african phoenix
investments

Integrated
Annual Report 2016

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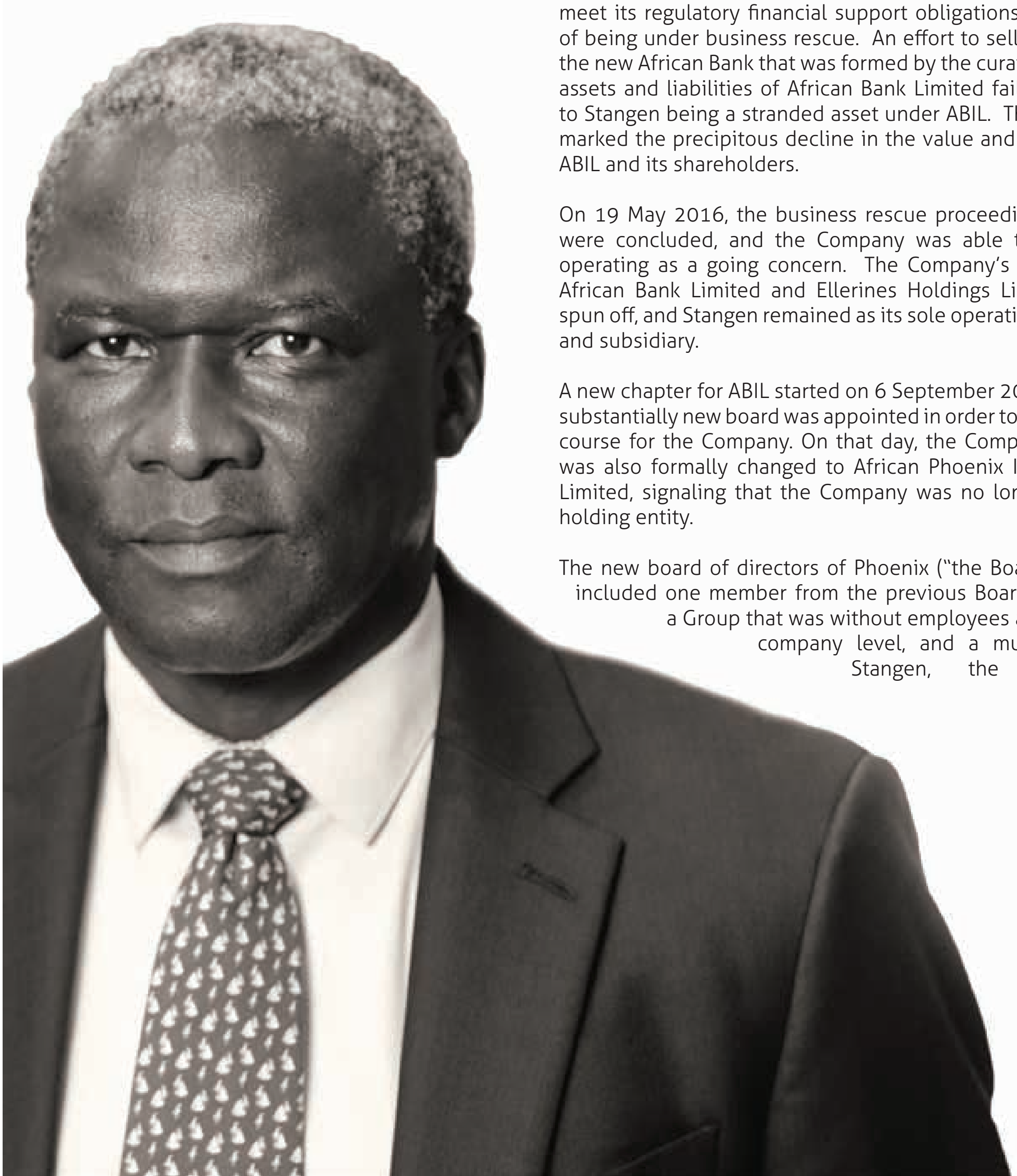
Introduction

CHAIRMAN'S STATEMENT

We are pleased to present this integrated annual report to shareholders, and hope to provide you with a clearer picture of African Phoenix Investments Limited (formerly African Bank Investments Limited) ("Phoenix" or "the Company" or "the Group") Phoenix's future, against the backdrop of its challenging past, our current activities, and plans to secure that future for shareholders.

As fully detailed in the Chief Executive Officer's ("CEO") Review that follows, Phoenix's performance for the year under review reflects its recent challenging history that resulted in the fundamental change in its operations from a bank holding company group to a single subsidiary investment holding company. The chronology of this significant change follows below.

On 6 August 2014, African Bank Investments Limited ("ABIL") (now Phoenix) announced a trading update and intention to raise a minimum of R8.5 billion in Tier 1 capital. The following day, on 7 August 2014, Ellerines Furnishers Proprietary Limited, a wholly owned subsidiary of Ellerines Holdings Limited, which in turn was a wholly owned subsidiary of ABIL, commenced business rescue proceedings. On 10 August 2014, the Governor of the South African Reserve Bank placed African Bank Limited (the then wholly owned subsidiary of the Group) under curatorship. The following day, on 11 August 2014, ABIL shares were suspended from trading on the JSE Limited ("JSE"). On 22 August 2014, Ellerines Holdings Limited commenced business rescue proceedings. And, finally, on 5 June 2015, ABIL commences voluntary business rescue proceedings due to the demand for repayment of loans and fulfillment of guarantees that were issued by the Company to various financial institutions. While The Standard General Insurance Company Limited ("Stangen"), the wholly owned credit life insurer was not placed under business rescue, it was precluded from trading due to the insurance regulator's concerns regarding the ability of the parent entity, ABIL, to meet its regulatory financial support obligations as a result of being under business rescue. An effort to sell Stangen to the new African Bank that was formed by the curator from the assets and liabilities of African Bank Limited failed, leading to Stangen being a stranded asset under ABIL. These events marked the precipitous decline in the value and fortunes of ABIL and its shareholders.



On 19 May 2016, the business rescue proceedings of ABIL were concluded, and the Company was able to continue operating as a going concern. The Company's interests in African Bank Limited and Ellerines Holdings Limited were spun off, and Stangen remained as its sole operating business and subsidiary.

A new chapter for ABIL started on 6 September 2017, when a substantially new board was appointed in order to chart a new course for the Company. On that day, the Company's name was also formally changed to African Phoenix Investments Limited, signaling that the Company was no longer a bank holding entity.

The new board of directors of Phoenix ("the Board"), which included one member from the previous Board, inherited a Group that was without employees at the listed company level, and a much smaller Stangen, the insurance subsidiary that was left without a distribution channel for its products. The Group had thankfully generated a significant cash asset through the sale and transfer of Stangen's run-down credit life portfolio to the new African Bank's preferred insurer. As such, the Group had a significant balance sheet with which to focus on building a new investment holding company aimed at creating shareholder value.

The new Board has focused on regularising the Group to restore basic corporate governance structures, slowly establish operations and generating prospects. As a result, the Board added a new board member and appointed one of its members, Enos Banda, as CEO. The Company also appointed John Evans as Executive Financial Director, resulting in a six-member board with two executive and four non-executive directors. On 28 March 2017, the Board appointed two independent non-executive directors, namely, Carmen Le Grange and Peter W Mountford. The Board charged the executive team with the crucial responsibility of the resumption of trade in the Company's shares that were suspended since 2014. In addition, the Company started focusing on optimising its balance sheet, with a view to creating shareholder value. On 1 February 2017, the company's shares re-commenced trading on the JSE.

While the Board and management of Phoenix have made some progress in regularising the Company, challenges remain due to the Company's past legacy and, the Board continues to tackle these. These challenges include the reality that, since the separation of African Bank Limited from the Group, Stangen remains without its distribution network.

The Board however believes that the prospects for the Company's sustainable growth into the future remain sound. The Company is exploring opportunities based on a prudent utilisation of the company's mainly cash balance sheet, to drive the delivery of value to the Company's shareholders over the medium to long term.

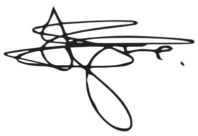
The Future

Phoenix has emerged from a difficult recent history, including business rescue and the separation of its core banking business through curatorship. The Board has positioned the Company to use its attractive balance sheet to attract opportunities that will create shareholder value, while maintaining focus on establishing the foundations for normal operations and a return to good governance. We aim to set a high standard of governance and ethics, all of which will be the bedrock for the Company's growth and creation of shareholder value into the future.

The Board remains convinced that Phoenix has the capacity and opportunity to contribute towards shareholder value creation.

The Board believes that Phoenix is well positioned to take advantage of investment opportunities, and that a prudent utilisation of the Company's mainly cash balance sheet will drive the delivery of positive returns to the Company's shareholders over the medium to long term.

For and on behalf of the Board



Isaac Shongwe
Independent Non-Executive Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

Phoenix's performance for the year reflects the fact that the Group emerged from business rescue during the year, having written off its significant operating subsidiaries as a result of those subsidiaries being under curatorship and business rescue. In addition, the performance reflects the significant pressures facing Stangen, the only remaining operating subsidiary, as a result of the loss of the African Bank retail distribution network.

Under these circumstances, the Group produced expectedly muted results for the year ended 31 September 2016, reporting a profit after tax of R491 million (2015: R1 287 million), representing a decrease of 62%. The Group's shares remained suspended during the financial year.

Outlook

The 2017 financial year will represent the first full year of operations after business rescue proceedings, and will therefore provide an opportunity for the Group to utilise its strong balance sheet to explore synergistic opportunities and to create shareholder value.

Stangen's loss of its African Bank distribution network requires that management pay significant attention to the rapid development of alternatives that address the subsidiary's current disadvantageous position. The Group's strategy in relation to Stangen involves a combination of the minimal investments necessary to enable Stangen to operate as a viable going concern, and actively exploring partnerships to accelerate the Company's return to sustainability. In addition to seeking general investment opportunities, the Group will endeavor to explore those investment opportunities that provide synergies for Stangen, where appropriate.

Management remains focused on establishing the Group's operating platform and in generating opportunities for medium to long term growth and sustainability. As an investment holding company, the Group will seek opportunities that have the potential for capital appreciation and for creation of shareholder value.

Enos N Banda
Chief Executive Officer

Governance

CORPORATE GOVERNANCE REPORT

Ethical Leadership and Corporate Citizenship

The Board 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. Phoenix embraces the principles of good corporate governance to ensure that an ethical foundation exists that 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 and Risk 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. The quality, integrity and reliability of risk management of Phoenix is delegated to the Audit and Risk committee.
Remuneration, transformation, ethics and sustainability committee	The role of the remuneration and transformation committee is to support and advise the board of directors, by ensuring that employees of Phoenix are appropriately and equitably compensated for their services and motivated to perform to the best of their abilities, in the interests of all stakeholders. 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.

Table: 1

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 2016

Board of directors and committees	Directors/members
Phoenix board of directors	Enos Banda (chairman), Isaac Shongwe, Daniël Vlok, Alethea Conrad and Morris Mthombeni
Audit and Risk committee ("A&R")	Morris Mthombeni (chairman), Daniël Vlok and Alethea Conrad
Remuneration, transformation, ethics and sustainability committee ("RTESC")	Alethea Conrad (chairperson), Morris Mthombeni and Isaac Shongwe

Table: 2

Composition of the Board of Directors

As at 30 September 2016 the board consisted of five directors, all of which are classified as Independent Non-Executive Directors. The Company did not have a Chief Executive Officer or Financial Director as they resigned in the prior financial years.

The board appointed the following executive directors on 1 October 2016:

- Enos Banda – Executive Chairman from 1 October 2016 to 13 December 2016, Chief Executive Officer from 14 December 2016; and
- John Evans – Executive Financial Director

On 14 December 2016 the board appointed Isaac Shongwe as Chairman.

Board Composition at 30 September 2016

Independent Non-Executives (5)

- Enos Banda (Chairman)
- Alethea Conrad
- Morris Mthombeni
- Isaac Shongwe
- Daniël Vlok

Board Composition at 28 February 2017

Independent Non-Executives (4)

- Alethea Conrad
- Morris Mthombeni
- Isaac Shongwe (Chairman)
- Daniël Vlok

Executive Directors (2)

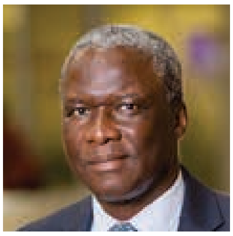
- Enos Banda *
- John Evans **

* Enos, although temporarily resident in the United States of America nevertheless, remains in a position to fulfil his duties as CEO of the company. Enos has been appointed CEO for a period of twelve months which employment commenced on the 1st day of December 2017. It is anticipated that during his appointment Enos will develop and commence the implementation of a strategy agreed to by the board

** John has been appointed FD on an interim basis until such time as the company has acquired and/or developed its businesses to the extent that a full time FD can be appointed

BOARD OF DIRECTORS

Directors as at the date of publication of the annual report



Isaac Shongwe (54)

Position:
Independent Non-Executive Chairman

Date appointed:
21 September 2016

Qualifications:
M.Phil in Management studies (Rhodes scholar at Oxford University)

Directorships:
Barloworld Ltd; CEPWAWU Investments (Pty) Ltd; Letsema Holdings (Pty) Ltd

Carmen Le Grange (44)

Position:
Independent Non-Executive Director

Date appointed:
28 March 2017

Qualifications:
BCom, CA (SA), Post Graduate Diploma in Accountancy (Natal University)

Directorships:
Naledi Theatre Awards

Alethea Conrad (52)

Position:
Independent Non-Executive Director

Date appointed:
06 September 2016

Qualifications:
BA, LLB, Management Advancement Programme (Wits Business School), International Executive Development Programme (Wits Business School and London Business School)

Directorships:
Director: Conrad Advisory (Pty) Ltd

Peter Mountford (59)

Position:
Independent Non-Executive Director

Date appointed:
28 March 2017

Qualifications:
B.Com, B.Acc, CA (SA) H.DIP TAX (University of Witwatersrand); MBA (with distinction) (Warwick University, UK).

Directorships:
Super Group Holdings, Digistics, Etosha Transport, N & H Vervoer, Riverford Investments, Safika Logistics Holdings, Chataprop Holdings, Micor Freight, Micor Agility, Emerald Insurance Company, Transport Brokers, Phola Coaches, Great Wall Motors SA

Morris Mthombeni (42)

Position:
Independent Non-Executive Director

Date appointed:
16 September 2016

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

Directorships:
Inno-Phemba Investments, Relyant Life Assurance, Relyant Life Assurance, Standard General Insurance Company, Executive Director of Vilakazi Street Kapital, Vilakazi Street Advisors, and Vilakazi Street Wire.

Enos Banda (51)

Position:
Chief Executive Officer

Date appointed:
14 December 2016 (to Board on 06 September 2016)

Qualifications:
BA (Fin Acc), Juris Doctor and LLM (with distinction)

Directorships:
Super Group Limited, Letshego Holdings Limited, Mix Telematics Limited

Daniël Vlok (71)

Position:
Independent Non-Executive Director

Date appointed:
06 September 2016

Qualifications:
BCom, MBA

Directorships:
Sugar Bush Capital

John Evans (45)

Position:
Executive Financial Director

Date appointed:
01 October 2016

Qualifications:
CA(Aus)

Directorships:
Richtrau trading 29 CC T/A RS Advisors

Board Meetings and Attendance

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

Name	Board	A&R	RTESC
Number of meetings held	9	2	-
Independent Non-Executive Directors			
Mutle Mogase	7	-	-
Nic Adams	6	2	-
Ntombi Langa-Royds	5	-	-
Mojanku Gumbi	5		-
Johnny Symmonds	6	2	-
Morris Mthombeni	8	2	-
Enos Banda	3	-	-
Isaac Shongwe	0		-
Alethea Conrad	3	-	-
Daniel Vlok	3	-	-

Table: 3

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 in the memorandum of incorporation which can be accessed at www.phoenixinvestments.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.

Board and Committee Evaluations

The performance of the board will be evaluated on an annual basis and will include:

- An assessment of the performance and effectiveness of the Board as a whole and that of individual directors;
- 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

The Board is required to consider the competence, qualifications and performance of the company secretary annually. The company secretary, Leeanne Goliath, resigned on 31 August 2015 and, due to the fact that the Company had just entered business rescue, the Board took the decision to appoint an institutional company secretary firm, Acorim Proprietary Limited ("Acorim"), on 9 March 2016. Their business address is: 2nd Floor North Block, Hyde Park Corner Office Towers, Corner 6th Road and Jan Smuts Avenue.
Their postal address is: PO Box 41480, Craighall, 2024.

The Board also considers annually whether an arm's length relationship is maintained with the company secretary. The Board has concluded that Acorim maintains an arm's length relationship with the Company and its Board. It is not a director of the Company, nor does it have any other interests or relations that may affect independence.

The Board is satisfied that Acorim has the required knowledge, skills and discipline to perform the functions and duties of company secretary. In making this assessment the Board considered the independence of Acorim's directors, shareholders and employees as well as Acorim's significan pool of qualified lawyers, company secretarial specialists, the ability of the person providing services to the Company to consult with colleagues, as well as the collective qualifications and track record of the institution.

Appointment of Directors

The appointment of directors to the Board is formal and transparent and a matter for the Board as a whole. The Board as a whole facilitates the appointment of directors.

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 would be 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 Phoenix, 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 Phoenix's expense.

Succession Planning

The Remuneration, Transformation, Ethics and Sustainability Committee review will integrate the practice of succession planning as a regular item on its agenda.

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.

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 Phoenix; and
- Receiving clearance in writing from the informed directors.

In addition, directors may not deal in securities during a prohibited 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 and Risk Committee

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

The Governance of Risk

The quality, integrity and reliability of risk management within Phoenix is delegated to the Audit and Risk 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 Phoenix.

The Governance of Information Technology ("IT")

As the Company is an investment holding company, there is limited risk related to or governance required of IT.

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 directors and subsidiaries 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 Phoenix Audit and Risk committee oversees compliance matters within Phoenix.

Internal Audit

Phoenix does not have an internal audit function as this function is only within its operating subsidiaries/ investments.

Governing Stakeholder Relationships

Phoenix strives to maintain proactive engagement with its relevant stakeholder groups to manage expectations and reputational risks, as well as align the Company's objectives with those of its stakeholders.

Integrated Reporting and Disclosure

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

The Company exited business rescue on 19 May 2016. A Board comprising of mainly new board members was appointed on 6 September 2016, to which two additional new members have been added. The Company remains as a going concern, and the Board has determined that the Company is better suited to operating as an investment holding company.

As an investment holding company, the Company already holds one operating subsidiary, The Standard General Insurance Company Limited.

The report is reviewed by the Audit and Risk committee and the Board to satisfy themselves of the materiality, accuracy and balance of disclosures.

Application of King III

The Board is committed to complying in all material respects with the principles contained in the King III Code. Phoenix 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 2016 financial year, the Company has complied with all aspects of the Code, except as noted below on appointment of a CEO, and establishment of the internal audit function.

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

No.	Requirement	Status	Comments
1.	**ETHICAL LEADERSHIP & CORPORATE CITIZENSHIP**		
1.1	The Board should provide effective leadership based on an ethical foundation	Applied	The remuneration, transformation, ethics and social committee has been established to assist the board in relation to effective leadership based on an ethical foundation.
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	The remuneration, transformation, ethics and social committee has been established to assist the board in relation to effective leadership based on an ethical foundation.
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	
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	

No.	Requirement	Status	Comments
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	Not Applied	The Board is in the process of establishing an IT governance framework.
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	Not Applied	Phoenix did not have an internal audit function during the period under review. The Board did not consider it to be critical to have an internal audit function, considering the company's activities.
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 Companies 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 fulfill 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	Partially Applied	The joint business rescue practitioners had overall management control of the company for the majority of the year. Once appointed at the Annual General Meeting on 6 September 2016, the newly appointed board ensured that a Chief Executive Officer was appointed with effect from 1 December 2016.
	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	Not Applied	The Company will establish a framework for induction of new members.
	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	Not Applied	As the Company was under the control of the business rescue practitioners for most of the year and wholesale changes were made to the Board at the Annual General Meeting, this has not been applied.
	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	Partially Applied	The Company has delegated certain authority to its sole operating subsidiary Stangen, and holds regular consultations with the Chairman of the Board to discuss matters of Group concern.

No.	Requirement	Status	Comments
	Remuneration of Directors and Senior Executives		
2.25	Companies should remunerate directors and executives fairly and responsibly	Applied	Executives are remunerated fairly and responsibly. External benchmarking has been undertaken. A high level remuneration policy has been developed appropriate for the current operating position of the company.
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	Partially Applied	The Company did not have a remuneration policy during the period of business rescue and for the financial year under review. The Company has included a remuneration policy for shareholder approval at the next AGM.
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 ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Applied	
	Internal Assurance Providers		
3.5	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	Not Applied	Phoenix did not have an internal audit function during the period under review. The Board did not consider it to be critical to have an internal audit function, considering the company's activities.
3.6	The audit committee should be responsible for overseeing of internal audit	Not Applied	Phoenix did not have an internal audit function during the period under review. The Board did not consider it to be critical to have an internal audit function, considering the company's activities.
3.7	The audit committee should be an integral component of the risk management process	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	Partially Applied	The Board has commenced the process of identifying risks applicable to the Company post business rescue. The Board has not yet commenced a process to determine levels of risk tolerance.
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	Not Applied	The Company will establish a risk framework that will include continual risk assessments.
4.6	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Not Applied	The Company will establish a risk framework that will include continual risk assessments.

No.	Requirement	Status	Comments
	Risk Response		
4.7	TheBoard should ensure that management considers and implements appropriate risk responses	Not Applied	The Company will establish a risk framework that ensure that management considers and implements appropriate risk responses.
	Risk Monitoring		
4.8	The Board should ensure continual risk monitoring by management	Not Applied	
	Risk Assurance		
4.9	The Board should receive assurance regarding the effectiveness of the risk management process	Applied	The Board has commenced the process of establishing risks applicable to the Company post business rescue. This will include an assurance element regarding the effectiveness of the risk management process.
	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	The Board has commenced the process of establishing risks aplicable to the Company post business rescue. This will incorporate processes enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.
5	**The Governance of Information Technology**		
5.1	The Board should be responsible for information technology (IT) governance	Not Applied	The Company is in the process of establishing an IT governance framework
5.2	IT should be aligned with the performance and sustainability objectives of the company	Not Applied	The Company is in the process of establishing an IT governance framework that will be aligned with the performance and sustainability objectives of the company.
5.3	The Board should delegate to management the responsibility for the implementation of an IT governance framework	Not Applied	The Company is in the process of establishing an IT governance framework that will include the delegation to management of the responsibility for the implementation of an IT governance framework
5.4	The Board should monitor and evaluate significant IT investments and expenditure	Not Applied	The Company is in the process of establishing an IT governance framework that will include the Board's ability to monitor and evaluate significant IT investments and expenditure.
5.5	IT should form an integral part of the company's risk management	Not Applied	The Company is in the process of establishing an IT governance framework that will make IT and integral part of the company's risk management.
5.6	The Board should ensure that information assets are managed effectively	Not Applied	The Company is in the process of establishing an IT governance framework that will include Board oversight on effective management of information assets.
5.7	A risk committee and audit committee should assist the Board in carrying out its IT responsibilities	Partially Applied	The Company is in the process of establishing an IT governance framework which will be incorporate Audit & Risk Committee assistance to the Board in carrying out its IT responsibilities.
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	

No.	Requirement	Status	Comments
6.3	Compliance risk should form an integral part of the company's risk management process	Partially Applied	The Company is in the process of establishing a risk framework which will include compliane risk as an integral part of the company's risk management process.
6.4	The Board should delegate to management the implementation of an effective compliance framework and processes	Not Applied	The Board will develop appropriate delegations to management will develop an effective compliance framework.
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	Not Applied	Phoenix did not have an internal audit function during the period under review. The Board did not consider it to be critical to have an internal audit function, considering the company's activities.
	Internal Audit's Approach and Plan		
7.2	Internal audit should follow a risk-based approach to its plan	Not Applied	Phoenix did not have an internal audit function during the period under review. The Board did not consider it to be critical to have an internal audit function, considering the company's activities.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	Not Applied	Phoenix did not have an internal audit function during the period under review. The Board did not consider it to be critical to have an internal audit function, considering the company's activities.
7.4	The audit committee should be responsible for overseeing internal audit	Not Applied	Phoenix did not have an internal audit function during the period under review. The Board did not consider it to be critical to have an internal audit function, considering the company's activities.
	Internal Audit's Status in the Company		
7.5	Internal audit should be strategically positioned to achieve its objectives	Not Applied	Phoenix did not have an internal audit function during the period under review. The Board did not consider it to be critical to have an internal audit function, considering the company's activities.
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 shareholder	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	Applied	
9.3	Sustainability reporting and disclosure should be independently assured	Not Applied	The integrated report is considered to be adequate

REMUNERATION REPORT

Introduction

We are pleased to present our first remuneration report to stakeholders following the successful implementation of a business rescue plan. In order to ensure that the Company continues to perform optimally after such a challenging period, introducing a reward model that will support behaviors and actions that will move the Company to a new strategic direction for the Company, is imperative.

We take note of the introduction of the King IV Code on Corporate Governance, however, in light of this being our first report following business rescue, we have not incorporated all the recommendations brought about by King IV. We will make gradual changes over time in with best practice remuneration reporting principles.

We have disclosed our remuneration report in two parts: where part 1 sets out the Company's remuneration policy, and part 2 provides detail on the implementation of the policy in the year under review.

At the first Board meeting following the Annual General Meeting held on the 6th September 2016, the Board appointed an executive chairman in the absence of an executive. However, to ensure that there is an appropriate level of independence, the Board recently resolved to separate the roles of the executive chairman and CEO, with the appointment of a non-executive chairman and CEO during December 2016.

Currently the Company only has two employees who are the executive directors, the CEO and the CFO, who, whilst eligible to receive variable pay, are currently only rewarded on a guaranteed pay basis. The company will look to employ more employees in due course in order to facilitate the growth of the company and will investigate a relevant variable pay structure to adequately remunerate our employees.

Remuneration Committee

The remuneration committee, which consists of three independent non-executive directors, has been incorporated in terms of the guidelines of King III, as a sub-committee of the Board.

Members of remuneration committee are as follows:

Name	Date Appointed	Directorship status
Alethea Conrad	28 September 2016	Independent Non-executive Director and Chairman of the Remuneration, Transformation and Social and Ethics Committee
Isaac Shongwe	28 September 2016	Independent Non-executive Director
Morris Mtombeni	21 November 2016	Independent Non-executive Director

Table: 4

The remuneration committee is responsible for the following:

- Setting, advising on, reviewing and recommending a remuneration policy aligned with the strategy of the Company, linked to individual performance;
- Ensuring that the directors (including fees paid to non-executive directors) are fairly and responsibly rewarded;
- Ensuring that the remuneration policy reflects the interests of stakeholders, is comparable to the general remuneration environment in the sector and complies with relevant principles of corporate governance.
- Considering whether the objectives of the remuneration policy have been met.
- Recommending specific remuneration packages for executive directors and any other members of the executive committee for approval.
- Considering the performance of the executive directors and executive management when determining their remuneration.
- Considering the terms and conditions of remuneration packages for executive directors and senior management at least once each year.
- Reviewing the terms and conditions of any executive director's service agreement at least once each year.
- Ensuring that all benefits are justified and correctly valued.
- Selecting an appropriate peer group when comparing remuneration levels.
- Reviewing and recommending to the Board the remuneration of non-executive directors.
- Reviewing and recommending to the Board performance related incentive schemes, performance criteria and measurements.

- Reviewing and recommending new remuneration methodologies for executive directors and senior management.
- Reviewing individual executive director's performance against performance criteria and recommending guaranteed and performance based remuneration to the Board.
- The remuneration committee has independent external advisors who provide advice on best practice and benchmarking.

The remuneration committee has independent external advisors who provide advice on best practice and benchmarking.

Part 1

Remuneration Policy

African Phoenix is committed to being a high performing business in South Africa. In order to achieve this, the Company has adopted a remuneration policy that will support the desired objectives and reward high performing individuals for their contribution to the delivery of the business strategy.

The remuneration policy of the Company aims to achieve the following, viz. to:

- Provide a framework for the management of total reward within the Company;
- Reward and retain employees with the necessary skills to foster the continuous growth of the Company;
- Encourage sustainable long term performance that will be in the best interest of the Company;
- Support and encourage behaviour consistent with its values and the culture of the Company;
- Promote an appropriate balance and alignment between the needs, expectations and risk exposures of its stakeholders to ensure the creation of sustainable long term value;
- Create appropriate transparency in the development of remuneration programmes that aim to ensure fairness and equity, based on appropriate external benchmarks
- Ensure alignment with the principles both of good corporate and compensation governance.

The remuneration committee will review the remuneration policy each year to ensure that the remuneration framework is robust enough to not only support the achievement of the Company's strategic objectives but also that it is aligned to best market practice by fairly rewarding employees relative to their contribution to the success of the Company.

The remuneration policy will be put to a shareholder vote every year.

Overview of The Remuneration Elements

The underlying principles of the reward framework is that it should be fair and equitable in line with each employee's value in the organization. It is intended that the remuneration of executive directors will consist of a mix between guaranteed pay and variable pay which is linked to performance. This is to ensure that there is alignment between the interests of the executives and shareholders. In light of the recent resumption of trade in the company's shares on the JSE, the Company's remuneration framework is being reviewed in order to ensure that the total remuneration is at the expected level for a listed Company.

Below we set out the different elements of remuneration.

Cost to Company

The Company conducts benchmarking against comparable companies in order to ensure that the cost to company element is market related and fair. The Company rewards its employees on a cost to company basis. As a guide the Company aims to pay employees who perform as expected at the median, however, this can be adjusted for scarce resources and for retention purposes.

The following factors are taken into consideration when determining salary increases:

- Company performance;
- Market conditions;
- Overall company affordability;
- Inflation; and
- Individual performance.

Short Term Incentive

The aim of the short term incentive (STI) scheme is to encourage the achievement of results within an agreed risk appetite framework and to encourage behaviour aligned with the Company's values and interests of stakeholders broadly.

An STI scheme will be implemented for the benefit of executive management to reward such employees for the achievement of financial returns in the form of a cash bonus. The STI will be determined by performance scorecards.

Long Term Incentive

A long term incentive scheme will be developed and implemented as a measure to retain employees and to align the interests of executives with those of shareholders.

Non-Executive Directors

The non-executive directors are paid a combination of fixed fees and meeting attendance fees for their responsibilities and duties. The fixed fee is not dependent on attendance at meetings. 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 September 2016.

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. The remuneration payable compensates the directors for their time and contribution.

The non-executive directors do not participate in any STI and LTI 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 are disclosed in Part 2 of this Remuneration Report.

Non-Binding Advisory Vote

Shareholders are requested to cast a non-binding advisory vote on Part 1 of this report.

Part 2

Executive Directors' Remuneration

Basic remuneration, benefits and bonuses paid to executive directors

2016	Salary R000	Retirement medical contributions and other R000	Total cost to company package R000	Annual bonus R000	Total cost to company package R000
N Nalliah	-	-	-	-	-
2015					
N Nalliah	1 520	3 329	4 849	-	4 849

Table: 5

The sole executive director, Nithia Nalliah, was paid by both African Bank Limited and the company. He resigned with effect from 31 March 2015. Contributions were made to retirement funds. Other benefits consist of subsistence allowances for international travel and long service awards. No annual cash incentive or long term incentive plans were awarded in the current or prior financial years.

Non-executive Directors Remuneration

Non-Executive Director Fees	Service to the company R000	Services to other group companies R000	2016 Total R000	Service to the company R000	Services to other group companies R000	2015 Total R000
M Mogase	529	-	529	903	-	903
M Mthombeni	430	290	720	197	500	697
J Symmonds	352	-	352	374	267	641
N Adams	342	-	342	374	-	374
N Langaroyds	252	-	252	361	-	361
M Gumbi	252	-	252	288	430	718
J Koolen	-	-	-	70	-	70
E Banda	171	-	171	-	-	-
D Vlok	128	-	128	-	-	-
A Conrad	128	-	128	-	-	-
I Shongwe	8	-	8	-	-	-
	2 592	**290**	**2 882**	**2 567**	**1 197**	**3 764**

Table: 6

GENDER POLICY

Introduction

In terms of paragraph 3.84(k) of the JSE Listings Requirements, "The board of directors or the nomination committee, as the case may be, must have a policy on the promotion of gender diversity at board level. The issuer must confirm this by reporting to shareholders in its annual report on how the board of directors or the nomination committee, as the case may be, have considered and applied the policy of gender diversity in the nomination and appointment of directors. If applicable, the board of directors or the nomination committee must further report progress in respect thereof on agreed voluntary targets."

Policy

a. Phoenix supports the principles and aims of gender diversity and aims to ensure fairness, intends introducing measures to remove discriminatory practices, procedures and attitudes at board level, and throughout the Group.

b. The voluntary targets set by the board are as follows:
   i. At least 50% of the board should comprise of women.

c. The Nomination Committee shall annually:
   i. Review the voluntary targets;
   ii. Measure the actual female representation on the board against the voluntary targets and
   iii. Make recommendations to the board in regard to (i) and (ii) above.

(d) The Board, in nominating and recommending the appointment of directors to the Board, shall take into account the requirements of this policy.

(e) The Company will report to shareholders in its annual report on how the Board has considered and applied the policy of gender diversity in the nomination and appointment of directors, and if applicable, the Board must further report progress in respect thereof on agreed voluntary targets.

(f) The obligations under this policy are in addition to the requirements of the B-BBEE Codes.

Approval

This policy was recommended by the Remuneration and Transformation Committee on 20 March 2017 and will be reviewed annually.

Chairman of Committee

SUSTAINABILITY REPORT 2016

Our Sustainability Approach

Phoenix will be built on principles that impact positively on the six Capitals identified for human development and the protection of the natural environment; namely the financial, manufactured, intellectual, human, social and relationship, and natural capitals. The is committed to embedding sustainability principles in the vision, mission, values, core business strategies and corporate culture; thereby ensuring the financial sustainability of the Company whilst value is created and sustained for a broad range of stakeholders.

Governance of Sustainability

As a JSE listed company that has recently emerged from business rescue, the Company has no sustainability measures in place. However Phoenix and its subsidiaries intend to adhere to the legislative requirements of the Companies Act and Regulations (2011) with respect to the requirements of the Social and Ethics aspects of the Remuneration, Transformation, Social and Ethics Committee, which provide direction and oversight on a variety of sustainability elements. As part of the responsibilities of the Chair of the committee, she will bring matters of strategic importance to the attention of the Board and report to shareholders at the Annual General Meeting on the committee's performance.

Key policies (Table 1) will be established to govern the Company's sustainability initiatives; and as the Company's strategy evolves, relevant policies will be developed accordingly. In partnership with the Audit and Risk Committee of the Board, risk assessments, internal audit, and assurance will be sought to verify the implementation and effectiveness of the RTES committee's policies.

Furthermore, various codes of good practice and standards such as the King IV Report on Corporate Governance for South Africa (2016), the International Integrated Reporting Council's Integrated Reporting Framework (2013), the Global Reporting Initiative Standards (2016), and the Code for Responsible Investing in South Africa (2011), amongst others, will be used as guidelines to support the Company's sustainability strategy and to "tell the story" of Phoenix from the perspective of the Company's leadership and key stakeholders.

Examples of Key Policies to be Developed in Alignment with the Company Strategy	
Sustainability Element	**Policy**
Ethics	Code of ethics Code of conduct
Social Impact	Human rights Labour standards and freedom of association Health and safety Security Socio-economic development Broad Based Black Economic Empowerment Sustainability in the supply chain Grievance mechanisms (whistle-blowing and hotlines)
Economic Impact	Anti-fraud, corruption and bribery Financial transparency Enterprise and supplier development
Environmental Impact	Green-house gas emissions and climate change Waste management and pollution Water usage, recycling and effluent discharge Energy usage Biodiversity

Table: 7

Annual Financial Statements

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DIRECTORS' RESPONSIBILITY AND APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of African Phoenix Investments Limited (Formerly African Bank Investments Limited) ("Phoenix" or "the Company"), comprising the statement of financial position at 30 September 2016, 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 ("IFRS") and the requirements of the Companies Act, 2008 (Act 71 of 2008) of South Africa ("Companies Act").

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.

For the reasons set out in note 3.1 of the notes to group's annual financial statements, the directors have assessed 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 IFRS and the Companies Act.

Approval of the annual financial statements

The annual financial statements set out on pages 27 to 76 were approved by the board of directors of African Phoenix Investments Limited ("the Board") and signed on its behalf by:

EN Banda
Chief Executive Officer

J Evans
Chief Financial Officer

Illovo
31 March2017

CERTIFICATE FROM THE COMPANY SECRETARY

I certify in accordance with the provisions of section 88(2)(e) of the Companies Act, that to the best of my knowledge and belief, the company has lodged with the Companies and Intellectual Property Commission, all returns and notices prescribed by the Companies Act, in respect of the year ended 30 September 2016 and that all such returns and notices are true, correct and up to date.

Acorim (Pty) Limited
Company secretary
Hyde Park
31 March 2017

The directors present their report to shareholders, together with the audited group consolidated annual financial statements for the financial year ended 30 September 2016.

Nature of the Business

Phoenix is a publicly quoted investment holding company listed on the JSE. Phoenix's subsidiaries are Standard General Insurance Company Limited, which is currently African Phoenix Investments Ltd's only trading subsidiary, as well as Residual Debt Services Limited (under curatorship) and Ellerines Holdings Limited (in business rescue). The Company commenced business rescue proceedings on 5 June 2015. Following adoption of the business rescue plan on 18 April 2016, and the successful implementation thereof, the business rescue practitioners filed the requisite notice of substantial implementation on 19 May 2016 and returned control of the Company to the directors.

Share Capital: *Ordinary Shares*

The Company's authorised share capital is 2 000 000 000 shares of 2.5 cents each.

At 30 September 2016, the issued ordinary share capital totalled 1 427 005 272
(2015: 1 501 093 232) shares of 2,5 cents each.

During the year Hlumisa Investment Holdings (RF) Limited reached an agreement with the Company in terms of which it returned 25,911,800 shares to the company. These shares are not yet cancelled.

During the year Eyomhlaba Investment Holdings (RF) Limited reached an agreement with the Company in terms of which it returned 48,176,160 shares to the company. These shares are not yet cancelled.

Total shares to be cancelled: – 74,087,960 (2015: Nil).

Share Capital: *Preference Shares*

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

The issued preference share capital at 30 September 2016 totaled 13 523 029 (2015: 13 523 029)
shares of R0,01 each.

Going Concern

The directors consider that the Group has adequate resources to continue operating for the ensuing twelve months and therefore deem it appropriate to adopt the going-concern basis in preparing the financial statements for this reporting period. (Refer to 3.1 belo)

Events after the Reporting Period

The directors are not aware of any material events occurring between the reporting date and the date of authorisation of these consolidated financial statements as defined in IAS 10 – Events after the reporting period.

Directors and Changes in Directors

The following directors resigned or retired during the current and previous financial years:

- M Mogase resigned as a director on 6 September 2016;
- RJ Symmonds retired as a director at the annual general meeting held on 6 September2016;
- N Adams retired as a director at the annual general meeting held on 6 September 2016;
- N Langa-Royds retired as a director at the annual general meeting held on 6 September 2016;
- Adv. M Gumbi retired as a director at the annual general meeting held on 6 September 2016;
- Nithia Nalliah resigned as director on 31 March 2015; and

Jacobus Koolen passed away on 3 May 2015.

Phoenix Board of Directors

At 30 September 2016, the following directors constituted the Board:

- 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
- Isaac Shongwe (Independent non-executive director) – Appointed 20 September 2016.

Subsequent to End of the Reporting Period

- Enos Banda was appointed as Executive Chairman on 1 October 2016;
- John Evans was appointed as Financial Director on 1 October 2016; and
- Isaac Shongwe was appointed as Lead Independent non-executive director on 31 October 2016.

Due to the fact that the Company was in business rescue in the current year there were no Executive Directors

Company Secretary and Registered Office

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

Their business address is: 2nd floor North Wing, Hyde Park Corner Office Towers, Corner 6th road and Jan Smuts avenue. Their postal address is: PO Box 41480, Craighall, 2024.

The Board considered and is satisfied with the competence, and qualifications of the company secretary. The Board confirms that the company secretary is independent.

Directors' Interest in Shares

The directors' and former 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 2016 and the date of this report.

Interest of directors of the company directly and indirectly in the shares of Phoenix							
			2016			2015	
Name	Notes	Direct	Indirect	Total	Direct	Indirect	Total
Ordinary Shares							
Non_Executive Directors							
Past Directors*							
Ordinary Shares							
Nick Adams	5	3 680	1 708 177	1 711 857	3 680	1 708 177	1 711 857
Johnny Symmonds	5	3 862	-	3 862	3 862	-	3 862
Mutle Mogase (Non-Executive Chairman)	3	-	-	-	-	3 102 604	3 102 604
Nithia Nalliah	4	-	-	-	-	2 491 744	2 491 744
Sub-Total		7 542	1 708 177	1 715 719	7 542	7 302 525	7 310 067
Total Ordinary Shares		7 542	1 708 177	1 715 719	7 542	7 302 525	7 310 067

Table: 8

The shareholdings of past directors are as at the date of resignation. The directors are not aware of changes in shareholding by directors after their resignation other than in relation to indirect holdings through Eyomhlaba Investment Holdings (RF) Limited and Hlumisa Investment Holdings (RF) Limited as a result of those entities returning their shares to the company.

Note 1	Eyomhlaba Investment Holdings (RF) Limited ("Eyomhlaba") owned 48 176 160 (2015: 48 176 160) ordinary shares in Phoenix which was 3,2% (2015: 3,2%) of Phoenix's issued ordinary share capital. These shares were returned to the Company.
Note 2	Hlumisa Investment Holdings (RF) Limited ("Hlumisa") owned 25 911 800 (2015: 25 911 800) ordinary shares in Phoenix which was 1,7% (2015: 1,7%) of Phoenix's issued ordinary share capital. These shares were returned to the Company.
Note 3	Mutle Mogase has a 4,8% (2015: 4,8%) interest in Eyomhlaba and a 3,0% (2015: 3,0%) interest in Hlumisa. These entities are no longer shareholders of the Company.
Note 4	Nithia Nalliah resigned from the board effective 31 March 2015.
Note 5	Nic Adams and Johnny Symmonds retired from the board at the AGM on 6 September 2016.

Table: 9

Interest (Other Than Indicated Above) of Directors and Officers in Transactions

Save as indicated above, no material contracts were entered into during the financial year 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 its subsidiaries. The business rescue practitioners earned fees for the services delivered as business rescue practitioners as disclosed in note 30 on page 64.

Insurance and Directors' and Officers' Indemnity

As permitted by the Company's memorandum of incorporation, the Company has granted indemnities to the directors and company secretary, in relation to 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 the granting of indemnities on terms consistent with legislation and best practice.

Auditors

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

Dividends

No dividends were declared during the period under review.

Directors Emoluments

The director's emoluments are set out in note 38.

Special Resolutions

Consumer Protection Insurance Limited was placed into voluntary liquidation. The following special resolutions were passed at the AGM of Stangen:

- The memorandum of incorporation was amended.
- The remuneration of the non-executive directors of Stangen was approved.
- Approval was given to the board of directors of Stangen to provide financial assistance in terms of Section 45 of the Companies Act.
- Approved the transfer of the credit life business to Guardrisk Life Limited which resolution is required by the Financial Services Board in sanctioning the transaction.

INDEPENDENT AUDITOR'S REPORT

Report on The Financial Statements

We audited the consolidated financial statements of African Phoenix Investments Limited set out on pages 27 to 76, Ih comprise the statements of financial position as at 30 September 2016, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS and the requirements of the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of African Phoenix Investments Limited as at 30 September 2016, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS, and the requirements of the Companies Act.

Other Reports Required By The Companies Act

As part of our audit of the consolidated financial statements for the year ended 30 September 2016, we have read the Director's Report, the Company Secretary's Certificate and Audit Committee's Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated 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 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 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 Phoenix for 2 years.

Grant Thornton Johannesburg Partnership
Registered Auditors

Grant Thornton

Sone' Kock
Partner

Registered Auditor
Chartered Accountant (SA)
08 December 2016
@Grant Thornton
Wanderers Office Park
52 Coriett Drive
Illovo, 2196

AUDIT AND RISK COMMITTEE REPORT

The committee presents its report for the financial year ended 30 September 2016 as required by section 94(7)(f) of the Companies Act. The committee has been constituted in accordance with applicable legislation and regulations.

Purpose of the Audit and Risk Committee

The main purpose of the Audit and Risk Committee, in so far as it relates to audit activity, 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 and Risk Committee consists of three members who are all independent, non-executive directors. Owing to the fact that the Company was in business rescue, the committee did not meet as frequently as in prior years. The Audit and Risk Committee met twice during the period under review. The annual financial statements were provisionally recommended to the Board at the 7 December 2016 meeting, subject to minor changes, and finally approved by the Board on 8 December 2016.

The committee members changed during the year and are as follows:

Independent Non-Executive Directors

Morris Mthombeni *(chairman)*

Daniel Vlok – Appointed to the Audit and Risk Committee on 6 September 2016; and

Alethea Conrad – Appointed to the Audit and Risk Committee on 6 September 2016

Functions of the Committee

The Audit and Risk Committee approved a revised committee charter during the period under review and has discharged the functions in terms of the charter, which included:

- Reviewing and approving the Group's external audit plan, including the proposed audit scope, approach to company operating risks and the audit fee;
- Confirming the independence of the external auditors, Grant Thornton;
- Reviewing external audit reports;
- Assessing the nature and extent of non-audit services by the auditors;
- Reviewing the accounting policies adopted by the Company and all proposed changes in accounting policies and practices;
- Reviewing the annual financial statements to confirm the financial statements are prepared in accordance with IFRS, the Companies Act and the Listings Requirements of the JSE Limited;
- Reviewing the Group's compliance plan and assessing the procedures for identifying regulatory risks;
- Reviewing the legal matters that could have a significant impact on the group's financial statements; and
- Reviewing the company risk management plan and risk management processes.

Independence of External Auditors

The previous Executive Financial Director, Nithia Nalliah, resigned from the group with effect from 31 March 2015. The JSE gave the Company limited exemption from appointing a financial director whilst it was in business rescue. The Company appointed John Evans as Executive Financial Director on 1 October 2016. The committee satisfies itself on an annual basis as to the competence, expertise, experience and skills of the Financial Director.

Internal Audit

Due to the size of the company and the nature of operations no internal audit function has been established. The need for internal audit will be considered and assessed going forward.

Internal Financial Controls, Accounting Practices and Group Annual Financial Statements

Nothing has come to the attention of the committee that indicates that the Group'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 Group's annual financial statements are in compliance, in all material respects, with the requirements of the Companies Act and IFRS, and recommend the annual financial statements for approval by the board.

Morris Mthombeni
Chairman: Audit and Risk Committee

31 March 2017

Consolidated Statement of Financial Position

as at 30 September 2016

Assets	Notes	2016 R Million	2015 R Million
Intangible assets	5	-	30
Equipment	6	1	-
Other assets	7	60	512
Reinsurance assets	8	-	47
Cash and cash equivalents	9	1 833	2 367
Taxation		1	-
Disposal group	13	267	-
Total Assets		**2 162**	**2 956**
Equity & Liabilities			
Ordinary share capital	10	192	192
Ordinary share premium	10	14 458	14 458
Reserves	12	(14 140)	(14 631)
Ordinary shareholders' equity		510	19
Preference shareholders' equity	11	1 130	1 130
Total Equity (Capital and Reserves)		**1 640**	**1 149**
Deferred tax liability	14	-	16
Taxation		1	26
Policyholders' liabilities under insurance contracts	15	191	762
Borrowings	16	23	470
Reinsurance creditor	17	-	50
Other liabilities	18	40	483
Disposal group	13	267	-
Total Liabilities		**522**	**1 807**
Total Equity & Liabilities		**2 162**	**2 956**

Table: 12

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 ordinary shares in issue	1 427 005 272	1 501.9

Consolodated Statement of Comprehensive Income

for the year ended 30 September 2016

Continuing Operations	Notes	2016 R Million	2015 R Million
Insurance premium and reinsurance income	19	86	83
Interest and other investment income	20	114	98
Net income		200	181
Insurance claims and discretionary actuarial liability	21	(203)	(20)
Operating and administration expenses	22	(91)	(92)
Impairment of financial instruments		(9)	-
(Loss) / profit before taxation from continuing operations		(103)	69
Taxation	23	7	(40)
(Loss) / profit for the year from continuing operations		(96)	29
Profit for the year from discontinuing operations	13	587	1 258
Profit for the year		491	1 287
Other comprehensive income		-	-
Total comprehensive income for the year		491	1 287
Earnings per share – continuing operations		(6.5)	1.9
Earnings per share – discontinuing operation		39.5	83.8
Total earning per share		33.0	85.7

Table: 13

Consolodated Statement of Changes In Equity

for the year ended 30 September 2016

R Million	Ordinary Share Capital & Premium	Retained Earnings	Ordinary Share Capital & Premium	Total
Balance at 30 September 2014	14 650	(15 918)	1 130	(138)
Total comprehensive income for the year	-	1 287	-	1 287
Balance at 30 September 2015	14 650	(14 631)	1 130	1 149
Total comprehensive income for the year	**-**	**491**	**-**	**491**
Balance at 30 September 2016	**14 650**	**(14 140)**	**1 130**	**1 640**

Table: 14

Statement of Cash Flows

for the year ended 30 September 2016

	Notes	2016 R Million	2015 R Million
Cash (outflows) / inflow from continuing operations	26	(119)	88
Cash receipts from policyholders and investments	27	650	555
Cash paid to policyholders, suppliers and employees	28	(769)	(467)
Taxation paid	29	(263)	(519)
Net cash outflow from continuing operating activities		(382)	(431)
Net cash inflow from discontinuing operating activities	13	492	1 918
Net cash inflow from operating activities		**110**	1 487
Cash flows from investing in continuing operation activities		**(2)**	-
Acquisition of equipment		(2)	-
Cash flows from investing in discontinuing operation activities		**(191)**	-
Net payment made on reinsurance transaction		(191)	-
Net cash outflow from investing activities		**(193)**	-
Cash outflow from funding operations		(451)	-
Net 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 & cash equivalents at the beginning of the year		2 367	1 282
Cash & cash equivalents at the end of the year	9	**1 833**	**2 367**

Table: 15

Notes to the Annual Financial Statements

for the year ended 30 September 2016

1. General Information

African Phoenix Investments Limited ('Phoenix") formerly known as African Bank Investments Limited ("ABIL") is a listed company incorporated in the Republic of South Africa. The company is the ultimate holding company of The Standard General Insurance Company Limited (Stangen) and of number of non-trading entities.

The principal activities of the group are disclosed in the directors' report.

2. Adoption Of New Standards And Interpretations

2.1 New and Revised IFRSs Affecting Amounts Reported in the Current Year

In the current year, there are no new standards and interpretations that are effective for the current year and that are relevant to its operations.

2.2 New and Revised IFRSS in Issue but not yet Effective

The group has not applied the following new and revised IFRSs that have been issued but with a future effective date.

2.2.1 IFRS effective for periods beginning on or after 1 January 2016

(applicable to the annual financial statements for the year ended 30 September 2017)

IFRS/IFRIC		Title and Details	Expected impact
IFRS 5	**Tittle:**	**Non-current Assets Held for Sale and Discontinued Operations**	The group will comply with the standard when the standard becomes effective.
	Details:	Annual Improvements 2012 – 2014 Cycle: Amends IFRS 5 to clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of IFRS 5 does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29.	
IFRS 7	**Tittle:**	**Financial Instruments: Disclosures**	The group will comply with the standard when the standard becomes effective.
	Details:	Annual Improvements 2012 – 2014 Cycle: The amendments provide additional guidance to help entities identify the circumstances under which a servicing contract is considered to be "continuing involvement" for the purposes of applying the disclosure requirements in paragraphs 42E – 42H of IFRS 7. Such circumstances commonly arise when, for example, the servicing fee is dependent on the amount of turning of the cash flows collected from the transferred financial asset or when a fixed fee is not paid in full due to non-performance of that asset. Annual Improvements 2012 -2014 Cycle: These amendments clarify that the additional disclosure required by the recent amendments to IFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with IAS 34 interim Financial Reporting when its inclusion would be necessary in order to meet the general principles of IAS 34.	

IFRS/IFRIC		Title and Details	Expected impact
IIAS 1	**Tittle:**	**Presentation of Financial Statements**	The group will comply with the standard when the standard becomes effective.
	Details:	Amendments clarifying IAS 1's specified line items on the statement(s) of profit and loss and other comprehensive income and the statement of financial position can be disaggregated. Additional requirements of how entities should present subtotals in the statement(s) of profit or loss and other comprehensive. income and the statement of financial position. Clarification that entities have flexibility as to the order in which they present their notes to the financial statements, but also emphasising the need to consider fundamental principles of comparability and understandability in determining the order.	
IAS 12	**Tittle:**	**Income Tax**	The amendments are not expected to have a significant impact on the group.
	Details:	Recognition of Deferred Tax Assets for Unrealised Losses. (Amendments to IAS 12): Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	
IAS 7	**Tittle:**	**Statement of Cash Flows**	The group will comply with the standard when the standard becomes effective
	Details:	Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities. The additional disclosures will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash flows changes (such as foreign exchange gains and losses.	
IFRS 9	**Tittle:**	**Financial Instruments**	The group will comply with the standard when the standard becomes effective
	Details:	IFRS 9 'Financial Instruments (2014)' replaces IAS 39 'Financial Instruments: Recognition and Measurement.	
IFRS 15	**Tittle:**	**Revenue from Contracts with Customers**	The amendments are not expected to have a significant impact on the group.
	Details:	New guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.	

Table: 16

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

3.1 Going Concern

The directors have 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 ensuing twelve months;
- The company's only operating subsidiary, Stangen is a going concern; and the audit opinion for the current year is unqualified with no emphasis of matters raised; and
- The group has available cash resources to deploy in developing existing operations or investing in new opportunities.

Based on the above, the directors consider 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 annual financial statements..

3.2 The Ultimate Liability arising from Benefit Payments Under Insurance Contracts

The determination of the liabilities under long-term insurance contracts is dependent on the estimates made by the group. Policyholders liabilities under long-term insurance contracts are comprised of the claims reported, assessed but not settled at the reporting date, the claims related to the events which might have taken place on or before the reporting date but were not communicated to the insurer on the reporting date as well as of the estimates of the net present value of future claims and benefits under existing contracts, offset by probable future premiums to be received or paid (net of expected service costs).

The liability for long-term insurance contracts is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. At inception of the contract, the group determines assumptions in relation to future death, disabilities, voluntary terminations, investment returns and administration expenses.

Subsequently, new estimates are developed at each reporting date to determine whether liabilities are adequate in the light of the latest current estimates. The initial assumptions are not altered if the liabilities are considered adequate. If the liabilities are not adequate, the assumptions are altered to reflect the latest estimates. Insurance contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, expenses, lapse and discount rates, and taxes.

Process used to decide on assumptions and changes in assumptions:

Mortality and Morbidity Rates

Assumptions are based on standard industry and national tables, according to the type of contract written and the country/area in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the group's own experiences. An appropriate, but not excessive prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will reduce profits for shareholders.

Investigations into mortality experience are performed annually for all classes of business. The period of investigation extends over at least the latest three full years. The results of the investigation are used to set the valuation assumptions, which are applied as an adjustment to the respective base table.

In setting the assumptions, provision is made for the expected increase in AIDS-related claims. Allowance for AIDS-related deaths is made in the base mortality rates at rates consistent with the requirements of APN 105 issued by the Actuarial Society of South Africa (ASSA).

The incidence of disability claims is derived from the risk premium rates determined from annual investigations. The incidence rates are reviewed on an annual basis, based on the medical claims experience. The adjusted rates are intended to reflect future expected experience.

Retrenchment Rates

The retrenchment rate assumptions are based on the most recent experience as well as on the expected future trends. The actual retrenchment rates are compared to the previously projected rates annually and the assumptions are adjusted if necessary.

Lapse Rates

The lapse rate assumptions are based on the most recent experience as well as on the expected future trends. The actual lapse rates are compared to the previously projected rates annually and the assumptions are adjusted if necessary. The lapsing rates are analysed by product type and policy duration.

Expenses

An expense analysis is performed on the actual expenses incurred in the financial year preceding the reporting date. The budgets approved by the relevant Board are also used to determine future per policy expense.

Discount Rates

The discount rate reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability in question.

Tax

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the statutory actuary. Estimates are made as to the expected number of deaths, retrenchments and disabilities for each of the years for which the group is exposed to risk. These estimates are based on standard industry and national mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the group’s own experience.

Future benefit payments are estimated as outlined in note 15. Where future premiums are payable, they have also been valued based on the expected premium to be paid. Future premiums are projected over the lifetime of each policy on a policy-by-policy basis. The value of the premiums takes into account the possibility that the policy may terminate early through lapsing or maturity. The interest rate used to discount the premiums reflect current economic conditions and the asset mix of the group.

Insurance risks are unpredictable and the group recognises that it is not always possible to forecast, with absolute precision, future claims payable under existing insurance contracts. Over time, the group has developed a methodology that is aimed at establishing insurance provisions that have an above average likelihood of being adequate to settle all its insurance obligations.

3.2.1 Incurred and Reported Claims (IAR)

Claims provisions are determined based upon previous claims experience, knowledge of events, the terms and conditions of the relevant policies and on the interpretation of circumstances. Each notified claim is assessed on a separate case-by-case basis with due regard to the specific circumstances, information available from the insured and past experience with similar cases and historical claims payment trends.

The approach also includes the consideration of the development of claims payments trends, the levels of unpaid claims, legislative changes, judicial decisions and economic conditions. The group employs individuals experienced in claims handling and applies standardised policies and procedures to claims assessment.

The ultimate cost of reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Therefore, case estimates are reviewed regularly and updated when new information becomes available.

The provision for outstanding claims is initially estimated at a gross level. A separate calculation is carried out to estimate reinsurance recoveries.

3.2.2 Claims incurred but not Reported (IBNR)

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling the claims already notified to the group, where information about the claim event is available. Where possible, the group adopts multiple techniques to estimate the required level of provisions. This assists in developing a greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The appropriate estimation technique is selected, taking into account the characteristics of the various portfolios and the extent of the developments in each reporting period.

4. Significant Accounting Policies

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 International Financial Reporting 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 Standard Council and the requirements of the Companies Act (Act 71 of 2008).

4.2 Basis of Preparation

The group's consolidated 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 group 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 liabilities. The accounting policies and their application are consistent with the previous year except where specifically stated otherwise.

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

4.3 Basis of Consolidation

The group financial statements incorporate the financials of the company and the entities controlled by the company (its subsidiaries). Control is achieved where the company has power to govern the financial and reporting policies of the entity so as to obtain benefits from its activities.

The company no longer controls the following subsidiaries. As such their results are not incorporated into these financial statements.

- Residual Debt Services Limited (formerly African Bank Limited) (in Curatorship) – 10 August 2014

- Ellerine Holdings Limited (in Business Rescue) – 22 August 2014

4.4 Intangible Assets

4.4.1 Value of in-force reinsurance business acquired

On cancellation of the reinsurance agreement with Reliant Life Assurance Limited ("RLA"), The Standard General Insurance Company Limited ("Stangen") recognised an intangible asset representing the value of in-force reinsurance premiums acquired from RLA. The value of in-force reinsurance premiums represents the present value of future reinsurance premiums which would have been ceded to RLA.

4.4.2 Software

Software consists of purchased software. Software acquired by the group is measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date that it is available for use. The estimated useful life of software is four years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.5 Equipment

Computer equipment and office equipment are stated at cost less accumulated depreciation and impairments.

Depreciation is charged to profit and loss on a straight-line basis and is calculated to reduce the original costs to the expected residual values over the estimated useful lives. Useful lives and residual values are assessed on an annual basis. Useful lives have been determined to be as follows:

- Computer equipment 4 years
- Office equipment 6 years

4.6 Impairment of Non-Financial Assets

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 costs to sell and value in use. Fair value less costs 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 the 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 assets.

4.7 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 held for investment, trading or liquidity purposes, but exclude employee benefit plans, equipment, intangible assets, taxation payable, deferred tax assets and liabilities, and assets and liabilities arising from insurance contracts.

Financial instruments are accounted for under IAS 32 *Financial Instruments:* Presentation, IAS 39 Financial Instruments: *Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures.*

4.7.1 Classification of financial assets and financial liabilities

Financial assets are classified into the following categories:

- Loans and receivables;

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.

4.7.2 Initial recognition

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

4.7.3 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.

4.7.4 Subsequent measurement

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

- 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 group as at fair value through profit or loss or available-for-sale.

Trade receivables 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 any allowance for impairment losses.

- Financial liabilities at amortised cost

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

4.7.4.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees 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.

4.7.5 Impairment of financial instruments

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

4.8 Cash and Cash Equivalents

Cash and cash equivalents comprise of fixed and notice deposits as well as call and current accounts with financial institutions.

4.9 Insurance Contracts

Classification of contracts

Contracts under which the group accepts significant insurance risks from the policyholder, by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event affects the policyholder or other beneficiary are classified as insurance contracts.

Recognition and measurement

Insurance contracts are classified into individual and group credit life and funeral depending on the duration of the risk and whether or not the terms and conditions are fixed.

Individual and group credit life, funeral, crime injury and personal accident products

Credit life contracts are for the term of the policy covering insured events in the form of death, disability, retrenchment, short-time and compulsory unpaid leave. The contracts are designed to pay an amount equal to the outstanding loan or credit card balances with African Bank Limited (subject to certain limitations) following death, disability, and retrenchment of the contract holder.

Funeral contracts are offered on a whole of life basis covering death. The amount paid upon a claim is set at the outset of the contract and remains constant throughout the term of the contract.

Crime injury products provides cover in the event of the murder of an assured life or upon the occurrence of a crime event which results in the temporary or permanent disability of an assured life and the personal accident provides cover and benefits in the event of the accidental death or accidental disability which results in the permanent and temporary disability of a policyholder. The policy provides term cover in respect of the assured lives meaning that the cover will cease at the end of a specified term. Personal accident products provides cover for accidental death and accidental disability. These portfolios are closed for new business following the Section 12 product notices issued by the Financial Services Board in 2014.

Policyholder liabilities under insurance contracts

All policyholder contracts that transfer significant insurance risk are classified as insurance contracts. These contracts that are under un-matured policies are computed annually at the statement of financial position date by the group's statutory actuary, in accordance with the provisions of the Long-term Insurance Act, 1998 and valued in terms of the Financial Soundness Valuation (FSV) basis contained in SAP 104 issued by the Actuarial Society of South Africa and represents the group's total policyholder liabilities. Claims incurred prior to the end of the financial year, but not reported until after that date, are brought into account in the valuation of policyholder liabilities.

The statutory actuary sets a discretionary margin that is equal to the net total liabilities (where negative) to reduce the negative reserves to the established IBNR reserve on the published basis.

The transfer to policyholder liabilities under insurance contracts reflected in the statement of comprehensive income is a result of the changes in actuarial liabilities.

Policyholder's benefits

Provision is made for the estimated cost of claims notified, but not settled, at the end of the financial year, using the best information available at the time. Claims payable include related internal and external claims handling costs. Claims are stated net of reinsurance recoveries.

Liability adequacy test

At each end of the reporting period, liability adequacy tests are performed to ensure the adequacy of the insurance contracts liabilities. Long- term insurance liability is valued in terms of the Financial Soundness Valuation (FSV) basis. Under the FSV basis, a liability is determined as the sum of the current estimate of the expected discounted value of all the benefit payments and the future administration expenses that are directly related to the contract, less the current estimate of the expected discounted value of the contractual premiums.

The liability is based on assumptions as to mortality, morbidity, retrenchment, persistency and maintenance expenses that are established at the time of valuing the contract at each reporting date. Margins for adverse deviations are included in the assumptions.

Assumptions used for valuing policyholder liabilities are based on best estimates of future experiences, guided by recent past experience and increased by margins prescribed by the Actuarial Society of South Africa for prudence.

If the liability adequacy test shows that the carrying amount of the Insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in profit or loss.

The group does not recognise negative reserves (i.e. an asset) that may arise if future insurance premium income is taken into account after allowance for unexpired risk. The statutory actuary sets a discretionary margin, allowed for in terms of SAP 104, such that it is equal to the elimination of the overall negative reserves (i.e. an asset) for insurance contracts.

4.10 Provisions

Provisions represent liabilities of uncertain timing or amount and are measured at the expenditure or cash outflow required to settle the present obligation.

Provisions are recognised when the group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

4.11 Revenue Recognition

Premium income

The group reflects premium income relating to insurance business gross of reinsurance and is accounted for when the premiums become due.

4.12 Investment Income

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

4.13 Other Fee Income

Administration fees received are recognised as the service is rendered.

4.14 Commission

Life insurance contracts business commission is expensed as incurred

4.15 Reinsurance Premiums

Reinsurance premiums are recognised when due for payment

4.16 Reinsurance Recoveries

Reinsurance recoveries are accounted for in the same period as the related claim.

4.17 Taxation

4.17.1 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).

Current taxation is the expected taxation payable 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.

Taxation in respect of the group is determined using the four fund method applicable to life insurance companies in terms of the Income Tax Act.

Current tax is charged or credited to profit or loss, except to the extent that it relates to items charged or credited directly to the statement of changes in equity, in which case the tax is also dealt with in equity.

4.17.2 Deferred taxation

Deferred income 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 income tax 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 is charged or credited in profit or loss, except to the extent that it relates to items charged or credited directly to the statement of changes in equity, in which case the deferred tax is also dealt with in equity.

The effect on deferred taxation of any changes in taxation rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to equity.

Deferred tax assets are recognised on the tax effects of income tax losses available for carry-forward, if the group considers it probable that future taxable income will be available against which the unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the taxable entity and the same taxation authority.

4.18 Defined Contribution Plans

Defined contribution plans have been established for eligible employees of the group, with the assets held in separate trustee administered funds. The group pays contributions on a contractual basis as determined in terms of the rules of each benefit fund. The group has no further legal or constructive obligations to pay any further contributions or benefits once the fixed contributions have been paid to the funds.

Contributions in respect of defined contribution plans are recognised as an expense in profit or loss as they are incurred.

4.19 Short Term Benefits

Short term benefits consist of salaries, compensated balances (such as paid annual and sick leave), bonuses and non-monetary benefits such as medical aid contributions.

Short term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus plans or accumulated leave if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.20 Contingent Liabilities

A contingent liability is disclosed when:

- There is a possibility of an obligation arising 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 group; or
- The group 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.

4.21 Segment reporting

An operating segment is a component of an entity which engages in business activities from which it earns revenues and incurs expenses, for which separate financial information is available and whose operating results are regularly reported internally and evaluated by the chief operating decision maker in deciding how to allocate resources and assessing its performance. The operating segments of the group are the Insurance which has been separated between credit life (discontinued operation) and funeral and other products (continued operation) and Corporate.

5. Intangible Assets

	2016 R Million	2015 R Million
Value of in-force reinsurance business acquired	-	29
Computer software	-	1
	-	30
Value of in-force reinsurance business acquired		
Cost	37	37
Accumulated amortisation	(37)	(8)
Carrying value at end of year	-	29
Reconciliation of carrying value and impairment		
Value of in-force reinsurance business acquired		
Balance at beginning of the year	29	-
Acquisition	-	37
Amortisation	(15)	(8)
Loss on transfer of business	(14)	
Carrying value at end of year	**-**	**29**

Table: 17

The group carried an intangible asset representing the present value of in-force future reinsurance premiums due to the cancellation of the reinsurance agreement with Relyant Life Assurance Company Limited and on 1 April 2016 the intangible asset was fully amortised due to the group reinsuring 100 percent of the remaining credit life portfolio to Guardrisk.

Software		
Cost	3	3
Accumulated amortisation	(3)	(2)
Carrying value at end of year	-	1
Reconciliation of carrying value		
Software		
Balance at beginning of the year	1	1
Additions	-	-
Amortisation	(1)	-
Carrying value at end of year	**-**	**1**

Table: 18

6. Equipment

	2016 R Million	2015 R Million
Cost	4	2
Computer equipment	2	2
Office equipment	2	-
Accumulated depreciation	**3**	**2**
Computer equipment	2	2
Office equipment	1	-
Closing carrying value	**1**	**-**
Computer equipment	-	-
Office equipment	1	-
Reconciliation of carrying value		
Computer equipment		
Balance at beginning of the year	-	1
Additions	-	-
Depreciation	-	(1)
Carrying value at end of year	1	-
Reconciliation of carrying value		
Office equipment		
Balance at beginning of the year	-	-
Additions	1	-
Depreciation	-	-
Carrying value at end of year	**1**	**-**

Table: 19

7. Other Assets

Amounts due from African Bank Limited ("ABL")	60	467
Premiums outstanding	-	45
	60	512

Table: 20

8. Reinsurance Assets

	2016 R Million	2015 R Million
Opening balance	-	156
Release from reinsurance asset	-	(40)
Settlement by RLA of the reinsurance liabilities	-	(116)
Reinsurance asset relating to RLA	**-**	**-**
Opening balance	47	-
(Release) / Transfer to reinsurance asset – Swiss Re	(50)	47
Settlement of Swiss Re	3	-
Reinsurance asset relating to Swiss Re	**-**	**47**
Transfer to reinsurance asset – Guardrisk	246	-
Reinsurance asset reflected under discontinued operation	(246)	-
	-	**-**

Table: 21

- The group reached an agreement with Swiss Re Life & Health ("Swiss Re") for early termination of the credit life treaty effective 1 April 2016.
- A new reinsurance treaty with Guardrisk was concluded effective 1 April 2016 whereby 100% of the insurance risk is transferred to Guardrisk in exchange for an upfront reinsurance premium rebate (refer note 13 – Discontinued operations).

9. Cash and Cash Equivalents

	2016 R Million	2015 R Million
Current accounts	228	4
Call accounts	18	995
Fixed deposit accounts	1 587	1 368
Cash and cash equivalents	**1 833**	**2 367**

Table: 22

10. Ordinay Share Capital and Premium

	2016 Number of share	2016 R Million	2015	2015 R Million
Authorised:				
Ordinary shares of 2,5 cents each	2 000 000 000	50	2 000 000 000	50
Issued:				
Ordinary shares at par value of 2,5 cents each	1 427 005 272	36	1 501 093 232	38
Ordinary share premium		14 614		14 612
Total share capital and premium		**14 650**		**14 650**
Shares held to be cancelled	**74 087 960**	**-**	**-**	**-**

Table: 23

Reconciliation of issued share capital	2016 R Million	2015 R Million
Ordinary shares at par value of 2,5 cents each	1 501 093 232	1 501 093 232
Shares to be cancelled	74 087 960	-
Total share capital and premium	**1 427 005 272**	**1 501 093 232**

Table: 24

Unissued shares

The directors have no authority to issue any of the unissued share capital.

Shares in issue

Save for the return of the shares to be cancelled to the company , there has been no movement in the issued shares during the 2016 and 2015 financial years.

11. Preference Shareholders' Equity

	2016 Number of shares	2016 R Million	2015 Number of shares	2015 R Million
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**

Table: 25

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 R23 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 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.

Phoenix 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.

12. Reserves

	2016 R Million	2015 R Million
Reserves comprise the following:		
Accumulated loss	(14 140)	(14 631)
Total reserves	**(14 140)**	**(14 631)**

Table: 26

13. Discontinued Operation

Stangen initiated a formal process to transfer the remaining credit life business to Guardrisk, which is currently 100% reinsured to Guardrisk. On 31 October 2016, a transfer agreement between Stangen and Guardrisk was signed which would result in Guardrisk becoming the primary insurer of the credit life business underwritten via African Bank Limited and the reinsurance agreement between Stangen and Guardrisk would then be terminated. The transfer is expected mid-2017, subject to the approval by the relevant regulatory bodies.

Results of discontinued operation	2016 R Million	2015 R Million
Insurance premium and reinsurance income	1 107	3 412
Interest and other investment income	30	36
Total income	1 137	3 448
Net insurance claims	14	(798)
Operating and administration expenses	(306)	(895)
Impairment of financial assets	(30)	(8)
Profit before taxation	815	1 747
Taxation	(228)	(489)
Profit for the year	587	1 258
Other comprehensive income	-	-
Total comprehensive income for the year	**587**	**1 258**

Table: 27

The carrying amounts of assets and liabilities in in the disposal group	2016 R Million
Reinsurance assets	246
Reinsurance debtors	21
Total assets of disposal group	267
Policyholders' liabilities under insurance contracts	(246)
Reinsurance creditors	(21)
Total liabilities of disposal group	**(267)**

Table: 28

Cash flows from discontinued operation	2016 R Million	2015 R Million
Net cash used in operating activities	492	1 918
Net cash outflow from investing activities	(191)	-
Net cash from financing activities	-	-
Net cash flows	**301**	**1 918**

Table: 29

14. Deferred Tax Liability

Temporary differences 2016	Opening balance R Million	Recognised in profit or loss R Million	Recognised in profit or loss R million
Deferred tax liability	16	(16)	-
2015	R million	R million	R million
Deferred tax liability	**20**	**(4)**	**16**

Table: 30

The deferred tax liability relates to the statutory margin of 7.5% added to the IBNR actuarial valuation.

15. Policyholders' Liabilities under Insurance Contracts

The policyholders' liabilities under insurance contracts at 30 September 2016 were lower than the amount of the actuarial value of liabilities and life assurance policies by R89k as a result of the statutory margin on the funeral IBNR actuarial valuation.

	2016 R Million	2015 R Million
Balance at end of year	191	762
Opening balance	762	1 073
Release from the statement of comprehensive income at the end of the year	(142)	(311)
Transfer of policyholder liabilities to Guardrisk	(429)	-
Comprising:		
Policyholders' liabilities under insurance contracts	191	762
Total policyholders' liabilities	191	762
Policyholders' liabilities per claim category:		
Death	191	111
Permanent disability	-	18
Temporary disability	-	5
Retrenchment	-	561
Other	-	67
Total	**191**	**762**

Table: 31

Process used to decide on assumptions

The business was divided into homogeneous groupings and each grouping was analysed. Best estimate assumptions were then derived based on the experience investigations. Where data was limited, market statistics were used. Allowance was made for recent trends evident in the data. Once the best estimate assumptions were arrived at, statutory margins were added as required in terms of local actuarial guidance notes.

The statutory margins are summarised as follows:

Assumption	Compulsory Margin
Investment earnings	0.25% increase in rate
Expense inflation	10% loading i.e. 1.1 times the expense inflation assumption used
Mortality	Assumption increased by 7.5% i.e. 1.075 times the relevant mortality rate
Morbidity	Assumption increased by 10% i.e. 1.1 times the relevant disability rate
Retrenchment	Assumption increased by 20% i.e. 1.2 times the relevant retrenchment rate
Lapses	25% increase in lapse rate i.e. multiply by 1.25
Expenses	10% loading i.e. 1.1 times the expense assumption used

Table: 32

In addition to the above compulsory margins the following discretionary margins were incorporated:

Withdrawal	Fixed increase of 0.5%
Reduction of negative reserves	We have allowed for future profits emerging over the next four years when calculating the expense reserve. The discretionary margin is thus equal to the amount required to eliminate those negative reserves that arise after this four year period
Margins on the IBNR reserve	No margin is recognised on the IBNR reserve as this is covered by the discretionary margin held against the negative reserves.

Table: 33

The assumptions used for insurance contracts are as follows:

a) Mortality

Standard assured lives mortality tables were used as a base to reflect the group's recent claims experience. Allowance was also included for AIDS related claims based on the most recent local actuarial guidance notes and the tables were modified in the light of the group's overall mortality experience.

b) Morbidity

The morbidity tables that were used were derived from the mortality rates. These tables reflect the group's most recent claims experience.

c) Retrenchment

The retrenchment rate used in the valuation is based on the most recent retrenchment claims experience of the group.

d) Persistency

The repayment behaviour of borrowers in respect of loans underlying the credit life policies was analysed to determine the future lapse rates of policies.

e) Investment returns

The valuation rate of interest is based on the expected return on the assets backing the life fund. The expected return is determined with reference to the available rates in the market and actual returns earned in the past.

f) Renewal expenses and inflation

A detailed expense investigation was undertaken and the expenses split between acquisition and maintenance expenses. The maintenance expenses were adjusted for expected inflation in the future and spread over the anticipated volumes of business over the next year to derive a per policy expense for each class. A check was done to ensure that based on current business volumes, the acquisition expenses would continue to be covered by the future new business written.

A distribution of IBNR reserves was calculated stochastically using a bootstrap method sampling the actual observed development factors. The effect of moving from the 50th percentile to 95th percentile would increase the IBNR liability by R11.97 million, or 1.6%.

The above analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and the changes in some assumptions may be correlated – for example, change in interest rate and change in market values.

The above figures include an unchanged discretionary margin (in Rand terms) at the level included in the best estimate liabilities.

16. Borrowings

	2016 R Million	2015 R Million
Loan from African Bank Limited	**23**	**470**

Table 34

The loan from African Bank Limited is unsecured, interest-free and is payable on demand.

17. Reinsurance Creditor

Amount due to reinsurance	**-**	**50**

Table: 35

Stangen initiated a formal process to transfer the remaining credit life business to Guardrisk during the 2016 financial year which culminated in the signing of the transfer agreement between the two parties on 31 October 2016, whereby Guardrisk would become the primary insurer of all the credit life business. The credit life business was classified as a discontinued operation in terms of IFRS 5 and is disclosed separately under note 13.

18. Other Liabilities

	2016 R Million	2015 R Million
Provision for leave pay and bonuses	8	1
Sundry creditors and accruals	6	11
Commissions payable	-	58
Provisions for guarantees issued	-	387
Shareholders for odd-lot offer	13	13
Shareholders for unclaimed dividends	13	13
	40	**483**

Table: 36

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

The guarantees were settled in full as part of the business rescue process. Phoenix now has the right to participate in distributions made by the principle debtors Ellerines Furnishers (Pty) Limited (in Business Rescue) and Ellerines Holdings Limited (in Business Rescue).

2016 R million	Opening balance	Provisions, interest recognised and payments made during the year	Closing balance
Provisions for guarantees	387	(387)	-
Total	**387**	**(387)**	**-**

Table: 37

2016 R million	Opening balance	Provisions, interest recognised and payments made during the year	Closing balance
Provisions for guarantees	340	47	387
Total	**340**	**47**	**387**

Table: 38

19. Insurance Premiums and Reinsurance Income

	2016 R Million	2015 R Million
Funeral premiums	86	83
	86	83

Table: 39

20. Investment Income

	2016 R Million	2015 R Million
Fixed deposit and call interest received	114	98
	114	98
Interest income is attributable to:		
Loans and receivables (including cash and cash equivalents)	**114**	**98**

Table: 40

21. Net Insurance Claims

	2016 R Million	2015 R Million
Individual benefits:		
Funeral claims and outstanding	* (203)	(20)
	(203)	**(20)**

Table: 41

*An additional discretionary actuarial reserve of R189 million was raised which allows for the shortfall in the expense margins recovered from premiums paid compared to the amount of the future budgeted expenses.

22. Operating and Administration Expenses

Gross commissions	11	15
Operating and administration expenses	80	77
	91	**92**

Table: 42

The operating and administration expenses were all allocated between continuing and discontinuing operation based on the number of active policies.

	2016 R Million	2015 R Million
Total operating and administration expenses include:		
Administration and management costs	2	9
Actuarial fees	3	4
Audit fees	2	4
Binder fees	6	15
Business rescue fees	35	2
Commissions	268	849
Consulting fees	7	4
Debit order expenses	8	8
Depreciation	1	1
Finance charges	10	47
Non-executive directors' remuneration - fees	4	-
Legal fees	14	6
Other costs	5	9
Secretarial fees	1	1
Staff costs	28	25
Basic remuneration	15	17
Bonuses and incentives	11	6
Contributions to provident fund	2	2
Software maintenance costs	5	3
	399	**987**

Table: 43

23. Taxation

	2016 R Million	2015 R Million
Total taxation	221	529
Current taxation: current year	221	529

Table: 44

	2016 %	2015 %
Tax rate reconciliation		
Statutory tax rate	28.00	28.00
Non-deductible expenses	3.01	1.13
Effective tax rate	**31.01**	**29.13**

Table: 45

24. Reconciliation Between Basic Earnings and Headline Earnings

	2016 R Million	2015 R Million
Profit for the year	491	1 287
Basic earnings attributable to ordinary shareholders	491	1 287
Adjusted for:		
Impairment of subsidiaries	-	14
Loss on transfer of business	14	-
Headlines earnings	505	1 301
Earnings per ordinary share		
Headline earnings per ordinary share (cents)	34.0	86.6
Basic earnings per ordinary share (cents)	33.0	85.7

Table: 46

R million	2016 Total number of shares in issue	2016 Weighted number of shares in issue	2015 Weighted number of shares in issue	2015 Total number of shares in issue
Number of shares				
Number of shares issue at the end of the year	**1 501**	**1 486**	**1 501**	**1 501**

Table: 47

25. Ordinary and Preference Dividends

25.1 Ordinary Dividends

No ordinary dividends were declared during the year (2015 : Nil cents).

25.2 Preference Dividendsre Declared During The Year (2015 : Nil Cents).

No preference dividends were declared during the year (2015 : Nil cents).

26. Cash (Outflow) / Inflow from Operating Activities

	2016 R million	2015 R million
(Loss) / profit before taxation	(94)	467
Adjustment for:		
Movement in provisions and finance costs	10	47
Amortization of intangible assets	-	1
Non-cash dividend received	(2)	(417)
Movement in accruals	(55)	(24)
Movement in gross IBNR	13	-
Impairment of financial asset and subsidiaries	9	14
Cash generated from operations	**(119)**	**88**

Table: 48

27. Cash Receipts from Policyholders and Investments

Interest and other income received	114	98
Insurance premium and other receivables	536	475
Cash receipts from policyholders and investments	650	555

Table: 49

28. Cash Paid to Policyholders, Suppliers and Employees

Remuneration, bonuses and incentives paid to employees and directors	8	6
Other operating expenses paid	564	67
Insurance benefits and claims paid	197	394
Cash paid to policyholders, suppliers and employees	769	467

Table: 50

29. Direct Taxation Paid

(Decrease) / increase in tax liability	(27)	14
Direct taxation charged to the income statement (note 23)	(221)	(529)
Deferred tax portion of amount charged to income statement (note 14)	(16)	(4)
Taxation paid	(263)	(519)

Table: 51

30. Related Party Balances and Transactions

The holding company has entered into financial services transactions with its subsidiaries. Transactions between the holding company and The Standard General Insurance Company Limited ("Stangen") and Customer Protection Insurance Company Limited ("CPI") were in the ordinary course of business on market related terms and conditions similar to those arranged with third parties.

	Intercompany	Rate	Repayment	2016 R million	2015 R million
Balances					
Stangen	**Expenses**	**0.00%**	**None**	**-**	**-**

Table: 52

	Transaction	2016 R million	2015 R million
Transactions type			
Stangen	Dividends	350	882
Customer Protection Insurance			
Company Limited	In-specie dividend	2	-
Business rescue fees	Fees	(35)	(2)
Total		**317**	**880**

Table: 53

31. Segment Information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regular reviewed by the chief operating decisions-maker in order to allocate resources to the segments and to assess their performance.

Information reported to the group's chief operating decision-maker for the purpose of resources allocation and assessment of segment performance is more specifically focused on the category of each type of service provided.

Segment revenue & results	Insurance			Corporate	Total
R million	Credit life	Funeral	Total		
Net Income	86	1 108	1 194	-	1 194
EBITDA	(142)	787	645	(58)	587
Interest received	88	30	118	26	144
Impairment of financial instruments	-	-	-	(9)	(9)
Finance costs	-	-	-	(10)	(10)
Profit before taxation attributable to shareholders	(54)	817	763	(51)	703
Total assets	267	1 519	1 786	376	2 162
Total liabilities	**267**	**201**	**468**	**54**	**522**

Table: 54

Segment revenue & results	Insurance			Corporate	Total
R million	Credit life	Funeral	Total		
Net Income	83	3 412	3 495	-	3 495
EBITDA	59	1 719	1 778	(27)	1 751
Interest received	94	36	130	4	134
Impairment of financial instruments	-	(8)	(8)	-	(8)
Impairment of subsidiaries	-	-	-	(14)	(14)
Finance charges	-	-	-	(47)	(47)
Profit before taxation attributable to share-holders	153	1 747	1 900	(84)	1 816
Total assets	1 962	64	2 026	930	2 956
Total liabilities	**902**	**14**	**916**	**891**	**1 807**

Table: 55

32. Contingent Liabilities

Level life liability

The group has not provided for a level life liability associated with credit life claims paid in the past. Historically, the group has not raised a provision for these benefits as a result of very low pay-out levels after having carried out an extensive exercise to locate and verify beneficiaries over many years, including the past few years.

The policy benefits are recognised in profit or loss when the claim is submitted.

A number of Ellerine Furnishers employees have claimed amounts due to them from Ellerine Furnishers (Pty) Limited (in business rescue) and Ellerines Holdings Limited (in business rescue). The amounts claimed by the employees amount to R42.6 million. The employees are also seeking to recover this amount from Phoenix. The legal opinion obtained by the group places from an eminent senior counsel states that the group is not liable for payment of the amounts claimed and accordingly the group has not provided for this contingent liability.

33. Financial Risk

33.1 Interest Rate Risk

The group is exposed to interest rate risk associated with the effects of fluctuations in the prevailing levels of market rates on its financial positions and cash flows. The table below summarises the exposure to interest rate risk through grouping assets and liabilities into repricing categories, determined to be the earlier of the contractual repricing or maturity date.

2016	Up to one month	One to three months	Four to twelve months	Beyond twelve months	Non-interest sensitive items R million	Non-financial instruments R million	Total R
Assets							
Intangible assets	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	1	1
Other assets	-	-	-	-	60	-	60
Taxation						1	1
Disposal group	-	-	-	-	267	-	267
Cash and cash							
Equivalents	246	-	1 587	-	-	-	1 833
Total assets	**246**	**-**	**1587**	**-**	**327**	**2**	**2 162**

Table: 56

Liabilities and equity							
Deferred tax liability	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	1	1
Policyholder liabilities	-	-	-	-	191	-	191
Borrowings					23	-	23
Disposal group	-	-	-	-	267	-	267
Accounts payable	-	-	-	-	40	-	40
Total Liabilities	-	-	-	-	521	1	40
Equity	-	-	-	-	-	1 640	1 149
Total liabilities and equity	-	-	-	-	521	1 641	2 162
On balance sheet interest sensitivity	**246**	**-**	**1 587**	**-**	**(194)**	**(1 639)**	**-**

Table: 57

2015							
Assets							
Intangible assets	-	-	-	-	-	30	30
Equipment	-	-	-	-	-	-	-
Other assets	-	-	-	-	512	-	512
Reinsurance assets	-	-	-	-	47	-	47
Cash and cash equivalent	2367	-	-	-	-	-	2367
Total assets	**2367**	**-**	**-**	**-**	**559**	**30**	**2956**

Table: 58

2015	Up to one month	One to three months	Four to twelve months	Beyond twelve months	Non-interest sensitive items R million	Non-financial instruments R million	Total R million
Liabilities and equity							
Deferred tax liability	-	-	-	-	-	**16**	**16**
Taxation	-	-	-	-	-	**26**	**26**
Policyholder liabilities	-	-	-	-	**762**	-	**762**
Borrowings	-	-	-	-	**470**	-	**470**
Reinsurance creditor	-	-	-	-	**50**	-	**50**
Accounts payable	-	-	-	-	**483**	-	**483**
Total Liabilities	-	-	-	-	**1765**	**42**	**1807**
Equity	-	-	-	-	-	**1149**	**1149**
Total liabilities and equity	-	-	-	-	**1765**	**1191**	**2956**
On balance sheet interest sensitivity	**2367**	-	-	-	**(1206)**	**(1161)**	-

Table: 59

33.2 Liquidity Risk

2016								
Assets								
Intangible assets	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	1	1
Other assets	60							60
Taxation							1	1
Disposal group	-	-	267	-	-	-	-	267
Cash and cash equivalents	246	-	1587	-	-	-	-	1833
Total Assets	**306**	**-**	**1854**	**-**	**-**	**-**	**2**	**2162**

Table: 60

Liabilities and equity								
Deferred taxation	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	1	1
Policyholder liabilities	191	-	-	-	-	-	-	191
Borrowings	-	-	-	23	-	-	-	23
Disposal group		-	267	-	-	-	-	267
Accounts payable	40	-	-	-	-	-	-	40
Total Liabilities	231	-	267	23	-	-	1	522
Ordinary								
shareholder 's equity	-	-	-	-	-	-	1640	1640
Total liabilities & equity	231	-	267	23	-	-	1641	2162
Net liquidity gap	**75**	**-**	**1587**	**(23)**	**-**	**-**	**(1639)**	**-**

Table: 61

2015	Up to 1 month R million	1-3 months R million	4-12 months R million	12-24 months R million	24 -36 months R million	Beyond 36 months R million	Non-financial instruments R million	Total R million
Assets								
Intangible assets	-	-	-	-	-	-	30	30
Equipment	-	-	-	-	-	-	-	-
Other assets	512	-	-	-	-	-	-	512
Reinsurance assets	47	-	-	-	-	-	-	47
Cash & cash								
Equivalents	2 367	-	-	-	-	-	-	2 367
Total assets	**2 926**	**-**	**-**	**-**	**-**	**-**	**30**	**2 956**

Table: 62

2015								
Liabilities & equity								
Deferred tax liability	-	-	-	-	-	-	16	16
Taxation	-	-	-	-	-	-	26	26
Policyholder liabilities	762	-	-	-	-	-	-	762
Borrowings	470	-	-	-	-	-	-	470
Reinsurance creditor	50							50
Accounts payable	483	-	-	-	-	-	-	483
Total Liabilities	1 765	-	-	-	-	-	42	1 807
Ordinary shareholder 's equity	-	-	-	-	-		1 149	1 149
Total liabilities & equity	1765	-	-	-	-	-	1 191	2 956
Net liquidity gap	**1 161**	**-**	**-**	**-**	**-**	**-**	**(1 161)**	**-**

Table: 63

The table above analyses the group's assets and liabilities into relevant maturity groupings based on the remaining period at statement of financial position date to contractual maturity date.

34. Analysis of Financial Assets and Liabilities

34.1 Analysis of Financial Assets

2016	Loans and receivables at amortized cost R million	Non financial instruments R million	Total R million
Assets			
Intangible assets	-	-	-
Equipment	-	1	1
Taxation		1	1
Other assets	60	-	60
Disposal group	21	246	267
Cash and cash equivalents	1 833	-	1 833
	1 914	**248**	**2 162**

Table: 64

2015	R million	R million	R million
Assets			
Intangible assets	-	30	30
Equipment	-	-	-
Other assets	512	-	512
Reinsurance assets	47	-	47
Cash and cash equivalents	2 367	-	2 376
	2 926	**30**	**2 956**

Table: 65

Income statement effect of financial instruments by category	2016 R million	2015 R million
Interest income recognized – loans and receivables	144	134

Table: 66

The carrying amount of the financial assets carried at amortised cost approximates their fair value. The carrying amount reflected above represents the group's maximum exposure to credit risk for such loans and receivables.

34.2 Analysis of Financial Liabilities

2016	Loans and receivables at amortized cost R million	Non financial instruments R million	Total R million
Deferred tax liability	-	-	-
Taxation	-	1	1
Policyholders' liability	-	191	191
Borrowings	23	-	23
Accounts payable	40	-	40
Disposal group	21	246	267
	84	**438**	**522**

Table: 67

2015	Loans and receivables at amortized cost R million	Non financial instruments R million	Total R million
Deferred tax liability	-	16	16
Taxation	-	26	26
Policyholders' liability	-	762	762
Borrowings	470	-	470
Reinsurance creditor	-	50	50
Accounts payable	483	-	483
	953	**854**	**1 807**

Table: 68

The carrying amount of financial liabilities measured either at fair value or at amortised cost approximates their fair value.

35. Risk Management

Financial assets and liabilities are measured either at fair value or amortised cost in the statement of financial position. Assets include bank balances stated at cost. Policyholder liabilities are valued in accordance with the long-term assumptions set out in the statement of actuarial values in these annual financial statements.

35.1 Interest Rate Risk Management

The more important financial risks to which the group is exposed and the manner in which they are managed are described below:

Changes in market interest rates have a direct effect on the contractually determined cash flows associated with floating rate financial assets and liabilities. The group follows a conservative investment policy as can be seen from the significant cash and cash equivalent holdings. Fixed and call deposit investments not exceeding six months make up the majority of the group's investments to minimize the group's interest rate risk exposure.

The table below summarises the group's exposure to interest rate risk through grouping assets into repricing categories, determined to be the earlier of the contractual repricing date or maturity. A possible change of one percent was used based on historic changes in the relevant categories within a twelve month period.

Sensitivity analysis 2016	Carrying value at year end R million	Carrying value exposed to market risk R million	Index to which interest rate is linked	Reasonable possible	Statement of comprehensive income impact	
					Pre-tax R million	Post-tax R million
Financial assets Cash and cash equivalents	1 833	1 833	Prime	1.00%	18	13
	1 833	1 833			18	13
Net effect on income statement & equity					**18**	**13**

Table: 69

Sensitivity analysis 2015	Carrying value at year end R million	Carrying value exposed to market risk R million	Index to which interest rate is linked	Reasonable possible	Statement of comprehensive income impact Pre-tax R million	Post-tax R million
Financial Assets Cash and cash equivalents	2 367	2 367	Prime	1.00%	24	17
	2 367	2 367			24	17
Net effect on Income Statement & Equity					**24**	**17**

Table: 70

35.2 Credit Risk

Fair values of financial assets may be affected by the credit worthiness of the issuer. All domestic large exposures are with South African banks licensed under the Banks Act no. 94 of 1990. The limitation of assets as regulated by the Long-term Insurance Act of 1998 is used as guidance for large exposures. The group has no foreign credit risk.

35.3 Currency Risk

The group has no currency risk exposure.

35.4 Insurance Risk

The risk under any one insurance contract is the probability that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is stochastic and individually unpredictable, but in aggregate subject to statistical evaluation.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the group faces under its insurance contracts is that the actual claims and benefit payments exceed the determined insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance estimates are stochastic and the actual number and amount of claims and benefits will vary from year to year. For this reason the actual amount could be very different from the estimate which was calculated using statistical techniques.

Stangen is a wholly owned subsidiary within the African Phoenix Investments Limited (“Phoenix”) group.

Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics such as AIDS. The group manages these risks through its underwriting strategy, appropriate pricing models and additional provisioning.

The tables below present the distribution of insured benefits across five bands of insured benefits per individual credit life assured:

Before reinsurance	2016 No. of policies	2016 Sum assured	2015 No. of policies	2015 Sum assured
R0 – R1 000	30 038	7	140 162	29
R1 001 – R5 000	67 530	205	471 362	1 528
R5 001 – R10 000	69 041	497	405 543	3 005
R10 001 – R50 000	85 594	1 617	673 989	1 4 746
> R50 001	13 078	1 047	184 811	16 284
Total	**265 281**	**3 373**	**1 875 867**	**35 592**

Table: 71

After reinsurance	2016		2015	
	No. of policies	Sum assured	No. of policies	Sum assured
R0 – R1 000	-	-	140 162	24
R1 001 – R5 000	-	-	471 362	1 222
R5 001 – R10 000	-	-	405 543	2 404
R10 001 – R50 000	-	-	673 989	11 797
> R50 001	-	-	184 811	13 027
Total			**1 875 867**	**24 474**

Table: 72

The table below presents the distribution of insured benefits across two bands for the non-credit life benefits:

	2016		2015	
	No. of policies	R million	No. of policies	R million
R5 000 – R10 000	53 318	533	74 407	744
R10 001 – R50 000	23 966	568	30 957	722
Total	**77 284**	**1 101**	**105 364**	**1 466**

Table: 73

The table below presents an analysis of the policyholders' liability across the claim categories:

Policyholders' liabilities per claim category:	2016 R million	2015 R million
Death	215 709	110 622
Permanent disability	7 368	17 868
Temporary disability	1 922	5 049
Retrenchment	99 295	561 461
Other	-	14 592
Data reserve	112 007	-
Total	**436 301**	**709 592**

Table: 74

Sensitivity of the policyholders' liability to changes in assumptions:

		2016 R million	2015 R million
Policyholder liability	Change in variable	Change in liability	
Death	10%	21 571	11 062
Permanent disability	10%	737	1 787
Temporary disability	10%	191	505
Retrenchment	10%	9 930	56 146
Other	10%	-	1 459
Total		**32 429**	**709 592**

Table: 75

Claims development

Claims development is a function of the period when the earliest material claim event arose and for which there remains uncertainty about the amount and timing of the claim payments. It is unnecessary for an insurer to disclose information on claims for which uncertainty about the amount and timing of claims payment is typically resolved within one year.

Based on the group's experience, claims are typically paid within a period of twelve months from the date of the claim event, with the majority of claims being settled within six months. As at year end, no uncertainty exists regarding the amount and timing of claims payments that would not be resolved within the following twelve months.

Sources of uncertainty in the estimation of the future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in policyholder behaviour.

Where the number of deaths in future years differ by 10% from the statutory actuary's estimate, the liability would change by R21.6 million.

Where the number of retrenchments in future years differ by 10% from the statutory actuary's estimate, the liability would change by R9.9 million.

Where the number of disabilities in future years differ by 10% from the statutory actuary's estimate, the liability would change by R0.9 million.

Estimates are also made as to the future investment income arising from assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments. The average estimated rate of investment return is 7.00% per annum. Were the average future investment returns to differ by 1% from the statutory actuary's estimates, the insurance liability would change by approximately R4.2 million.

The group uses appropriate base tables of standard mortality according to the type of contract being written. An investigation into the actual experience of the group over the past year is carried out, and statistical methods are used to adjust mortality rates to produce a best estimate of expected mortality.

The group maintains termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at the best estimate of future termination rates.

Underwriting risk

The statutory actuary reports annually on the actuarial soundness of the premium rates in use and the profitability of the business taking into consideration the reasonable benefit expectation of policyholders. All new rate tables are approved and authorised by the statutory actuary prior to being issued. Regular investigations into mortality, morbidity and retrenchment experience are conducted.

Legal risk

During the development stage of any new product and for material transactions entered into by the company, group resources, internally and externally, monitor the drafting of contract documents to ensure that rights and obligations of all parties are clearly set out.

Capital adequacy and capital risk management

The group manages capital in order to comply with capital adequacy requirements as determined by generally accepted actuarial principles in terms of the guidelines issued by the Actuarial Society of South Africa. It is an estimate of the minimum capital that will be required to meet fairly substantial deviations from the main assumptions affecting the company's business. At 30 September 2016, the capital adequacy requirement was R44 million (2015: R283 million).

The decrease in required capital was mainly due to the net liability decreasing following the Guardrisk reinsurance arrangement.

The group further manages its capital to ensure that it complies with the solvency criteria as determined by the Long-term Insurance Act. The management of the company's solvency will enable the company to continue as a going concern.

The group's capital structure consists of the items listed under capital and reserves on the statement of financial position.

36. Reinsurance Arrangements

The group entered into a 100 percent proportional reinsurance agreement with Guardrisk effective from 1 April 2016 on the remaining credit life portfolio.

37. Subsequent Events

As referred to in the Directors' Report, the group signed a Transfer Agreement with Guardrisk Life Limited on 31 October 2016 in respect of the credit life portfolio, with an expected closing date in mid-2017. From that date Guardrisk will become the primary insurer and the reinsurance agreement with Guardrisk will be terminated, subject to regulatory approvals.

This is a necessary practical step as part of concluding its history with Residual Debt Services and African Bank Limited. The group will still retain all non-credit life insurance business (e.g. funeral policies).

The group is partnering with third party call centres and other agents to sell its insurance policies as part of repositioning the business. The group is also exploring investing in certain business that will unlock distribution channel capabilities. The group made an indicative offer for minority shareholding in one such distribution partner on 24 October 2016, subject to due diligence, as part of securing access to direct distribution channel system-and process capability development.

The directors are not aware of any matter arising since the end of the financial year, not otherwise dealt with in the group's consolidated annual financial statements, which significantly affects the financial position at 30 September 2016.

38. Directors' Renumeration

a. Executive directors' remuneration

The remuneration of N Nalliah, the financial director of the company, is reflected below.

2016	Salary R000	Retirement medical contributions and other R000	Total cost to company package R000	Annual bonus R000	Total cost to company package R000
N Nalliah	-	-	-	-	-
2015					
N Nalliah	1 520	3 329	4 849	-	4 849

Table: 76

Nithia Nalliah resigned with effect from 31 March 2015.

b. Non - executive directors' remuneration

The remuneration of N Nalliah, the financial director of the company, is reflected below.

Non-Executive Director Fees	Service to the company R000	Services to other group companies R000	2016 Total R000	Service to the company R000	Services to other group companies R000	2015 Total R000
M Mogase	529	-	529	903	-	903
M Mthombeni	430	290	720	197	500	697
J Symmonds	352	-	352	374	267	641
N Adams	342	-	342	374	-	374
N Langaroyds	252	-	252	361	-	361
M Gumbi	252	-	252	288	430	718
J Koolen	-	-	-	70	-	70
E Banda	171	-	171	-	-	-
D Vlok	128	-	128	-	-	-
L Conrad	128	-	128	-	-	-
I Shongwe	8	-	8	-	-	-
	2 592	**290**	**2 882**	**2 567**	**1 197**	**3 764**

Table: 77

The non-executive directors are paid based on a fixed retainer for their responsibilities and duties as board members. They do not participate in any of the company's bonus and incentive schemes and neither do they receive any other benefits from the company.

Annexure A – Investment in Subsidiaries

2016 Direct Investment by Phoenix	Type of business	Issued share capital	Effective Percentage held	Investment (cost less impairment) R million
Residual Debt Services Limited	Banking	121	100	14 419
Residual Debt Services Limited				(14 419)
Theta Investments (Pty) Limited	Dormant	-	100	-
The Standard General Insurance Company Limited – cost	Long-term insurer	5	100	539
Customer Protection Insurance Company Limited	Dormant	10	100	10
Creditsave (Pty) Limited	Dormant	-	100	-
Ellerine Holdings Limited	Retail	6	100	9 664
Ellerine Holdings Limited				(9 664)
		142		549

Table: 78

2015 Direct Investment by Phoenix	Type of business	Issued share capital	Effective Percentage held	Investment (cost less impairment) R million
Residual Debt Services Limited	Banking	121	100	14 419
Residual Debt Services Limited				(14 419)
Theta Investments (Pty) Limited	Dormant	-	100	-
The Standard General Insurance Company Limited – cost	Long-term insurer	5	100	539
Customer Protection Insurance Company Limited	Dormant	10	100	10
Creditsave (Pty) Limited	Dormant	-	100	-
Ellerine Holdings Limited	Retail	6	100	9 664
Ellerine Holdings Limited				(9 664)
		142		549

Table: 79

Shareholder Information

SHAREHOLDER INFORMATION
as at 30 September 2016

Top ordinary shareholders*	Holding	%
Top shareholders/managers of Phoenix as at 30 September 2017		
Public Investment Corporation	187 980 068	12,54
Coronation Asset Management Proprietary Limited	124 720 428	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 (Returned to Phoenix and cancelled)	48 176 160	3,21
Bank Julius Baer & Co Ltd	40 773 986	2,72
The Vanguard Group Inc	39 140 309	2,61

Table: 80

Top beneficial owners	Holding	%
Government Employees Pension Fund (PIC)	218 042 943	14,51
Liberty Life Association of Africa Ltd	56 501 824	3,76
Eyomhlaba Investment Holdings (RF) Ltd	48 176 160	3,21
Bank Julius Baer & Co Ltd	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) Ltd (Returned to Phoenix and cancelled)	25 911 800	1,73
Vanguard Emerging Markets Stock Index Fd	23 385 446	1,56
Investment Solutions	23 148 248	1,54

Table: 81

Top preference shareholders*	Holding	%
Top shareholders/managers of ABIL as at 30 September 2016		
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%

Table: 82

* As trading in the shares of Phoenix was still suspended as at 30 September 2016, the above shareholding and the shareholding for 30 September 2015 is based on records as at suspension of trading in Phoenix securities on 11 August 2014.

Rank	Manager	Investment Style	Holding	%
	Top shareholders/managers of Phoenix as at 24 February 2017			
1	PIC (ZA)	Index	216,210,289	22.56
2	Allan Gray Investment Council (ZA)	Value	139,188,526	14.53
3	Coronation Asset Management (Pty) Ltd (ZA)	Value	120,368,543	12.56
4	Peregrine Equities (Pty) Limited (ZA)	Trading Position	86,585,297	9.04
5	Steyn Capital Management (Pty) Ltd (ZA)	Hedge Fund	80,458,585	8.40
6	Peregrine Capital (Pty) Limited (ZA)	Hedge Fund	75,955,306	7.93
7	African Bank Investments Limited (ZA)	Corporate	74,087,960	7.73
8	STANLIB Asset Management (ZA)	GARP	70,995,075	7.41
9	Momentum Investments	(Group)	60,495,323	6.31
10	Citadel Asset Management Pty Ltd (ZA)	Value	33,822,968	3.53
			958,167,872	**100.00**

Table: 83

Rank	Manager	Investment Style	Holding	%
	Top beneficial owners			
1	Peregrine Equities (Pty) Limited (ZA)	Trading Position	912,056	22.56
2	Investec Securities (Pty) Limited (ZA)	Trading Position	889,218	14.53
3	Steyn Capital Management (Pty) Ltd (ZA)	Hedge Fund	872,318	12.56
4	STANLIB Asset Management (ZA)	GARP	836,985	9.04
5	Nedgroup Private Wealth (Pty) Ltd (ZA)	GARP	604,681	8.40
			4,115,258	**100.00**

Table: 84

Top preference shareholders*	Holding	%
Top shareholders/managers of ABIL as at 30 September 2016		
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%

Table: 85

Notice of AGM

for the Year Ended 30 September 2016

African Phoenix Investments Limited

Incorporated in the Republic of South Africa

(Registration number 1946/021193/06)

Ordinary share code: AXL ISIN: ZAE000221370

Hybrid instrument code: AXLP ISIN: ZAE000221388

("Phoenix" or "the Company")

15. POLICYHOLDERS' LIABILITIES UNDER INSURANCE CONTRACTS

In terms of section 59(1) of the Companies Act 71 of 2008, as amended ("the Companies Act"), notice is hereby given that the 69th annual general meeting ("AGM") of shareholders of Phoenix will be held at 10:00 on Wednesday, 19 July 2017 at the registered office of Phoenix, being 1st Floor Grant Thornton Building, Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg, for the purpose of considering, and, if deemed fit, passing, with or without modification, the resolutions set out hereafter.

Record Date

The board of directors of Phoenix ("the Board") has determined that, in terms of section 62(3)(a), read together with section 59 of the Companies Act, the record date for the purposes of determining which shareholders of Phoenix are entitled to participate in and vote at the AGM is Friday, 14 July 2017, accordingly, the last day to trade Phoenix shares in order to be recorded in the Register to be entitled to vote will be Tuesday, 11 July 2017.

Action by Shareholders

Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a member of the Board. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.
Proxy forms must be completed by certificated shareholders or "own name" registered dematerialised shareholders who wishes to be represented at the AGM.

Dematerialised shareholders (not with "own-name" registration) must notify their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the AGM in order for such CSDP or broker to be able to issue them with the necessary authorisation letter to enable them to attend the AGM, or, alternatively, should the dematerialised shareholder not wish to attend the AGM, they should provide their CSDP or broker with their voting instructions.

Forms of proxy must reach the company's transfer secretaries, Link Market Services South Africa Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein Johannesburg, to be received by them by no later than 10:00 on Monday, 17 July 2017 (or 48 hours before any adjournments of the AGM, which date, if necessary, will be notified on SENS). Thereafter, forms of proxy may be delivered to the Chairman of the AGM, at the AGM, before voting on a particular resolution commences.

AGM participants may be required to provide identification to the reasonable satisfaction of the Chairman of the AGM. An official identification document issued by the South African Department of Home Affairs, a driver's license or a valid passport will be accepted as sufficient identification.

Shareholders who have any doubt as to the action they are required to take in respect of the following resolutions should consult their CSDP, broker, banker, attorney, accountant or other professional adviser immediately.

Electronic Participation

In terms of section 61(10) of the Companies Act, every shareholders' meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. Therefore, shareholders or their proxies may participate in a meeting by way of a teleconference call if they wish to do so. In this event:

- written notice to participate via electronic communication must be sent to Phoenix's Company Secretary, Acorim Proprietary Limited, 2nd Floor, North Block, Hyde Park Office Tower, Corner of 6th Road and Jan Smuts Avenue, Sandton, Johannesburg, to be received by no later than 10:00 on Tuesday, 11 July 2017;
- a pin number and dial-in details for the conference call will be provided;
- shareholders will be billed separately by their own telephone service providers for the teleconference call to participate in the AGM; and
- valid identification will be required:
  a) if the shareholder is an individual, a certified copy of their identity document and/or passport;
  b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution, specifying the name of the individual that is authorised to represent the relevant entity at the AGM by way of teleconference call; and
  c) a valid email address and/or facsimile number.

Purpose

The purpose of the AGM is to:

a) present and consider the annual financial statements of the Company for the financial year ended 30 September 2016, including the reports of the auditors, the directors and the Audit and Risk Committee;

b) consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions ("resolutions") set out hereunder in accordance with the requirements of the Companies Act and the JSE Limited ("JSE") Listings Requirements; and

c) consider any and all matters of the Company as may lawfully be dealt with at the AGM.

Agenda

ORDINARY RESOLUTIONS

To consider and, if deemed fit, to pass, with or without modification, all of the ordinary resolutions relating to business set out below.

Save for ordinary resolution number 4, the minimum percentage of voting rights required for each of the resolutions set out in items number 1 to 5 below to be adopted is more than 50% (fifty percent) of the voting rights exercised on each of the resolutions by shareholders present or represented by proxy at the AGM.

Under the JSE Listings Requirements, ordinary resolution number 4 must be passed by a 75% (seventy-five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the AGM.

1. ORDINARY RESOLUTION NUMBER 1

Appointment of external auditors

"Resolved that Grant Thornton be appointed as the independent external auditors of the Company with Soné Kock, being the individual registered auditor who has undertaken the audit of the Company for the ensuing financial year, and to authorise the Audit and Risk Committee to determine the auditor's remuneration."

2. ORDINARY RESOLUTION NUMBER 2

Election of directors

"Resolved to individually re-elect or elect the following directors (ordinary resolutions 2.1 to 2.4). The Board recommends the election of these directors."

2.1 Ordinary resolution 2.1:

"Resolved that, the re-election of Mr Morris Mthombeni who in terms of Article 20 of the Company's Memorandum of Incorporation, retires by rotation at this AGM but, being eligible to do so, offers himself for re-election, and is hereby confirmed."

2.2 Ordinary resolution 2.2:

"Resolved that, the re-election of Ms Alethea Conrad who in terms of Article 20 of the Company's Memorandum of Incorporation, retires by rotation at this AGM but, being eligible to do so, offers himself for re-election, and is hereby confirmed."

2.3 Ordinary resolution 2.3:

"Resolved that, in terms of Article 19 of the Company's Memorandum of Incorporation, the election of Mr John Evans as Director effective 1 October 2016, be and is hereby confirmed."

2.4 Ordinary resolution 2.4:

"Resolved that, in terms of Article 19 of the Company's Memorandum of Incorporation, the election of Mr Isaac Shongwe as Non-Executive Director effective 21 September 2016, be and is hereby confirmed."

2.5 Ordinary resolution 2.5:

"Resolved that, in terms of Article 19 of the Company's Memorandum of Incorporation, the election of Mr Peter Mountford as Non-Executive Director effective 28 March 2017, be and is hereby confirmed."

2.6 Ordinary resolution 2.6:

"Resolved that, in terms of Article 19 of the Company's Memorandum of Incorporation, the election of Ms Carmen Le Grange as Non-Executive Director effective 28 March 2017, be and is hereby confirmed."

An abbreviated curriculum vitae in respect of each director offering himself for election, appears on page 88 and page 89 of this notice.

3. ORDINARY RESOLUTION NUMBER 3

Appointment of the Chairman and members of the Audit and Risk Committee

"Resolved to individually elect the following directors (ordinary resolutions 3.1 to 3.3) of the Company as the Chairman and members of the Audit and Risk Committee until the conclusion of the next AGM of the Company. The Board recommends the appointment of these members."

3.1 Ordinary resolution 3.1:

"**Resolved** that, subject to the passing of ordinary resolution 2.1, the election of Mr Morris Mthombeni as a member and Chairman of the Audit and Risk Committee, be and is hereby confirmed."

3.2 Ordinary resolution 3.2:

"Resolved that the appointment of Mr Daniël Vlok as a member of the Audit and Risk Committee, be and is hereby confirmed."

3.3 Ordinary resolution 3.3:

"Resolved that, subject to the passing of ordinary resolution 2.2, the election of Ms Carmen Le Grange as a member of the Audit and Risk Committee, be and is hereby confirmed."

An abbreviated curriculum vitae in respect of each member of the Audit and Risk Committee, appears on page 88 and page 89 of the Integrated Annual Report to which this notice is attached.

4. ORDINARY RESOLUTION NUMBER 4

Approval of Remuneration Policy

"Resolved that, Phoenix's remuneration policy and payment of remuneration for services as directors of Phoenix, as reflected on page 20-23 of the Integrated Annual Report be endorsed, by way of a non-binding advisory vote, on the same basis as set out in the audited annual financial statements, proposed as being reasonable by the Remuneration, Transformation, Social and Ethics Committee of the Company and Phoenix's remuneration policy."

Note: Failure to pass this resolution will not have legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when assessing Phoenix's remuneration policy

5. ORDINARY RESOLUTION NUMBER 5

Signature of documents

"Resolved that each director of Phoenix be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the AGM convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and registered where necessary by the Companies and Intellectual Property Commission, in the case of special resolutions."

Special Resolutions

To consider and, if deemed fit, to pass, with or without modification, all of the special resolutions relating to business set out below.

The minimum percentage of voting rights required for each of the resolutions set out in item number 6 to 9 below to be adopted is more than 75% (fifty percent) of the voting rights exercised on each of the resolutions by shareholders present or represented by proxy at the AGM.

6. SPECIAL RESOLUTION NUMBER 1

Non-Executive Directors' Remuneration

"Resolved that, in terms of the provisions of sections 66(9) of the Companies Act, the annual remuneration payable to the non-executive directors of the Company for their services as directors of the Company for the financial year ending 30 September 2018, be and is hereby approved as follows:

Annual Fee (payable quarterly)	**Approved fee for the year ending 2017 R**	**Proposed Fee for the Year ending 2018 R**
Board		
Chairperson	262 500	300 000
Member	105 000	150 000
Per meeting fee	**Fee for the year ending 2017 R**	**Fee for the year ending 2018 R**
Board		
Chairperson	52 500	60 500
Member	42 000	50 000
Audit and Risk Committee		
Chairperson	31 500	40 250
Member	26 250	35 000
Remuneration, Transformation, Social and Ethics Committee		
Chairperson	31 500	40 250
Member	26 250	35 000

Table: 86

Explanatory note

The Remuneration, Transformation, Social & Ethics (RTSE) Committee has reviewed and recommended the fees payable to the non-executive directors, having had due regard to the findings of an survey on non-executive directors' practices and remuneration trends by external remuneration consultants. The survey included comparator information in relation to a group of listed companies similar to the Company.

The RTSE Committee also considered the complexity of the business, the time commitment required, the level of experience, skills and capabilities required of the non-executive directors. The proposed fee levels indicated above would ensure that the remuneration of the non-executive directors is market-related and is in line with the increasing levels of responsibility placed on them.

In terms of section 66(9) of the Companies Act, a company is required to pre-approve the payment of remuneration to non-executive directors for their services as directors for the ensuing financial year by means of a special resolution passed by shareholders of the Company within the previous two years.

7. SPECIAL RESOLUTION NUMBER 2

Financial assistance for subscription of securities

"Resolved that, as a special resolution, in terms of section 44 of the Companies Act, the shareholders of the Company hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 4, financial assistance by way of a loan, guarantee, the provision of security or otherwise, as contemplated in section 44 of the Companies Act, to any person for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, provided that:

(a) the Board, from time to time, determines

  (i) the specific recipient, or general category of potential recipients of such financial assistance;

  (ii) the form, nature and extent of such financial assistance;

  (iii) the terms and conditions under which such financial assistance is provided; and

(b) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 4 unless the Board meets all those requirements of section 44 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Explanatory note

The purpose of this special resolution number 4 is to grant the Board the authority to authorise the Company to provide financial assistance to any person for the purpose of, or in connection with, the subscription for any option or securities issued or to be issued by the Company or a related or inter-related company.

8. SPECIAL RESOLUTION NUMBER 3

Loans or other financial assistance to related and inter-related entities

"Resolved that, as a special resolution, in terms of section 45 of the Companies Act, the shareholders of the Company hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 5, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to a related or inter-related company or corporation provided that:

(a) the Board, from time to time, determines
  (i) the specific recipient or general category of potential recipients of such financial assistance;
  (ii) the form, nature and extent of such financial assistance;
  (iii) the terms and conditions under which such financial assistance is provided, and

(b) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 5 unless the Board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Explanatory note

The purpose of this special resolution number 5 is to grant the Board the authority to authorise the Company to provide financial assistance as contemplated in section 45 of the Companies Act to a related or inter-related company or corporation.

Notice given to shareholders of the Company in terms of section 45(5) of the Companies Act of a resolution adopted by the Board authorising the Company to provide such direct or indirect financial assistance in respect of special resolution number 5:

(a) By the time that this notice of AGM is delivered to shareholders of the Company, the Board will have adopted a resolution ("Section 45 Board Resolution") authorising the Company to provide, at any time and from time to time during the period of two years commencing on the date on which special resolution number 5 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to a related or inter-related company or corporation;

(b) the Section 45 Board Resolution will be effective only if and to the extent that special resolution number 5 is adopted by the shareholders of the Company, and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the Board being satisfied that
  (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and
  (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act; and

(c) in as much as the Section 45 Board Resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of one percent of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the Section 45 Board Resolution to shareholders of the Company. Such notice will also be provided to any trade union representing any employees of the Company.

9. SPECIAL RESOLUTION NUMBER 4

Amendment to the Memorandum of Incorporation of the Company "Resolved that, the provisions relating to the rotation of directors, as set out in clauses 20.1 and 21.2, in the Memorandum of Incorporation of the Company, be and are hereby amended by:

(i) inserting the following underlined wording to clause 20.1 to read as follows:

'20.1 At the annual general meeting held in each year one-third of the Directors, or if their number is not a multiple of three, then the whole number above the fractional number resulting from such one-third calculation, shall be the number of Directors to retire from office, provided that if a Director is appointed as an executive Director or as an employee of the Company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such a case, be taken into account in determining the rotation or retirement of Directors.'

(ii) deleting the words reflected with a strikethrough below from clause 21.2 to read as follows:

'21.2 A managing director may be appointed by contract for a maximum period of five years at any one time. The managing director shall be eligible for reappointment at the expiry of any period of appointment. Subject to the terms of his contract, he shall be subject to the same provisions as to removal as the other Directors and if he ceases to hold the office of Director from any cause he shall ipso facto cease to be a managing director."

Explanatory note

The reason for this special resolution number 6 is to comply with principle 7 of the King Report on Corporate Governance in South Africa, 2016 ("King IV"), which recommends that: (a), as a minimum, the Chief Executive Officer and at least one other member of the executive should be appointed to the governing body of the Company to ensure that it has more than one direct point of contact with management; and (b) the governing body should establish arrangements for periodic, staggered rotation of its members so as to invigorate its capabilities by introducing members with new expertise and perspectives while retaining valuable knowledge, skills and experience and maintaining continuity.

Note: The Memorandum of Incorporation of the Company, reflecting the amendments, is available for inspection on the Company's website.

10. OTHER BUSINESS

To transact such other business as may be transacted at the AGM of the Company.

By order of the Board.

Acorim Proprietary Limited
Company Secretary
31 March 2017
Johannesburg

Abbreviated Curriculum Vitae of Directors

noted in Ordinary Resolution Number 2 and Ordinary Resolution Number 3

Mr. Isaac Shongwe

Isaac is the co-founder and Chairman of the African Leadership Initiative, which is part of the Aspen Global Leadership Network and is focused on the development of effective, values-based, community-spirited leaders in Africa. Furthermore he has recently founded the Young African Leadership Initiative to focus on leadership development of fellows between the ages of 25 and 35. His own passion for leadership began early in his career when he was made a 21st Century Trust Fellow and was named as a World Economic Forum Global Leader of Tomorrow in 1996. He serves on the board of the Aspen Institute and is a Henry Crown Fellow. He also serves as Chairman of the Open Society Foundation for South Africa and the Wits Business School Advisory Board. He also serves on the selection committee of the Mandela Rhodes Scholarship. Isaac was until the end of May 2014 an Executive Director of Barloworld Limited ("Barloworld"), a leading global industrial company listed on the JSE; he remains a non-executive director of Barloworld. Prior to that he was the CEO of Barloworld Logistics, a subsidiary of Barloworld with global operations. He joined Barloworld in 2005 as a result of a transaction involving the purchase of a stake in a subsidiary, Barloworld Logistics Africa Proprietary Limited. Isaac is a founder and Chairman of Letsema Holdings and is focused on building a values based, long term, buy and hold investment company. In 1996 he founded Letsema Consulting which is now a leading black owned and managed management consulting company in South Africa. Off that platform Isaac created an investment company that has built several successful companies of long standing. Isaac has a demonstrated ability to innovate and grow businesses in challenging economic circumstances. It was as a result of one of these investments that he joined Barloworld ultimately to become their first black executive director.

Isaac was educated at Wesleyan University, a liberal arts college in Connecticut USA, and Oxford University in the UK where he studied as a Rhodes Scholar and obtained an M.Phil in Management Studies.

Mr. Morris Mthombeni

Morris has more than 21 years' experience in insurance-based financial services, including previously as CEO of Momentum Investments Limited. He has 15 years' experience at executive level and has served on the boards of a number of Momentum Investments Limited's subsidiaries.

Ms. Alethea Conrad

Alethea has the following qualifications: BA, LLB, Management Advancement Programme (Wits Business School), International Executive Development Programme (Wits Business School and London Business School). Alethea Conrad ("Lea") is a member of the Institute of Directors of Southern Africa and has held directorships on the boards of listed, public and private companies. Until recently, Lea served on the board of Oceana Group Limited ("Oceana"), as well as on numerous of its board committees. Lea has extensive experience in serving on the board of a JSE-listed company and is well skilled in scenario planning on future policies, strategy development and implementation as well as developing governance frameworks. Whilst serving on the board of Oceana, Lea led the process to ensure that Oceana's inclusion on the JSE's Socially Responsible Investment Index was retained for 10 consecutive years. Lea also created and established the Oceana Empowerment Trust in 2006, through which more than 2 600 black employees now own 13.8 million shares in the Oceana group. A group-wide transformation strategy was developed and successfully implemented by Lea, achieving recognition for the Oceana group to be ranked as the most empowered listed company in South Africa for a period of two consecutive years (2014 and 2015).

Mr. Peter Mountford

Peter is a qualified chartered accountant and holds, among other qualifications, an MBA with distinction. To date, Peter's career includes significant management experience having held the positions of Group Financial Director of the Lion Match Company Proprietary Limited and CEO of SA Breweries' diversified beverages interests, which includes brands like Appletizer, Liquifruit and associated supply chain businesses. Prior to joining Super Group Limited ("Super Group") as CEO, Peter held the position of CEO at RMB Asset Management Proprietary Limited and Chairman of the RMB Unit Trust businesses from 1995 to 1999. In 2002, Peter joined Imperial Holdings Limited for a period of six years and fulfilled the role of CEO of the consumer logistics interests of the business. In May 2008, Peter re-joined Super Group and was appointed CEO in 2009. Peter has executive experience in, inter alia, strategic planning, corporate finance, risk mitigation and asset management.

Ms. Carmen Le Grange

Carmen holds a B Com and Post Graduate Diploma in Accountancy and is a chartered accountant with 22 years' experience in auditing and consulting in the accounting profession. She was previously a partner at PricewaterhouseCoopers Proprietary Limited ("PwC") and has extensive experience in external and internal auditing, risk consulting, corporate governance and compliance. She has had operational responsibility for a number of partners and associate directors of PwC where her focus was the development of the strategy for growth, identification and development of resources and growing the value in the area of business resilience. Carmen is a member of, inter alia, the South African Institute of Chartered Accountants, the Independent Regulatory Board of Auditors and the Black Management Forum.

Mr Daniël Vlok

Daniël holds the following qualifications: BCom, MBA. Daniël Vlok ("Danie") gained a wealth of experience in the banking industry whilst being employed at the South African Reserve Bank for five years and subsequently in merchant banking for at least another twenty years. Danie also served as an executive director of Real Africa Holdings Limited, as well as on the board and committees of all its subsidiary and investment companies. In addition, Danie has also, as a non-executive director, served on the board and committees of a number of companies operating in the banking, life assurance, asset management, technology and engineering and manufacturing industries of the economy.

Mr. John Evans

John is a Chartered Accountant (CA (Aus)) with 20 years of business advisory experience. He began his career in Sydney, Australia with specialist turnaround management business, Jirsch Sutherland. In 2001 John joined Deloitte Reorganisation Services in Edinburgh before transferring to Deloitte South Africa in 2002. John was a director of the Deloitte Corporate Finance team, with specific focus on restructuring and turnaround management projects. In 2008, John founded RS Advisors and has since then worked on a number of restructuring and corporate finance assignments in South Africa, Europe and the Middle East. John was, together with Mr Dawie van der Merwe, one of the joint business rescue practitioners for ABIL. Since the successful completion of the business rescue proceedings on 19 May 2016, John has assisted the Board with the day-to-day management of the Company.

Form of Proxy

For use only by shareholders who:

- hold shares in certificated form ("certificated ordinary shareholders"); or
- have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with "own-name" registration,

at the 69th Annual General Meeting ("AGM") of shareholders of the Company to be held at 10:00 on Wednesday, 5 July 2017 at the registered office of Phoenix, being 1st Floor Grant Thornton Building, Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg, and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the AGM must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the AGM and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the AGM in person or by proxy and vote. If they do not wish to attend the AGM in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These ordinary shareholders must not use this form of proxy.

Name of beneficial shareholder	
Name of registered shareholder	
Address	
Telephone (work)	
Telephone (home)	
Cell:	

being the holder/custodian of ____________________ ordinary shares in the Company, hereby appoint *(see note)*:

1		or failing him / her,
2		or failing him / her,
3	the Chairperson of the meeting,	

as my/our proxy to attend and act for me/us on my/our behalf at the AGM of the Company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ("resolutions") and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions:

Resolution		No. of Ordinary Shares		
		For	Against	Abstain
1	Ordinary Resolution 1: Appointment of auditors			
2	Ordinary Resolution 2: Election of directors			
	2.1 Election of Mr Morris Mthombeni as a director			
	2.2 Election of Ms Alethea Conrad as a director			
	2.3 Election of Mr John Evans as a Director			
	2.4 Election of Mr Isaac Shongwe as a Non- Executive Director			
	2.5 Election of Mr Peter Mountford as a Non-Executive Director			
	2.6 Election of Ms Carmen Le Grange as a Non-Executive Director			
3	Ordinary Resolution 3: Appointment of the Chairman and members of the Audit and Risk Committee			
	3.1 Appointment of Mr Morris Mthombeni as Chairman and a member of the Audit and Risk Committee			
	3.2 Appointment of Mr Daniël Vlok as a member of the Audit and Risk Committee			
	3.3 Appointment of Ms Alethea Conrad as a member of the Audit and Risk Committee			
4	Ordinary resolution number 4: Approval of Remuneration Policy			
5	Ordinary resolution number 5: Signature of documents			
6	Special resolution number 1: Approval of the non-executive directors' remuneration6			
7	Special resolution number 2: Financial assistance for subscription of securities			
8	Special resolution number 3: Loans or other financial assistance to related and inter-related entities			
9	Special resolution number 4: Amendment of Memorandum of Incorporation of the Company			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the AGM may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the Company.

Signed at ______________________________ on ______________________________ 2017.

Signature: ______________________________

Assisted by: ______________________________
(if applicable)

Notes to Proxy

1. Summary of Rights Contained in section 58 of the Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act").

   In terms of section 58 of the Companies Act::
   - a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
   - a proxy may delegate his or her authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
   - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
   - irrespective of the form of instrument used to appoint a proxy, any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
   - if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the company; and
   - a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 7).
2. While preference shareholders are entitled to attend and speak at the AGM, either in person or represented by proxy, save for being entitled to vote on Special Resolution number 3, preference shareholders shall not be entitled to vote on any other resolution, either in person or by proxy, at the AGM. Accordingly, any aspect of this form of proxy regarding voting on any resolution other than Special Resolution number 3, does not apply to the preference shareholders. If any preference shareholder completes any part of the voting instructions, except those pertaining to Special Resolution number 3, those instructions will not apply and will be disregarded.
3. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
4. Shareholders who have dematerialised their shares through a CSDP or broker without "own name" registration and wish to attend the AGM must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the AGM in person or by proxy. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. Should the CSDP or broker not have provided the Company with the details of the beneficial shareholding at the specific request by the Company, such shares may be disallowed to vote at the AGM.
5. A shareholder entitled to attend and vote at the AGM may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the Company) of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the meeting". The person whose name stands first on this form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the Chairperson of the meeting.
6. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
7. A vote given in terms of an instrument of proxy shall be valid in relation to the AGM notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than 48 (forty eight) hours before the commencement of the AGM.
8. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM be proposed, such proxy shall be entitled

to vote as he/she thinks fit.

9. The Chairperson of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

10. A shareholder's authorisation to the proxy including the Chairperson of the AGM, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the AGM.

11. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

12. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company's transfer secretaries or waived by the Chairperson of the AGM.

13. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the Company.

14. Where there are joint holders of ordinary shares:
    - any one holder may sign the form of proxy;
    - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

15. Forms of proxy should be lodged with or mailed to Link Market Services South Africa Proprietary Limited:

Hand deliveries to:	Postal deliveries to:
Link Market Services South Africa (Pty) Ltd	Link Market Services South Africa (Pty) Ltd
19 Ameshoff Street Braamfontein Johannesburg, 2001	PO Box 4844 Johannesburg 2000

to be received by no later than 10:00 on Monday, 3 July 2017 (or 48 hours before any adjournments of the AGM, which date, if necessary, will be notified on SENS).

A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act:

A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the relevant shareholders' meeting.

A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.

If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.
Attention is also drawn to the "Notes to proxy".

The completion of a form of proxy does not preclude any shareholder from attending the AGM.

african phoenix
investments

Tel: +27 010 590 7724
Web: www.phoenixinvestments.co.za

Registered office
52 Corlett Drive,
Wanderers Office Park,
Illovo, South Africa 2196

Private Bag X31,
Northlands,
South African 2116