



**ALEXANDER FORBES PREFERENCE SHARE
INVESTMENTS LIMITED**

REVIEW OF ACTIVITIES

Alexander Forbes Preference Share Investments Limited (“AF Pref”) was incorporated on 10 October 2006. The sole purpose of the company is to serve as a special purpose vehicle through which existing shareholders of Alexander Forbes Limited could remain invested following the private equity buyout of the Alexander Forbes group.

AF Pref holds 26.5% of the ordinary shares in Alexander Forbes Equity Holdings (Proprietary) Limited (“AFEH”). In addition AF Pref also holds 31,8% of the preference shares in AFEH and 100% of the Pay-in-Kind (“PIK”) debentures issued by a subsidiary of AFEH, Alexander Forbes PIK Funding (Proprietary) Limited (“AF PIK”), the latter investment forming part of the financing arrangement of the private equity transaction. Subsequent to the balance sheet date, AF Pref also acquired 26.5% of the High Yield Term Loan issued by Alexander Forbes Funding (Proprietary) Limited and other relevant assets.

This results announcement should be read in conjunction with the results announcement of AFEH which is made available to all AF Pref preference shareholders.

AF Pref has issued two instruments, namely redeemable participating preference shares and unsecured fixed rate debentures, which together constitute a linked unit listed on the JSE Limited. The preference shares give the holder the see-through economic and voting rights in the pro rata underlying investment in the equity of AFEH and the debentures give the holder the see-through economic rights in the pro rata underlying PIK debentures investment in AF PIK.

AF Pref does not anticipate receiving any dividends in the foreseeable future from its investment in AFEH. AF Pref therefore does not intend to declare any dividends for the foreseeable future.

Subsequent events

You are referred to the circular to shareholders issued on the 9th of November with regards to the various transactions including a capitalisation issue, a capital distribution and a rights issue which has recently been concluded and the results of which were recently published on SENS. The results presented in this announcement are historical and do not incorporate the effect of these subsequent transactions.

S Gaskell

Director

3 December 2009

T J Fearnhead

Director

INCOME STATEMENT
for the six months ended 30 September 2009

	Notes	30 Sep 2009 Rm	30 Sep 2008 Rm	31 Mar 2009 Rm
Operating expenses		(1)	-	(1)
Trading results		(1)	-	(1)
Impairment of investment in associate	7	-	(162)	-
Operating loss		(1)	(162)	(1)
Finance income	2	89	74	168
Finance cost	3	(86)	(73)	(151)
Share of net loss of associates (net of income tax)		(29)	(123)	(125)
Loss before taxation		(27)	(284)	(109)
Income tax expense	4	(1)	-	(3)
Loss for the period		(28)	(284)	(112)
<i>Loss attributable to:</i>				
Ordinary shareholder equity	5	-	-	-
Preference shareholders	5	(28)	(284)	(112)
Loss for the period		(28)	(284)	(112)
Headline loss per share (cents)				
- per ordinary share	6	-	-	-
- per preference share	6	(38)	(190)	(20)
Basic loss per share (cents)				
- per ordinary share	6	-	-	-
- per preference share	6	(28)	(284)	(112)
STATEMENT OF COMPREHENSIVE INCOME for the six months ended 30 September 2009				
Loss for the period		(28)	(284)	(112)
share of other comprehensive loss of associates		(55)	-	(44)
share of purchase price allocation adjustment of associate		-	-	(1)
Other comprehensive loss for the period (net of income tax)		(55)	-	(45)
Total comprehensive loss for the period		(83)	(284)	(157)
<i>Total comprehensive loss attributable to:</i>				
Ordinary shareholder equity		-	-	-
Preference shareholders		(83)	(284)	(157)
Total comprehensive loss for the period		(83)	(284)	(157)

STATEMENT OF FINANCIAL POSITION
at 30 September 2009

	Notes	30 Sep 2009 Rm	30 Sep 2008 Rm	31 Mar 2009 Rm
ASSETS				
Investment in associate	7	740	700	824
Investment in PIK debentures	8	1 077	913	991
Accounts receivable		-	-	1
Cash and cash equivalents		99	94	96
Total assets		1 916	1 707	1 912
EQUITY AND LIABILITIES				
Ordinary shareholders' equity		-	-	-
Preference shareholders' interest*		1 122	1 122	1 122
Non-distributable reserve		(99)	-	(44)
Accumulated loss		(185)	(328)	(157)
Total equity		838	794	921
Debtentures*		1 077	913	991
Taxation payable		1	-	-
Total liabilities		1 078	913	991
Total equity and liabilities		1 916	1 707	1 912
Total equity per above		838	794	921
Number of ordinary shares in issue		1	1	1
Net asset value per ordinary share		838	794	921

* these two instruments combined make up the linked units listed on the JSE Limited.

CONDENSED STATEMENT OF CASH FLOWS
for the six months ended 30 September 2009

	30 Sep 2009 Rm	30 Sep 2008 Rm	31 Mar 2009 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	1	9	15
Interest income	2	1	-
Taxation paid	-	-	(3)
Net cash inflows from operating activities	3	10	12
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayment/(advance) of BEE and management underwrite	-	83	83
Net cash inflow from investing activities	-	83	83
Net movement in cash and cash equivalents	3	93	95
Cash and cash equivalents at beginning of period	96	1	1
CASH AND CASH EQUIVALENTS AT END OF PERIOD	99	94	96

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2009

	Ordinary share- holders' equity Rm	Preference share- holders' interest Rm	Non- distributable reserve	Accumu- lated loss Rm	Total equity Rm
At 31 March 2008	-	1 122	-	(44)	1 078
Loss for the period	-	-	-	(284)	(284)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss	-	-	-	(284)	(284)
At 30 September 2008	-	1 122	-	(328)	794
Profit for the period	-	-	-	172	172
Other comprehensive loss	-	-	(44)	(1)	(45)
Total comprehensive (loss) /income	-	-	(44)	171	127
At 31 March 2009	-	1 122	(44)	(157)	921
Loss for the period	-	-	-	(28)	(28)
Other comprehensive loss	-	-	(55)	-	(55)
Total comprehensive loss	-	-	(55)	(28)	(83)
At 30 September 2009	-	1 122	(99)	(185)	838

NOTES

1. Basis of preparation

These interim results have been prepared in accordance with, and comply with, International Financial Reporting Standards (“IFRS”), including IAS 34 (*Interim Financial Reporting*), and the South African Companies Act No 61 of 1973, as amended.

The accounting policies applied in the preparation of these results are consistent with those detailed in the financial statements issued by AF Pref for the year ended 31 March 2009, except for the changes required by IAS 1 (*Presentation of financial statements*) and Circular 3/2009 (*Headline earnings*).

	30 Sep 2009 Rm	30 Sep 2008 Rm	31 Mar 2009 Rm
2. Finance income			
Income in respect of BEE and management underwrite	-	-	8
Interest income on held-to-maturity financial assets (PIK Debentures)	86	73	151
Interest on cash balances	3	1	9
	89	74	168
3. Finance costs			
Interest cost on financial liability held at amortised cost (debentures)	(86)	(73)	(151)
4. Taxation			
South African income tax			
Current tax	(1)	-	(3)
The standard South African income tax rate for companies is reconciled to the company’s actual tax rate as follows:			
Income tax rate for companies	28.0%	28.0%	28.0%
<i>Adjusted for the effect of:</i>			
Share of net loss of associate (net of income tax)	(30.2%)	(28.0%)	(30.8%)
Effective tax rate	(2.2%)	-	(2.8%)

5. Earnings attributable to equity holders and preference shareholders

The economic rights to return of capital and dividends for equity holders and preference shareholders are detailed in section 5 of the pre-listing statement issued by AF Pref on 10 July 2007.

6. Earnings per share

The preference shareholders have the economic rights to return of capital and dividends and as such earnings and headline earnings per share are all attributable to preference shareholders only and are nil for equity holders. Basic and headline earnings per share for equity holders is therefore not provided.

	30 Sep	30 Sep	31 Mar
	2009	2008	2009
	Rm	Rm	Rm

6. Earnings per share (continued)

6.1 Basic loss per preference share

Basic loss per share is calculated by dividing the loss for the year attributable to equity holders by the weighted average number of preference shares in issue during the period.

6.2 Headline loss per preference share

Headline loss per share is calculated by excluding all impairment charges and capital gains and losses from the loss attributable to shareholders and dividing the resultant headline earnings by the weighted average number of preference shares in issue during the period. Headline earnings are defined in Circular 3/2009 issued by the South African Institute of Chartered Accountants.

6.3 Calculation of loss per share for preference shareholders

Loss for the period	(a)	(28)	(284)	(112)
<i>Adjusting items:</i>				
Share of impairment charge and other capital items of associate		(10)	94	92
Headline earnings attributable to preference shareholders	(b)	(38)	(190)	(20)
Weighted average number of preference shares in issue (millions)	(c)	100	100	100
Basic loss per preference share (cents)	(a)/(c)	(28)	(284)	(112)
Headline earnings per preference share (cents)	(b)/(c)	(38)	(190)	(20)

7. Investment in associate

Cost	1 038	1 121	1 026
Equity underwrite repaid	-	(92)	-
Subscription for shares in respect of management underwrite	-	-	12
Share of cumulative post -acquisition movement in equity	(99)	-	(44)
Share of cumulative post -acquisition losses	(199)	(167)	(170)
Impairment of investment in associate	-	(162)	-
Carrying value in balance sheet	740	700	824
Directors' valuation of associate	928	700	895

In terms of the South African Companies Act No. 61 of 1973 directors are required to provide a valuation of the associate investment in Alexander Forbes Equity Holdings (Proprietary) Limited. At 30 September 2009, the directors are of the opinion that the value of the investment in AFEH is R928 million. In the prior year the director's valuation incorporated the significant decline in market conditions, resulting in a valuation lower than the carrying value. By the financial year end, most of these indicators had recovered to such an extent that a write down from carrying value, which by then also included further equity accounted losses, was no longer required.

	30 Sep 2009 Rm	30 Sep 2008 Rm	31 Mar 2009 Rm
8. Investment in PIK dbenture			
Capital balance	750	750	750
Interest accrued	327	163	241
	1 077	913	991

Independent directors: S Gaskell, T J Fearnhead

Company secretary & Investor Relations: J E Salvado

Transfer secretaries: Computershare Investor Services (Pty) Limited.
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Claremont, 7708

Sponsor: Rand Merchant Bank, a division of FirstRand Bank Limited.
1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196

Alexander Forbes Preference Share Investments Limited

Registration number: 2006/031561/06

Share code: AFP

ISIN code: ZAE 000098067