

AFRICAN PHOENIX INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1946/021193/06)

(Ordinary share code: AXL) (ISIN: ZAE000221370)

(Hybrid instrument share code: AXLP) (ISIN: ZAE000221388)

("Phoenix" or "the Group" or "the Company")

REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE 6 MONTH PERIOD ENDED 31 MARCH 2017

SALIENT FEATURES

Total equity of R1.70 billion (H1 2016: R1.59 billion)

Total cash and cash equivalents of R1.83 billion (H1 2016: R1.94 billion)

Earnings per share from continuing operations: 4.8 cents (H1 2016: 0.6 cents)

Headline earnings per share from continuing operations: 4.8 cents (H1 2016: 0.6 cents)

Earnings per share: 4.1 cents (H1 2016: 29.5 cents)

Headline earnings per share: 4.1 cents (H1 2016: 29.5 cents)

Net asset value per ordinary share: 39.9 cents (H1 2016: 30.8 cents)

INTRODUCTION

On 3 February 2017, the name of the Company was changed to African Phoenix Investments Limited from African Bank Investments Limited ("Name Change"). Shareholders are further referred to the SENS announcements pertaining to the Name Change dated 24 January 2017.

References to "the Company" or "the Group" in these reviewed condensed consolidated financial results for the period ended 31 March 2017 relate to African Bank Investments Limited ("ABIL") and to African Phoenix Investments Limited ("Phoenix").

The suspension on trading in the shares of the Company was lifted on 1 February 2017.

BACKGROUND

The Company owns 100% of The Standard General Insurance Company Limited ("Stangen") which is now the Company's only trading subsidiary. Stangen remains with excess regulatory capital as at 31 March 2017 to enable it to grow.

Since the previous year end, there were no changes in the status of the Company's investments in Residual Debt Services Limited (formerly African Bank Limited) ("RDS") which is still in curatorship. There was also no change in the status of the Company's investment in Ellerine Holdings Limited, which is in business rescue. Both of these investments were impaired in full in previous financial periods.

FINANCIAL PERFORMANCE

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

The Group reported net profit after tax of R59 million for the six-month period ended 31 March 2017 (H1 2016: R443 million). The trading profits were generated exclusively by Stangen.

Headline earnings per share was 4.1 cents for the six months ended 31 March 2017 (H1 2016: 29.5 cents).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Total shareholder's equity amounts to R1.70 billion as at 31 March 2017 (H1 2016: R1.59 billion). The resultant solvency and liquidity ratios confirm the financial stability of the Group.

The Group balance sheet as at 30 September 2016 included a R189 million special actuarial liability (30 September 2015: R nil) for Stangen. This special actuarial liability was raised to ensure sufficient provision was made for forecast maintenance expenses given the uncertainty at the time, of the amount of new business the company would be able to generate following the lifting of the section 12 restrictions imposed by the Financial Services Board ("FSB") on the company's licence when its erstwhile sister company, African Bank Limited, went under curatorship in August 2014.

Based on sales volumes achieved by Stangen in the period under review, the special actuarial liability has been reduced to R150 million as at 31 March 2017 (R189 million as at 30 September 2016).

INVESTMENT IN DIFFERENT LIFE

During the period under review, Stangen invested in a 15% equity stake in Different Life Proprietary Limited for a cash consideration of R20.0 million.

DISCONTINUED OPERATIONS

Stangen concluded an agreement and financial settlement with African Bank Limited and RDS in respect of its run-down credit life portfolio effective 1 April 2016. The agreement passed 100% of the risk and benefit in that credit life book to Guardrisk Life Limited ("Guardrisk") until such time as the run-down credit life book is transferred to Guardrisk.

The transfer of the run-down credit life portfolio to Guardrisk, arising from the settlement with the banking parties, was approved by the FSB on 8 June 2017. Stangen therefore will have no credit life exposure from the operative date being 30 June 2017, and have resolved all the legacy matters following the termination of relationships with the banking parties.

CONTINGENT LIABILITIES

A number of Ellerines Furnishers Proprietary Limited (in business rescue) ("EF") employees have claimed amounts due to them from EF 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 states that the Group is not liable for payment of the amounts claimed and accordingly the Group has not provided for this contingent liability.

Stangen sold a level life product together with credit life from 1997 to 2006 on certain loan products. The level life product provided cover in the event of death equal to the loan value up to a maximum of R10 000 payable to a nominated beneficiary. The historical level life claims contingent liability of approximately R125 million (2016: R125 million) is highly unlikely to materialise and no provisions were previously raised for these benefits. Based on the very low number (< 0.6%) of claims materialising and also that the last recorded level life claim was in the 2009 financial year, the liability

is not recognised. However, in the unlikely event that a claim is submitted, the policy benefits would be recognised in profit or loss.

EVENTS AFTER THE REPORTING PERIOD

Phoenix entered into a settlement agreement with EF in relation to Phoenix's participation as a creditor in the business rescue of EF. This relates to the settlement by Phoenix of EF liabilities to its bankers in terms of Guarantees provided by Phoenix. EF has, during May 2017, paid Phoenix an amount of R45.4 million in respect of distributions already declared and paid to its creditors. Phoenix will participate in any further distributions that the business rescue practitioners of EF may at a future date pay to its creditors.

GOING CONCERN

The Board concluded that the preparation of the financial information on a going concern basis is appropriate.

DIVIDENDS

No ordinary or preference dividends were declared in the current period (2016: R nil).

DIRECTORATE

The following directors were appointed to the board of Directors of Phoenix ("Board") during the period under review.

John Evans	(date appointed: 1 October 2016)
Carmen Le Grange	(date appointed: 28 March 2017)
Peter Mountford	(date appointed: 28 March 2017)

LOOKING AHEAD

The Board continues to pursue its adopted strategy to become a premier South African investment holdings business.

On behalf of the Board

Isaac O Shongwe
Chairman

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

R million	Reviewed six months ended 31 March 2017	Reviewed six months ended 31 March 2016	Audited twelve months ended 30 September 2016
Insurance income	32	48	86
Interest received	71	52	114
Total income	103	100	200
Insurance claims	27	(15)	(203)
Operating costs	(33)	(38)	(91)
Impairment of financial instruments	-	(21)	(9)
Profit before taxation	97	26	(103)
Direct taxation: Normal	(29)	(17)	7
Profit for the period / year from continuing operations	68	9	(96)
(Loss) / Profit for the period / year from discontinuing operations	(9)	434	587
Profit for the period / year	59	443	491
Reconciliation between basic earnings and headline earnings			
Profit for the period / year from continuing operations	68	9	(96)
(Loss) / Profit for the period / year from discontinuing operations	(9)	434	587
Profit for the period / year	59	443	491
Preference share dividend	-	-	-
Basic earnings attributable to ordinary shareholders	59	443	491
Adjusted for: loss on transfer of business	-	-	14
Headline earnings	59	443	505
Earnings and headline earnings per share			
Basic earnings per ordinary share - continued operations	4.8	0.6	(6.5)
Headline earnings per ordinary share - continued operations	4.8	0.6	(6.5)
Basic earnings per ordinary share - total	4.1	29.5	33.0
Headline earnings per ordinary share - total	4.1	29.5	34.0
Weighted number of shares in issue (million)	1,427.0	1,501.1	1,485.7
Diluted earnings and headline earnings per share			
Diluted earnings per ordinary share - continued operations	4.8	0.6	(6.5)
Diluted headline earnings per ordinary share - continued operations	4.8	0.6	(6.5)
Diluted earnings per ordinary share - total	4.1	29.5	33.0
Diluted headline earnings per ordinary share - total	4.1	29.5	34.0
Number of shares in issue (million)	1,427.0	1,501.1	1,485.7

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

R million	Reviewed six months ended 31 March 2017	Reviewed six months ended 31 March 2016	Audited twelve months ended 30 September 2016
Profit for the period / year	59	443	491
Other comprehensive income	-	-	-
Total comprehensive profit for the period / year	59	443	491

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R million	Reviewed six months ended 31 March 2017	Reviewed six months ended 31 March 2016	Audited twelve months ended 30 September 2016
Assets			
Short-term deposits and cash	1,833	1,935	1,833
Other assets	54	460	60
Investment	20	-	-
Equipment	1	1	1
Intangible assets	8	-	-
Taxation	-	-	1
Discontinued operation	143	132	267
Total assets	2,059	2,528	2,162
Liabilities and equity			
Taxation	10	105	1
Deferred taxation	-	9	-
Policyholder liabilities under insurance contracts	151	13	191
Borrowings	23	197	23
Other liabilities	33	153	40
Discontinued operation	143	459	267
Total liabilities	360	936	522
Ordinary shareholders' equity	569	462	510
Preference shareholders' equity	1,130	1,130	1,130
Total equity (capital and reserves)	1,699	1,592	1,640
Total liabilities and equity	2,059	2,528	2,162
Tangible net asset value per ordinary share (cents)	39.3	30.8	35.7
Net asset value per ordinary share (cents)	39.9	30.8	35.7
Number of shares in issue (million)	1,427.0	1,501.1	1,427.0

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R million	Ordinary shares		Ordinary shareholders' equity	Preference share capital and premium	Total
	Share capital and premium	Distributable reserves			
Balance at 30 September 2015	14,650	(14,631)	19	1,130	1,149
Total comprehensive income for the period	-	443	443	-	443
Balance at 31 March 2016	14,650	(14,188)	462	1,130	1,592
Total comprehensive income for the period	-	48	48	-	48
Balance at 30 September 2016	14,650	(14,140)	510	1,130	1,640
Total comprehensive income for the period	-	59	59	-	59
Balance at 31 March 2017	14,650	(14,081)	569	1,130	1,699

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

R million	Reviewed six months ended 31 March 2017	Reviewed six months ended 31 March 2016	Audited twelve months ended 30 September 2016
Cash generated / (utilised) from operations	57	(44)	(119)
Cash receipts	109	956	650
Cash paid	(52)	(1,000)	(769)
Indirect and direct taxation paid	(17)	(113)	(263)
Cash inflow / (outflow) from continuing operations	40	(157)	(382)
Cash (outflow) / inflow from discontinuing operations	(12)	-	492
Net cash inflow / (outflow) from operations	28	(157)	110
Cash outflow from investing in continued operations	(28)	(2)	(2)
Acquisition of property and equipment	-	(2)	(2)
Acquisition of intangible assets	(8)	-	-
Investment	(20)	-	-
Cash outflow from investing in discontinued operations	-	-	(191)
Payment on reinsurance transaction	-	-	(191)
Cash outflow from financing activities	-	(273)	(451)
Cash outflow from funding activities	-	(273)	(451)
(Decrease) / increase in cash and cash equivalents	-	(432)	(534)
Cash and cash equivalents at the beginning of the period / year	1,833	2,367	2,367
Cash and cash equivalents at the end of the period / year	1,833	1,935	1,833

NOTES TO THE FINANCIAL STATEMENTS

NET ASSET VALUE PER SHARE

	Reviewed six months ended 31 March 2017	Reviewed six months ended 31 March 2016	Audited twelve months ended 30 September 2016
Total equity	1,699	1,592	1,640
Less: Preference shareholders equity	(1,130)	(1,130)	(1,130)
Equity attributable to ordinary shareholders	569	462	510
Total number of ordinary shares in issue (million)	1,427.0	1,501.1	1,427.0
NAV per ordinary share (cents)	39.9	30.8	35.7

CONDENSED CONSOLIDATED SEGMENTAL REVENUE AND RESULTS

31 March 2017 R million	Insurance	Corporate	Total
Income (continuing operations)	93	10	103
EBITDA (continuing operations)	37	(10)	27
Interest received	60	11	71
Loss before taxation from discontinuing operations	(12)	-	(12)
Profit before taxation from continuing operations	96	1	97
Total assets	1,679	380	2,059
Total liabilities	310	50	360

31 March 2016 R million	Insurance	Corporate	Total
Income (continuing operations)	85	15	100
EBITDA (continuing operations)	22	(47)	(25)
Interest received	38	14	52
Impairment of financial instruments	-	(21)	(21)
Profit before taxation from discontinuing operations	603	-	603
Profit before taxation from continuing operations	59	(33)	26
Total assets	1,827	701	2,528
Total liabilities	591	345	936

AUDITORS' REPORT

These interim condensed consolidated financial statements for the period ended 31 March 2017 have been reviewed by Grant Thornton Johannesburg Partnership who expressed an unmodified review conclusion.

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

A copy of the auditor's review report is available for inspection at the Company's registered office together with the financial statements identified in the auditor's report.

BASIS OF PREPARATION

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

This condensed 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, Listings Requirements of the JSE Limited and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa (Act 71 of 2008) as amended.

The accounting policies, methods of computation and their application are in accordance with International Financial Reporting Standards and are consistent with those of the previous annual financial statements.

Johannesburg
23 June 2017

SPONSOR

Merchantec Capital

BOARD OF DIRECTORS

Independent non-executive: IO Shongwe (Chairman); ABA Conrad; CL Le Grange; PW Mountford; M Mthombeni; DJJ Vlok

Executive: Dr EN Banda (CEO); JF Evans (FD)

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)

REGISTERED OFFICE

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

Private Bag X31, Northlands, South Africa, 2116

COMPANY SECRETARY

Acorim Proprietary Limited

SHARE TRANSFER SECRETARIES

Link Market Services South Africa Proprietary Limited

13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein

PO Box 4844, Johannesburg, 2000

Telephone: +27 11 713 0800

Telefax: +27 86 674 4381

WEBSITE

www.phoenixinvestments.co.za
