

SUMMARY CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2015

Rm	Notes	2015	2014
Continuing operations			
Fee and commission income	3	5 268	4 718
Net income from insurance operations	4	498	417
Direct expenses attributable to fee and commission income		(915)	(797)
Operating income net of direct expenses		4 851	4 338
Operating expenses		(3 714)	(3 308)
Profit from operations before non-trading and capital items		1 137	1 030
Non-trading and capital items	5	(355)	(105)
Operating profit		782	925
Investment income		226	233
Finance costs	6	(119)	(843)
Reported loss arising from accounting for policyholder investments in treasury shares		(26)	–
Share of net profit of associates (net of income tax)		3	2
Profit before taxation		866	317
Income tax expense	7	(361)	(484)
Profit/(loss) for the year from continuing operations		505	(167)
(Loss)/profit on discontinued operations (net of income tax)	8	(145)	546
Profit for the year		360	379
<i>Profit attributable to:</i>			
Equity holders		253	269
Non-controlling interest		107	110
		360	379
Basic earnings per share (cents)	9	20.5	78.0
Headline earnings/(loss) per share (cents)	9	31.9	(52.5)
Diluted earnings per share (cents)	9	20.2	78.0*
Weighted average number of shares in issue (million)	9	1 237	345

*The group had no dilutionary shares in the prior year.

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2015

Rm	2015	2014
Profit for the year	360	379
Foreign currency translation differences of foreign operations	26	329
Foreign currency translation reserve of disposed operations recycled to profit or loss	–	82
Changes in fair value of cash flow hedges	–	(1)
Portion of cash flow hedge recycled to profit or loss	–	20
Other	–	(5)
Other comprehensive income for the year (net of income tax) that will be reclassified to profit and loss	26	425
Remeasurement of post-employment benefit obligations	(4)	4
Other comprehensive (loss)/income for the year (net of income tax) that will not be reclassified to profit or loss	(4)	4
Total comprehensive income for the year	382	808
<i>Total comprehensive income attributable to:</i>		
Equity holders	272	654
Non-controlling interest	110	154
Total comprehensive income for the year	382	808

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2015

	Notes	2015	2014
ASSETS			
Financial assets held under multi-manager investment contracts	12	262 004	253 747
Financial assets of insurance and cell-captive facilities		358	315
Property and equipment		331	335
Purchased and developed computer software		84	80
Goodwill		3 899	3 985
Intangible assets		764	886
Investment in associates		9	6
Deferred tax assets		149	117
Financial assets		419	409
Insurance receivables		820	814
Trade and other receivables		782	873
Cash and cash equivalents		4 350	3 907
Assets of disposal group classified as held for sale	8	178	91
Total assets		274 147	265 565
EQUITY AND LIABILITIES			
Share capital		6 192	5 819
Treasury shares		(166)	(405)
Accumulated loss		(640)	(889)
Other reserves		(36)	102
Equity holders' funds		5 350	4 627
Non-controlling interest		190	210
Total equity		5 540	4 837
Financial liabilities held under multi-manager investment contracts	12	262 172	253 747
Liabilities of insurance and cell-captive facilities		358	315
Borrowings	13	1 000	1 652
Employee benefits		177	168
Deferred tax liabilities		323	432
Provisions		317	284
Finance lease liability		86	90
Operating lease liability		207	119
Deferred income		25	25
Insurance payables		2 536	2 270
Trade and other payables		1 334	1 591
Liabilities of disposal group classified as held for sale	8	72	35
Total liabilities		268 607	260 728
Total equity and liabilities		274 147	265 565
Total equity per above		5 540	4 837
Number of shares in issue (net of treasury shares) (millions)		1 282	1 155
Net asset value per ordinary share (cents)		432	419

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2015

	2015	2014
Rm		
Cash flows from operating activities		
Cash generated from operations	1 214	1 281
Net finance costs paid	(15)	(2 059)
Movement in working capital	(171)	75
Taxation paid	(524)	(387)
Operating cash flows from continuing operations	504	(1 090)
Operating cash flows relating to insurance and policyholder contracts	274	588
Cash flows from policyholder investment contracts	(2 901)	(5 054)
Cash flows from operating activities – discontinued operations	3	199
Net cash outflow from operating activities	(2 120)	(5 357)
Cash flows from investing activities		
Net proceeds from sale of subsidiaries and associates	(2)	1 236
Net proceeds/(investments) in financial assets	29	(14)
Capital expenditure incurred on property, equipment and computer software	(110)	(208)
Proceeds from sale of property, equipment and computer software	1	6
Cash flows from investing activities – discontinued operations	–	22
Net cash (outflow)/inflow from investing activities	(82)	1 042
Cash flows from financing activities		
Issue of shares (net of SPV treasury shares)	316	1 903
Redemption of B preference shares	(178)	–
Purchase of treasury shares	(24)	–
Net movement in borrowings	(250)	1 640
Repayment of borrowings in terms of debt restructure	–	(4 095)
Payments made to non-controlling interests	(130)	(126)
Net cash outflow from financing activities	(266)	(678)
Decrease in cash and cash equivalents	(2 468)	(4 993)
Cash and cash equivalents at beginning of year	12 129	16 975
Exchange gain on foreign cash and cash equivalents	13	147
Cash and cash equivalents at end of year	9 674	12 129
<i>Analysed as follows:</i>		
Cash and cash equivalents of disposal groups held for sale	27	24
Cash and cash equivalents of continuing operations	4 350	3 907
Cash held under multi-manager investment and insurance contracts	5 297	8 198
	9 674	12 129

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2015

	Share capital	Treasury shares	Other reserves	Accumulated loss	Total equity holders' funds	Non-controlling interest	Total equity
Rm							
At 31 March 2013	3 261	(21)	(8)	(1 162)	2 070	194	2 264
Profit for the year	–	–	–	269	269	110	379
Other comprehensive income	–	–	381	4	385	44	429
Total comprehensive income	–	–	381	273	654	154	808
Issue of share	2 558	–	–	–	2 558	–	2 558
Movement in treasury shares	–	(384)	–	–	(384)	–	(384)
Redemption of Pikco preference shares	–	–	(271)	–	(271)	–	(271)
Other movements in non-controlling interest*	–	–	–	–	–	(138)	(138)
At 31 March 2014	5 819	(405)	102	(889)	4 627	210	4 837
Profit for the year	–	–	–	253	253	107	360
Other comprehensive income	–	–	23	(4)	19	3	22
Total comprehensive income	–	–	23	249	272	110	382
Issue of shares	316	–	–	–	316	–	316
Movement in treasury shares	–	239	–	–	239	35	274
Issue of shares to management	57	–	–	–	57	–	57
Movement in share-based payment reserve	–	–	17	–	17	–	17
Redemption of B preference shares	–	–	(178)	–	(178)	–	(178)
Other movements in non-controlling interest*	–	–	–	–	–	(165)	(165)
At 31 March 2015	6 192	(166)	(36)	(640)	5 350	190	5 540

*This amount includes distributions made to non-controlling interests as well as changes due to acquisitions and disposals of equity held by non-controlling interests.

GROUP SEGMENTAL INCOME AND PROFIT ANALYSIS

for the year ended 31 March 2015

	Operating income net of direct expenses			Profit from operations before non-trading and capital items		
	2015	%	2014	2015	%	2014
Rm						
Africa continuing operations						
SA Financial Services	1 852	9	1 700	386	2	377
Investment Solutions	806	12	717	407	13	360
AF Insurance	407	16	350	105	19	88
AfriNet	291	17	249	60	25	48
Total Africa continuing operations	3 356	11	3 016	958	10	873
Total international (GBPm)	84	4	81	12	–	12
International financial services	1 495	13	1 322	219	7	204
Total continuing operations – excluding property lease	4 851	12	4 338	1 177	9	1 077
Accounting for the property lease	–	–	–	(40)	(15)	(47)
Total continuing operations – including property lease	4 851	12	4 338	1 137	10	1 030

	Depreciation and amortisation			Assets		
	2015	%	2014	2015	%	2014
Rm						
Africa						
SA Financial Services	13	–	10	69 655	–	63 063
Investment Solutions	4	–	3	262 269	–	253 872
AF Insurance	4	–	3	618	–	592
AfriNet	3	–	3	3 962	–	3 188
Total Africa	24	26	19	336 504	5	320 715
Total international (GBPm)	1	–	1	75	–	73
International financial services	16	23	13	1 343	(3)	1 388
Unallocated:						
Corporate services	46	–	48	1 038	–	986
Discontinued operations	1	–	20	178	–	91
Goodwill	–	–	–	3 899	–	3 985
Consolidation elimination*	–	–	–	(68 815)	–	(61 600)
Total group	87	(13)	100	274 147	3	265 565

* This amount relates mainly to assets invested by group companies with Investment Solutions.

** The prior year comparative figures in the table above have been restated following the discontinuance of AFCT. In certain instances, shared service costs previously allocated to discontinued operations that will continue subsequent to the disposal have been reallocated to the remaining continuing operations and comparative numbers restated accordingly.

NOTES

for the year ended 31 March 2015

1. BASIS OF PREPARATION

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the consolidated annual financial statements from which the summary consolidated financial statements have been derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

This summarised report is extracted from audited information, but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audit report does not necessarily report on all of the information contained in this report. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the information that has been audited, they should obtain a copy of the auditor's report together with the accompanying audited consolidated annual financial statements, both of which are available for inspection at the company's registered office.

These summary consolidated financial statements were compiled under the supervision of Deon Viljoen, CA(SA), the group chief financial officer. The directors take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying annual financial statements.

	2015	2014
Rm		
2. EXCHANGE RATES		
The income statements and balance sheets of significant foreign subsidiaries have been translated to rand as follows:		
Weighted average R:GBP rate	17.8	16.4
Closing R:GBP rate	17.9	17.5
3. FEE AND COMMISSION INCOME		
Brokerage fees and commission income	26	25
Fee income from consulting and administration services	3 525	3 176
Fee income from investment management activities	1 670	1 499
Other income	47	18
Fee and commission income	5 268	4 718

	2015	2014
Rm		
4. NET INCOME FROM INSURANCE OPERATIONS		
Insurance premium earned	1 909	1 806
Less: amount ceded to reinsurers	(1 114)	(1 085)
Investment income from insurance operations	11	10
Less: insurance claims and withdrawals	(1 326)	(1 302)
Plus: insurance claims and benefits covered by reinsurance contracts	1 018	988
Net income from insurance operations	498	417
5. NON-TRADING AND CAPITAL ITEMS		
<i>Non-trading:</i>		
Professional indemnity insurance cell captive result	(23)	64
Amortisation of intangible assets arising from business combination	(131)	(141)
Corporate transaction and listing costs	(50)	(60)
Historic transaction incentive costs	(99)	–
Contractual payment to AF Management Trust resulting from the capital restructure	(58)	–
Other non-trading items	6	32
Total non-trading and capital items	(355)	(105)
6. FINANCE COSTS		
<i>Finance costs derived from financial liabilities classified and carried at amortised costs:</i>		
Interest on borrowings	(102)	(740)
Amortisation of debt raising fees capitalised to borrowings	–	(14)
Other interest	(17)	(29)
	(119)	(783)
<i>Finance costs derived from financial liabilities designated as fair value through profit or loss:</i>		
Fair value adjustment on put and call option	–	(60)
Total finance costs	(119)	(843)

NOTES *continued*

for the year ended 31 March 2015

Rm	2015	2014
7. INCOME TAX EXPENSE		
<i>South African income tax</i>		
Current tax	(280)	(295)
Current year	(266)	(232)
Prior year	(14)	(63)
Deferred tax	77	7
Current year	71	58
Prior year	6	(51)
<i>Foreign income tax</i>		
Current tax	(48)	(35)
Current year	(45)	(35)
Prior year	(3)	–
Deferred tax	(2)	4
Current year	(1)	2
Prior year	(5)	–
Change in rate	4	2
<i>Foreign withholding tax</i>	(5)	(3)
<i>Tax attributable to policyholders</i>	(103)	(162)
Current tax – current year	(139)	(76)
Deferred tax – current year	36	(86)
Total tax expense	(361)	(484)

Tax settlement relating to 31 March 2014

On 9 June 2014, the group published its annual financial statements for the year ended 31 March 2014. A SENS announcement was subsequently issued on 20 June 2014 stating that an in-principle agreement had been reached with the South African Revenue Service relating to tax deductions for interest expenses incurred by the group between 2007 and 2014 (SARS settlement). The formal settlement agreement was entered into on 1 July 2014. Accordingly, when the group released its pre-listing statements on 7 July 2014 in preparation for the listing of the group's shares on the JSE Limited, the consolidated financial statements for the group contained in the pre-listing statement (PLS) reflected the effects of the SARS settlement as an adjusting event, which occurred after the date the group published its annual financial statements, but before the date of finalisation of the consolidated statements contained in the PLS. The financial information presented in the PLS is available on the group's website. The comparative results presented for 31 March 2014 in these interim results reflect the effects of the SARS settlement as presented in the PLS financial statements.

8. DISCONTINUED OPERATIONS

In line with the requirements of IFRS 5, businesses that are considered discontinued are disclosed separately with comparative information for the consolidated income statement being restated. Assets and liabilities held at the end of the period in respect of discontinued operations, where the disposal process is ongoing, have been reclassified as assets and liabilities of disposal groups classified as held for sale. The segmental results have been re-presented to show the effects of discontinued operations.

In the prior year, the group discontinued and disposed of the Guardrisk group of companies, Euroguard in Gibraltar and the Swiss operations of LCP. The UK-based Trustee Services business, which was discontinued in the prior year, was disposed of in the first quarter of the current financial year. LCP Belgium continues to be held in discontinuance and is expected to be disposed of in the first half of the 2015/16 financial year. In March 2015 the board of directors approved a management proposal to dispose of the Alexander Forbes Compensation Technology business (AFCT). For the purposes of financial reporting, the results of this business are now classified as discontinued operations until the date of their disposal.

Rm	2015	2014
Assets and liabilities of disposal groups classified as held for sale		
Long-term assets	24	27
Goodwill	–	21
Deferred tax asset	6	–
Financial assets	1	–
Trade and other receivables	21	9
Other current assets	99	10
Cash and cash equivalents	27	24
Total assets	178	91
Deferred tax liability	29	–
Provisions – non-current	18	–
Insurance-related payables	–	6
Trade and other payables	25	29
Total liabilities	72	35

Rm	2015	2014
8. DISCONTINUED OPERATIONS <i>continued</i>		
Summary income statement from discontinued operations		
Operating income net of direct expenses	103	671
Operating expenses	(134)	(504)
Operating profit before non-trading and capital items	(31)	167
Non-trading and capital items*	(105)	(125)
Net investment income	(1)	–
Share of (losses)/profits from associates	(2)	3
Profit before tax	(139)	45
Taxation	9	(63)
Net loss for the year	(130)	(18)
(Loss)/profit on disposals	(15)	564
	(145)	546

*Included in non-trading and capital items is an impairment of goodwill (R95 million) and intangible assets (R7 million), both relating to Alexander Forbes Compensation Technologies. The comparative includes an impairment of goodwill (R114 million) relating to Guardrisk.

9. CALCULATION OF HEADLINE LOSS PER SHARE

9.1 Basic earnings per ordinary share

Basic earnings per share is calculated by dividing the profit/(loss) for the year attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

9.2 Headline earnings per ordinary share

Headline earnings/(loss) per share is calculated by excluding all non-trading and capital gains and losses from the earnings/(loss) attributable to ordinary shareholders and dividing the resultant headline earnings/(loss) by the weighted average number of ordinary shares in issue during the year. Headline earnings/(loss) are defined in circular 2/2013 issued by the SAICA.

9.3 Diluted earnings per ordinary share

Diluted earnings per ordinary share is calculated by adjusting the profit attributable to equity holders for any changes in income or expense that would result from the conversion of dilutive potential ordinary shares, and dividing the result by the weighted average number of ordinary shares increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Rm	2015	2014
9. CALCULATION OF HEADLINE LOSS PER SHARE <i>continued</i>		
9.4 Number of shares		
Weighted average number of shares (millions)	1 286	377
Treasury shares (millions)	(49)	(32)
Weighted average number of shares in issue (millions)	1 237	345
Dilutive shares (millions)	14	–
Diluted weighted average number of shares (millions)	1 251	345
Actual number of shares (millions)	1 302	1 251
Treasury shares (millions)	(20)	(96)
Actual number of shares in issue (millions)	1 282	1 155
9.5 Calculation of headline loss		
Profit attributable to equity holders (IAS 33 <i>Earnings</i>)	253	269
Adjusting items		
– Loss/(profit) on sale of subsidiaries	23	(564)
– Impairment losses and other capital items	118	114
Headline profit/(loss) for the year	394	(181)
Basic earnings per share (cents)	20.5	78.0
Headline profit/(loss) per share (cents)	31.9	(52.5)
9.6 Diluted earnings per share		
Diluted basic earnings per share (cents)	20.2	–
Diluted headline earnings per share (cents)	31.5	–

The group has implemented certain share schemes during the listing process that may result in dilution on both earnings per share and headline earnings per share at the future date of vesting. The dilutive effect is largely conditional on performance during the period for each award. The above dilutive effect is calculated based on the performance of the company for the current year in relation to the performance criteria.

NOTES *continued*

for the year ended 31 March 2015

Rm	2015	2014
10. CAPITAL EXPENDITURE FOR THE YEAR	110	208
Capital expenditure was funded from internal cash resources		
11. OPERATING LEASE COMMITMENTS		
Due within one year	211	164
Thereafter	2 177	2 316
Total operating lease commitments	2 388	2 480

12. FINANCIAL ASSETS HELD UNDER MULTI-MANAGER INVESTMENT CONTRACTS

The policyholder assets held by the group's multi-manager investment subsidiaries, Investment Solutions in South Africa and Namibia, are recognised on the balance sheet in terms of IFRS. These assets are directly matched by linked obligations to policyholders.

As a result of the group listing in July 2014, the investments by underlying asset managers in the listed shares of the group are recognised as treasury shares and all fair value adjustments recognised on these treasury shares are reversed, while the corresponding fair value adjustment on the liability continues to be recognised in the income statement. The resultant loss for the period of R26 million has been disclosed separately on the face of the statement of comprehensive income. This treatment also impacts on the number of shares in issue, the impact of which is disclosed in note 9.

Below is a reconciliation of the assets held under multi-manager investment contracts with the linked liabilities under such contracts:

Rm	2015	2014
Total assets held under multi-manager investment contracts (per statement of financial position)	262 004	253 747
Reversal of adjustment made under IFRS:		
Alexander Forbes shares held as policyholder assets and reclassified in the group statement of financial position as treasury shares	142	–
Financial effect of accounting for policyholder investments as treasury shares	26	–
Total financial assets held for policyholders under multi-manager investment contracts	262 172	253 747

Rm	2015	2014
13. BORROWINGS		
Revolving credit facility	1 000	–
Term loan	–	1 250
SPV preference shares (refer below)	–	386
Total interest-bearing borrowings	1 000	1 636
Equity holder's loan	–	16
	1 000	1 652

On 31 March 2015, the terms of the term loan facility of R1.25 billion were renegotiated to a revolving credit facility of R1 billion. The revolving credit facility bears interest at JIBAR plus 1.25% per annum compounded quarterly. The interest is payable quarterly while the capital is repayable annually together with any unpaid interest on 31 March 2016. The facility is renewable annually for a 12-month period.

In order to facilitate participation in the capital restructure in the prior year, two special purpose vehicles (SPVs) were established to follow the rights on behalf of the Management Share Trust and the BEE consortium. The SPVs issued preference shares to a major bank and used the funds received to purchase ordinary shares in the company. Certain guarantees were provided by a subsidiary of the company, which resulted in the SPVs being consolidated and the shares purchased being treated as treasury shares. The preference shares were fully redeemed when the company was listed. The preference shares paid quarterly dividends at a dividend rate of 75% of the South African prime rate with the first payment made on 31 May 2014.

SHAREHOLDERS' ANALYSIS

The company listed on the JSE Limited on 24 July 2014, which marked the exit of the private equity shareholders. Below is an analysis of the shareholding at 31 March 2015, reflecting the listed shareholding of the group, and at 31 March 2014, reflecting the private equity ownership.

	2015	
	Analysis of shareholders	Number of shares % of total
Beneficial shareholders holding 5% or more of the company's listed ordinary share capital		
Mercer Africa Limited	442 801 129	34.0
Government Employee Pension Fund (PIC)	113 308 792	8.70
Liberty Life Association of Africa Ltd	78 287 396	6.01
	634 397 317	48.71
Investment management interests above 3% of the company's listed ordinary share capital		
STANLIB Asset Management	118 267 162	9.08
PIC	94 826 600	7.28
Allan Gray Investment Council	81 436 326	6.25
Abax Investments	69 754 671	5.36
Kagiso Asset Management Proprietary Ltd	45 323 718	3.48
Neuberger Berman Management LLC	44 051 865	3.37
	453 660 342	34.82

Shareholding spread at 31 March 2015	2015			
	Number of shareholders	% of total	Number of shares	% of total
Size of holding				
1 – 1 000	1 158	28.53	449 422	0.04
1 001 – 10 000	1 691	41.66	6 899 128	0.53
10 001– 100 000	827	20.37	26 183 371	2.01
100 001– 1 000 000	274	6.75	90 666 885	6.96
1 000 001 +	109	2.69	1 178 157 457	90.46
	4 059	100.00	1 302 356 263	100.00

Shareholder type at 31 March 2015

	Shareholders and percentage of issued share capital		
	Number of shareholders	Number of shares	% of total
Public	4 048	851 701 372	65.40
Non-public	11	450 654 891	34.60
Mercer Africa Limited	1	442 801 129	34.00
Own holding	1	152 734	0.01
Executive directors and officers	7	7 531 324	0.58
Trustees of employee share trusts	2	169 704	0.01
Total	4 059	1 302 356 263	100.00

ADMINISTRATION

ALEXANDER FORBES GROUP HOLDINGS LIMITED

Registration number: 2006/025226/06
(Incorporated in the Republic of South Africa)

Independent directors

MD Collier, D Konar, RM Kgosana, HP Meyer, B Petersen

Non-executive directors

MS Moloko (Chairman), DJ Anderson, WS O'Regan

Executive directors

E Chr Kieswetter (group chief executive),
DM Viljoen (group chief financial officer)

Company secretary

JE Salvado

Investor relations

MK Dippenaar

Registered office

Alexander Forbes, 115 West Street, Sandown, Sandton, 2196

Transfer secretaries

Computershare Investor Services Proprietary Limited
Ground Floor, 70 Marshall Street, Johannesburg
PO Box 61051, Marshalltown, 2107

Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)
1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196

Website

www.alexanderforbes.co.za

Date of issue: 30 June 2015