

AFRICAN BANK INVESTMENTS LIMITED (in business rescue)
(Incorporated in the Republic of South Africa)
(Registration number 1946/021193/06)
(Ordinary share code: ABL) (ISIN: ZAE000030060)
(Hybrid instrument code: ABLP) (ISIN: ZAE000065215)
('ABIL' or 'the company')

CONDENSED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

OVERVIEW

During the year, the company began voluntary business rescue proceedings on 5 June 2015.

Since the previous year end, there were no changes in status of the company's investments with African Bank Limited ('African Bank') still in curatorship and Ellerine Holdings Limited still under business rescue.

The board of directors of ABIL ('the Board') set out the reasons for not preparing consolidated annual financial statements for the year ended 30 September 2014 in those financial statements.

As a consequence of the above, no consolidated results could be prepared as no consolidated opening balances are available for the current year.

FINANCIAL PERFORMANCE

The company had a profit after tax of R811 million (2014: R16.2 billion loss) mainly due to significantly lower impairments on investments.

GOING CONCERN

ABIL is currently in business rescue due to the demand for repayment of loans and fulfilment of guarantees issued to various financial institutions. Information regarding the business rescue proceedings is available at <http://abil.investoreports.com/investor-media/abil-business-rescue/>

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

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

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

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

Thus the Board concluded that the preparation of the financial information as a going concern is appropriate.

DIVIDENDS

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

DIRECTORATE

The following changes in directors occurred in the current year:

Nithia Nalliah resigned on 31 March 2015 and Jack Koolen sadly passed away on 3 May 2015.

LOOKING AHEAD

The company is currently under business rescue and its future will depend on the outcome of the business rescue process, which is forecast to conclude in 2016.

On behalf of the board

Mutle Mogase
Chairman

Company income statement for the year ended 30 September 2015

| R million | 2015 | 2014 |
|-------------------------------------|------|----------|
| Dividends received | 897 | 1 271 |
| Sundry income | - | 7 |
| Interest received | 4 | 9 |
| Total income | 901 | 1 287 |
| Operating costs | (27) | (372) |
| Impairment of financial instruments | - | (167) |
| Impairment of investments | (14) | (16 925) |
| Finance costs | (47) | (6) |
| Indirect tax | (1) | (4) |
| Income/(loss) before taxation | 812 | (16 187) |

| | | |
|---|---------|-----------|
| Direct taxation: SA normal tax | (1) | (4) |
| Income/(loss) for the year | 811 | (16 191) |
| Reconciliation between basic earning/(loss) and headline earnings | | |
| Income/(loss) for the year | 811 | (16 191) |
| Preference dividends | - | (89) |
| Basic loss attributable to ordinary shareholders | 811 | (16 280) |
| Adjusted for: Impairment of subsidiaries | 14 | 16 925 |
| Headline earnings | 825 | 645 |
| Earnings per share (cents) | | |
| Basic and diluted earnings/(loss) per share | 54,0 | (1 160,9) |
| Headline earnings per share | 55,0 | 46,0 |
| Weighted number of shares in issue (million) | 1 501,0 | 1 402,4 |

Company statement of other comprehensive income for the year ended 30 September 2015

| | | |
|-----------------------------------|------|----------|
| | 2015 | 2014 |
| Profit/(loss) for the year | 811 | (16,191) |
| Other comprehensive loss | - | - |
| Total comprehensive income/(loss) | 811 | (16,191) |

Company statement of financial position as at 30 September 2015

| | | |
|---|----------|----------|
| R million | 2015 | 2014 |
| Assets | | |
| Short-term deposits and cash | 454 | 4 |
| Other financial assets | 407 | 4 |
| Investments | - | - |
| Investment in subsidiaries | 565 | 564 |
| Total assets | 1 426 | 572 |
| Liabilities and equity | | |
| Taxation | 1 | - |
| Borrowings | 447 | 447 |
| Other liabilities | 420 | 378 |
| Total liabilities | 868 | 825 |
| Ordinary share capital | 192 | 192 |
| Ordinary share premium | 14 458 | 14 458 |
| Reserves | (15 222) | (16 033) |
| Ordinary shareholders' equity | (572) | (1 383) |
| Preference shareholders' equity | 1 130 | 1 130 |
| Total equity (capital and reserves) | 558 | (253) |
| Total liabilities and equity | 1 426 | 572 |
| Tangible net asset value per ordinary share (cents) | (38,1) | (92,1) |
| Net asset value per ordinary share (cents) | (38,1) | (92,1) |
| Number of shares in issue (million) | 1 501,0 | 1 501,0 |

Company statement of changes in equity for the year ended 30 September 2015

| | | |
|---|------------------------------------|-------------------|
| | Ordinary shares | |
| | Ordinary share capital and premium | Retained earnings |
| R million | | |
| Balance at 30 September 2013 | 9 440 | 288 |
| Shares issued in rights issue | 5 210 | - |
| Dividends paid | - | (41) |
| Total comprehensive loss for the year | - | (16 280) |
| Balance at 30 September 2014 | 14 650 | (16 033) |
| Total comprehensive income for the year | - | 811 |
| Balance at 30 September 2015 | 14 650 | (15 222) |

| | | | |
|---|-------------------------------|--------------------------------------|----------|
| | Ordinary shareholders' equity | Preference share capital and premium | Total |
| R million | | | |
| Balance at 30 September 2013 | 9,728 | 1,130 | 10,858 |
| Shares issued in rights issue | 5,210 | - | 5,210 |
| Dividends paid | (41) | (89) | (130) |
| Total comprehensive loss for the year | (16,280) | 89 | (16,191) |
| Balance at 30 September 2014 | (1,383) | 1,130 | (253) |
| Total comprehensive income for the year | 811 | - | 811 |
| Balance at 30 September 2015 | (572) | 1,130 | 558 |

Company statement of cash flows for the year ended 30 September 2015

| | | |
|---|------|---------|
| R million | 2015 | 2014 |
| Cash generated from operations | 452 | 1 258 |
| Cash receipts | 484 | 1 287 |
| Cash payments | (32) | (29) |
| Indirect and direct taxation paid | (2) | (7) |
| Cash inflow from operating activities | 450 | 1 251 |
| Cash outflow from investing activities | - | (5 494) |
| Investments acquired during the year | - | (177) |
| Investments disposed of during the year | - | 132 |
| Investments in subsidiaries | - | (5 449) |
| Cash inflow from financing activities | - | 4 216 |
| Cash outflow from funding activities | - | (867) |
| Issue of ordinary shares | - | 5 213 |

| | | |
|--|-----|------|
| Preference shareholders' payments and transactions | - | (89) |
| Ordinary shareholders' payments and transactions | - | (41) |
| Increase/(decrease) in cash and cash equivalents | 450 | (27) |
| Cash and cash equivalents at the beginning of the year | 4 | 35 |
| Reclassification of cash held by African Bank Limited | - | (4) |
| Cash and cash equivalents at the end of the year | 454 | 4 |

NOTES TO THE FINANCIAL STATEMENTS

AUDITORS' REPORT

The accompanying financial information is extracted from the audited financial statements but is itself not audited. The auditors have expressed an adverse opinion on the financial statements of the group and an unqualified opinion on the separate financial statements of the company. An extract of the audit report is as follows:

'Basis for adverse opinion on consolidated financial statements and an unqualified opinion on the separate financial statements

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

Adverse opinion on consolidated financial statements

In our opinion, because of the significance of the matter discussed in the preceding paragraph, the financial statements do not present fairly the financial position of the group as at 30 September 2015, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Unqualified opinion on the separate financial statements

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the company as at 30 September 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3.1 to the financial statements which indicate that the company indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.

Report on other legal and regulatory requirements

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

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

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

BASIS OF PREPARATION

The preparation of this financial information was supervised by Reynold Ngobese CA(SA).

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

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

- IFRS 10 - Consolidated Financial Statements
- IFRS 12 - Disclosure of Interests in Other Entities

- IAS 19 - Employee Benefits
- IAS 27 - Consolidated and Separate Financial Statements
- IAS 32 - Financial Instruments: Classification and Measurement
- IAS 36 - Impairment of Assets
- IAS 39 - Financial Instruments: Recognition and measurement
- IFRIC 21 - Levies

All the other accounting policies and their application are consistent with those used for the company's 2014 annual financial statements.

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

Midrand
22 April 2016

Sponsor
Merchantec Capital

Board of directors
Independent non-executive:
MC Mogase (Chairman)
N Adams
Advocate MF Gumbi
NB Langa-Royds
M Mthombeni
RJ Symmonds

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Registered office
59 16th Road
Midrand
South Africa
1685

Private Bag X170
Midrand
South Africa
1685

Share transfer secretaries
Link Market Services South Africa (Pty) Ltd
13th Floor
Rennie House
19 Ameshoff Street
Braamfontein

P0 Box 4844
Johannesburg
2000

Telephone: +27 11 713 0800
Telefax: +27 86 674 4381

Website
www.abil.co.za