuarial liability (2015: R0). This is raised to allow for the shortfall in the exposure margins recovered from the in-force policy book compared to the future budgeted expenses envisaged in growing the insurance portfolio and generating new products and business. The continuing operations are therefore profitable if one compares continuing operations premiums to the R14 million in actual claims, excluding the discretionary actuarial liability.

The continuing operations generated a profit for the year of R84 million (2015: R69 million) before taking into account the discretionary actuarial liability.

GOING CONCERN

The Board has considered the following factors in deciding whether the Group is a going concern:

- The Group has sufficient cash resources to pay its creditors as and when they fall due and meet its operating costs for the foreseeable future;
- The Group's only operating subsidiary, Stangen, is a going concern; and
- The Group has available cash resources to deploy in developing existing operations or investing in new opportunities.

Based on the above, the Board considers the preparation of the annual financial statements as a going concern as appropriate as the Group has sufficient assets and cash to 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 consolidated annual financial statements.

DIVIDENDS

No ordinary or preference dividends were declared in the current financial year.

DIRECTORATE

The directors who resigned or retired from the Board during the current and previous financial years are set out below:

- Mutle Constantine Mogase resigned as independent non-executive Chairman on 6 September 2016;
 - Robert John Symmonds retired as an independent non-executive director at the Annual General Meeting held on 6 September 2016;
 - Nicolas Adams retired as an independent non-executive director at the Annual General Meeting held on 6 September 2016;
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- Nomalizo Beryl Langa-Royds retired as an independent non-executive director at the Annual General Meeting held on 6 September 2016; and
- Adv. Mojankunyane Florence Gumbi retired as an independent non-executive director at the Annual General Meeting held on 6 September 2016;

At 30 September 2016, the Board was comprised of:

- Enos Banda (Independent non-executive Chairman) – Appointed 6 September 2016;
- Daniel Vlok (Independent non-executive director) – Appointed 6 September 2016;
- Althea Conrad (Independent non-executive director) – Appointed 6 September 2016;
- Morris Mthombeni (Independent non-executive director) – Appointed 16 September 2013 and re-elected 6 September 2016; and
- Isaac Shongwe (Independent non-executive director) – Appointed 20 September 2016.

Subsequent to the end of the reporting period:

- Enos Banda was appointed as Executive Chairman on 1 October 2016 and then Chief Executive Officer on 14 December 2016,
- John Evans was appointed as Financial Director on 1 October 2016, and
- Isaac Shongwe was appointed as Lead Independent non-executive director on 28 October 2016 and subsequently Chairman on 14 December 2016.

Due to the fact that the Company was in business rescue in the year under review, the Board did not comprise any executive directors in the 2016 financial year.

DISCONTINUED OPERATIONS

Stangen concluded an agreement and financial settlement with African Bank Limited and Residual Debt Services Limited in respect of its run-down credit life portfolio effective 1 April 2016. The agreement passes 100% of the risk and benefit in that credit life book to Guardrisk Life Limited (“Guardrisk”) until such time as the run-down credit life book is transferred to Guardrisk. The transfer is subject to regulatory approval and is expected mid-2017.

LOOKING AHEAD

The Board is pursuing its adopted strategy to become a premier South African investment holdings business.

On behalf of the Board.

Isaac Shongwe
Independent Non-Executive Chairman

**Condensed consolidated statement of comprehensive
income
for the year ended 30 September 2016**

R million	Audited 30 September 2016	Audited 30 September 2015
Continuing operations		
Insurance income	86	83
Interest received	114	98
Total income	200	181
Insurance claims and discretionary actuarial liability	(203)	(20)
Operating costs	(91)	(92)
Impairment of financial instruments	(9)	-
Profit before taxation	(103)	69
Direct taxation: Normal	7	(40)
(Loss) / profit for the year	(96)	29
Profit for the year from discontinuing operations	587	1,258
Total comprehensive income for the year	491	1,287

Reconciliation between basic earnings and headline earnings

Profit for the year	491	1,287
Preference share dividend	-	-
Basic earnings attributable to ordinary shareholders	491	1,287
Adjusted for: Loss of transfer of business	14	-
Headline earnings	505	1,287

Earnings per share

Basic earnings per ordinary share	33.0	85.7
Headline earnings per ordinary share	34.0	85.7
Weighted average number of shares in issue (million)	1,485.7	1,501.9

Earnings per share - continuing operations

Basic and diluted (loss) / earnings per ordinary share	(6.5)	1.9
Headline (loss) / earnings per ordinary share	(6.5)	1.9

Condensed consolidated statement of financial position

as at 30 September 2016

	Consolidated results	
	Audited 30 September 2016	Audited 30 September 2015
R million		
Assets		
Short-term deposits and cash	1,833	2,367
Other assets	60	512
Reinsurance assets	-	47
Equipment	1	-
Intangible assets	-	30
Taxation	1	-
Disposal Group	267	-
Total assets	2,162	2,956
Liabilities and equity		
Taxation	1	26
Deferred taxation	-	16
Policyholder liabilities under insurance contracts	191	762
Borrowings	23	470
Reinsurance creditor	-	50
Other liabilities	40	483
Disposal group	267	-
Total liabilities	522	1,807
Ordinary shareholders' equity	510	19
Preference shareholders' equity	1,130	1,130
Total equity (capital and reserves)	1,640	1,149
Total liabilities and equity	2,162	2,956
Tangible net asset value per ordinary share (cents)	35.7	(0.7)
Net asset value per ordinary share (cents)	35.7	1.3
Number of shares in issue	1,427.8	1,501.9

**Condensed consolidated statement of changes in equity
for the year ended 30 September 2016**

R million	Ordinary shares		Ordinary shareholders' equity	Preference share capital and premium	Total
	Share capital and premium	Distributable reserves			
Balance at 30 September 2014	14,650	(15,918)	(1,268)	1,130	(138)
Total comprehensive profit for the year	-	1,287	1,287	-	1,287
Balance at 30 September 2015	14,650	(14,631)	19	1,130	1,149
Total comprehensive profit for the year	-	491	491	-	491
Balance at 30 September 2016	14,650	(14,140)	510	1,130	1,640

**Condensed consolidated statement of cash flows
for the year ended 30 September 2016**

R million	Audited 30 September 2016	Audited 30 September 2015
Cash (utilised) in operations / generated from operations	(119)	88
Cash receipts	650	555
Cash paid	(769)	(467)
Indirect and direct taxation paid	(263)	(519)
Cash outflow from continuing operations	(382)	(431)
Cash inflow from discontinuing operations	492	1,918
Net cash inflow from operations	110	1,487
Cash outflow from investing in continuing operations	(2)	-
Acquisition of property and equipment	(2)	-
Cash outflow from investing in discontinued operations	(191)	-
Acquisition of property and equipment	(191)	-
Cash outflow from financing activities	(451)	-
Cash outflow from financing continuing activities	(451)	-
(Decrease) / increase in cash and cash equivalents	(534)	1,487
Funds held at African Bank Limited	-	(402)
Cash and cash equivalents at the beginning of the year	2,367	1,282
Cash and cash equivalents at the end of the year	1,833	2,367

NOTES TO THE FINANCIAL STATEMENTS

AUDITORS' REPORT

The accompanying financial information is extracted from the audited financial statements but is itself not audited. The auditors have expressed an unqualified opinion on the financial statements of the Group. The financial statements have been audited by Grant Thornton Johannesburg Partnership.

As consolidated financial statements were not previously published for the period ended 30 September 2015 the auditors have also expressed an unqualified opinion on the consolidated financial statements of the Group as at 30 September 2015.

The full audit reports are available for inspection at the Company's registered office. The auditors' report does not necessarily report on all of the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of the auditors' report together with the accompanying financial information from the issuer's registered office.

BASIS OF PREPARATION

The preparation of this financial information was supervised by John Evans CA (Aus).

This financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board, Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, IAS 34 "Interim Financial Reporting", the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the requirements of the Companies Act of South Africa (Act 71 of 2008) as well as the Listings Requirements of the JSE.

All accounting policies and their application are consistent with those used for the Group's 2015 annual financial statements.

The directors take full responsibility for the preparation of these financial results and confirm that the financial information has been correctly extracted from the underlying financial statements.

Illovo
21 December 2016

Board of directors

Independent non-executive: M Mthombeni, L Conrad, I Shongwe, D Vlok
Executive: E Banda, J Evans

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Sponsor

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