



Alexander Forbes Equity Holdings Proprietary Limited

Unaudited interim results for the six months ended 30 September 2011

- **Income from operations, net of direct product costs, up 10% to R2 billion**
- **Profit from operations before non-trading items increase by 14% to R484 million**
- **Strong trading profit performance by the core Financial Services and Investment Solutions businesses, up 17% and 16% respectively**
- **Loss after finance costs and tax of continuing operations increased by 6% to R84 million**
- **Strategic growth initiatives continue to show traction, particularly in the individual client sector.**

REVIEW OF ACTIVITIES

Alexander Forbes Equity Holdings Proprietary Limited (“AFEH”) is the ultimate holding company of the Alexander Forbes group of companies (“the group”) and its financial results are made publicly available solely for purposes of further informing the financial results of the listed Alexander Forbes Preference Share Investments Limited, which holds a 26.5% stake in the issued ordinary shares of AFEH and also holds certain other instruments issued by the company and its subsidiaries.

Following the announcement made on 31 August 2011 regarding the proposed sale of our Risk Services businesses, these businesses have now been treated as discontinued operations for purposes of this results announcement. Certain regulatory approvals, such as competition commissions in SA and other African countries, are still awaited while other conditions precedent to the transaction are currently being dealt with. Despite these outstanding matters, in view of management, the transaction is at a stage where treatment as a discontinued operation from an accounting perspective is applicable. The results of discontinued operations are shown separately from continuing operations.

Overall the group’s results for the first six months of the financial year have been pleasing and in particular it has been encouraging to see the growth in top line revenue for the period. As previously reported, the strategic growth areas continue to show strong positive traction and delivered pleasing growth while, as expected, the more mature parts of the business are still feeling the effects of the global economic uncertainties and lower economic growth rates in both SA and the UK. Operating income from continuing operations, net of direct product costs, totalled over R2 billion, an increase of 10% from the comparable six month period of the previous financial year. Growth in income in all the retail (individual client) market segments combined increased by 12% but this was offset by somewhat lower growth in the larger but more mature areas of our business.

Operating expenses of R1.5 billion increased by 8% for the period under review. We continue to balance disciplined cost management in the established business areas with investment in the strategic growth areas, particularly to support our expansion in the individual client market. In addition, it is anticipated that the sale of the Risk Services business will, in the short term, result in certain stranded centralised cost which is reflected in the restated numbers following the treatment of that operational segment as a discontinued operation. These stranded costs will over time be rebased or will provide additional capacity for future growth particularly in areas such as IT infrastructure.

Profit from continuing operations before non-trading items increased by 14% to R484 million, from the comparable six month period of the previous financial year. The loss after finance cost and taxation from continuing operations has increased by 6% to R84 million. This loss should be viewed in light of the ongoing

accounting amortisation of intangible assets which arose from the business combination (acquisition by the current shareholders in 2007) amounting to R87 million for the six month period (refer note 5).

A brief commentary on the operating results for each of the main businesses follows. We have expanded the segmental reporting to include the Guardrisk group and Alexander Forbes Insurance as separate reportable segments in line with the operational changes made following the announcement of the potential sale of the Risk Services businesses. In addition, Alexander Forbes Compensation Technologies, is now included in the SA Financial Services operational segment to also be in line with its revised operational management.

- *SA Financial Services*

Income from operations increased by 7% to R715 million for the six month period and trading profit increased by 17% to R155 million. Strong new business growth was achieved in all the major divisions. A very pleasing number of new client appointments were gained in our core retirement funds division and healthcare broking business during the six months. Client retention has remained strong despite a competitive operating environment.

Growth in members under administration in our retirement fund administration business was particularly strong and grew by 12% compared to the previous period. In addition, we administer the monthly payments to pensioners where numbers increased by 7%. We continue to invest in operational efficiencies in our administration areas with a focus on improving the client experience and automation of manual processes.

We continue to see strong growth in our umbrella retirement fund offering with our flagship fund, The Alexander Forbes Retirement Fund is now one of the largest funds of its kind in the market. The new umbrella fund offering, AF Access, for the independent financial advisory market continues to gain traction in the market.

Our retail investment platform has been well received and enjoyed strong net new cash flows with significant new business flows written in the year and assets under management on our retail administration platform totaling R30 billion at 30 September 2011. In line with our focus on the retail (individual client) segment of the market, we continued to increase the size of our internal advisory force during the six month period.

Alexander Forbes Life achieved strong new business growth from a relatively low base, increasing premiums by 35%. The underwriting result for the group life book is seeing an improvement as the volumes in this business grow.

- *Investment Solutions*

Income from operations increased by 16% to R260 million for the six month period and trading profit increased by 16% to R144 million. This was driven by the increase in assets under management from R183 billion at 31 March 2011 to R190 billion at 30 September 2011 driven by a recovery, albeit volatile, in equity markets.

New business flows have been encouraging during the six month period although the ongoing benefit payments to fund members remain relatively high, reflecting the underlying pressure the South African economy still continues to face. It is pleasing to note that most of our investment portfolios are ahead of their respective benchmarks over medium to long term measurement periods.

We continue to focus on increasing the depth in expertise throughout the business, restructuring of the operations area to achieve optimal efficiencies as well as on achieving superior investment performance.

- *SA Risk Services*

Income from operations increased by 1% to R270 million for the six month period and trading profit increased by 16% to R59 million. Continued difficult economic conditions impacting on most of our clients and their demand for insurance cover, softer rates and highly competitive insurance broking markets resulted in the low income growth in the business. Specialist segments, such as construction projects, reported lower income than the comparative period while income for the commercial broking division has been flat year on year. Trading margin in the Corporate broking business improved as a result of good retention rates on recurring business and improved levels of new business.

Tight expense management continued in the business, mainly from efficiency initiatives implemented across the businesses. This has been balanced with the need to continue investing in technical and specialist skills to ensure that the business remains the provider of choice for current and prospective clients.

This business, along with the risk services businesses throughout our AfriNet operations, is the subject of the sale transaction and is now reflected as discontinued operations in line with relevant accounting standards.

- *Alexander Forbes Insurance ("AF Insurance")*

Gross premiums increased by 13% over the same period to R444 million, a good achievement in light of the competition in the motor and household insurance market. Net income from operations increased by 12% to R140 million for the six month period and trading profit increased by 5% to R39 million. Income growth was marginally lower than the growth in premium income due to a reduction in operational interest income from the current low interest environment.

We continued to invest in the sales capacity within the business increasing our sales team by 40% since September 2010 and focused on our strategic partnerships in the motor vehicle space. As a result, new business written during the six months increased by a very pleasing 31%.

Underwriting results worsened in this six month period from new motor portfolios and large claims in the first quarter of the year. Underwriting remains an area of focus for management although the absolute level of risk assumption in the business still remains relatively low

- *Guardrisk*

Income from operations increased by 11% to R153 million for the six month period and trading profit increased by 11% to R70 million. Strong new business growth was achieved in the Corporate Risk Services division as well as good organic growth in the Life division. New clients incepting during the second half of the previous financial year in the Volume and Affinity and Underwriting Managers divisions performed better than expected. We continued to focus on strategies to grow revenue of existing clients in our retail sector. Underwriting results were negatively impacted by increased reinsurance costs.

Lost business and new business growth in the Guardrisk Allied Products and Services division remains a challenge as a result of highly competitive markets. Strategies are being implemented to increase business retention and new business growth in this part of the business.

Tight expense management continued in the business resulting in a healthy and stable trading margin. Increased resource requirements as a result of the implementation and demands of the regulatory Solvency Assessment Management (SAM) initiative resulted in an increase in personnel cost to further enhance our technical capabilities.

- *AfriNet (covering all operations in Africa outside of South Africa)*

Income from operations increased by 4% to R149 million for the six month period and trading profit decreased by 17% to R29 million. In the six months period, our AfriNet operations faced tough competition, increase in regulatory capital requirement, decline in foreign direct investment and political evolutions. This impacted on both our Financial Services and Risk Services businesses in AfriNet, with both showing disappointing results from poor new business and slow economic activity. Our Financial Services operation in Kenya is showing some exciting growth in revenue however a challenging operating environment remains the key hurdle in most of our operations.

The short term insurance broking operations within the AfriNet network are included in the sale transaction mentioned earlier and consequently also included in discontinued operations.

- *International Financial Services*

Income from operations increased by 8% to £56.7 million for the six month period and trading profit increased by 2% to £4.9 million. The United Kingdom and European operations continued to be affected by the uncertain economic environment with unemployment in the UK at a 17 year high at 8.1%. Due to financial pressures on employers, as well as other pending legislative changes, many employers are adopting a wait and see approach to employee benefit related expenditure. Despite this, we continued to win significant new clients and capitalise on the demand for consulting and investment advice, and de-risking solutions.

LCP, in particular, continued its strong growth. Alexander Forbes Financial Services made good progress in improving its quality of earnings through a mixture of new services, larger clients and recurring, as opposed to historic upfront, commission, in anticipation of the implementation of the Retail Distribution Review in 2013. Alexander Forbes Trustee Services continued to perform strongly in line with prior year.

- *International Investment Solutions*

Income from operations increased by 35% to £2.3 million for the six month period and trading profit increased to £0.4 million. This was supported by an increase in assets under management of £0.3 billion, to total £1.9 billion at 30 September 2011. The focus continues to be to grow UK-sourced assets under management through delivery of both DB and DC pension and other investment solutions

Regulatory capital changes

As previously reported, the introduction of the new capital adequacy requirements for long-term insurers by the Financial Services Board (FSB) took effect in June 2010. This is an interim measure in advance of the implementation of the Solvency Assessment and Management framework (SAM) expected to be implemented in 2013. The new requirement has a significant impact on the level of capital required to be carried in particular by Investment Solutions as the required capital is determined based on the level of liabilities. This requirement is irrespective of whether those liabilities are solely as a result of linked investment contracts (as in the case of Investment Solutions where no underwriting risk is taken) or long term insurance liabilities where actual underwriting risk is taken.

In addition, the new capital adequacy requirements for financial advisory and intermediary (FAIS registered) businesses from the end of December 2010 impacted on the level of cash required to be retained in the businesses to meet these capital requirements.

The larger part of these capital requirements have been made in the previous financial year. An additional amount of R39 million was introduced in the current period in line with the phasing in requirements and business growth. In addition to the above requirements, the FSB indicated that the implementation of consolidated or group supervision is likely to be introduced during 2012. As a consequence, the current capital structure of the group is being reviewed to ensure that it best meets the long term regulatory and operational requirements of the group.

The group intends to make full payment of the interest on the High Yield Term Loan for the six months ending 18 December 2011.

Prospects

As noted previously, our strategic growth plans are being implemented with the caution and responsibility appropriate in these uncertain economic circumstances and given the group's debt servicing requirements. Balancing the protection of our profitability while simultaneously driving investment in the business, to achieve top-line revenue growth will ensure the long term sustainability of the group and the delivery of superior client and shareholder value creation. Periodically, environmental and economic factors outside of our control may dictate where our emphasis should lie. However, we remain committed to our stated long term growth ambitions. Our strategic growth areas and plans are well defined and managing the pace of transformation of our business in those areas, without forfeiting our strong position in the more mature areas of business, is of paramount importance.

Change in directorate

There have been additional changes to the board of directors since the publication of our results announcement for the year ended 31 March 2011, on 14 June 2011. The board regrets to advise of the resignations of Messrs: T Matiwaza and VR Ngalwana with effect from 30 September 2011. Mr MD Collier was appointed independent Director on 1 August 2011, and Mr D Ngobeni was welcomed to the board, as a non-executive director, with Mr JS Masondo as his alternate on 24 November 2011. The board would like to thank the outgoing directors for their valuable contribution and welcome the appointees for accepting their new roles.

On behalf of the board of directors:

M S Moloko
Chairman

E Chr Kieswetter
Group Chief Executive Officer

Johannesburg
28 November 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 September 2011

		30 Sep	30 Sep	12 months
	Notes	2011	2010	31 Mar
		Rm	Rm	2011
				Rm
Continuing operations				
Fee and commission income	3	2 129	1 974	4 214
Net income from insurance operations	4	221	169	368
Direct expenses attributable to fee and commission income		(344)	(312)	(639)
Operating income net of direct expenses		2 006	1 831	3 943
Operating expenses		(1 522)	(1 406)	(2 938)
Profit from operations before non-trading and capital items		484	425	1 005
Non-trading and capital items	5	(87)	(62)	(137)
Operating profit		397	363	868
Investment income		7	21	50
Finance costs	6	(399)	(391)	(785)
Share of net (loss) / profit of associates (net of income tax)		(1)	1	-
Profit/(loss) before taxation		4	(6)	133
Income tax expense		(88)	(73)	(192)
Loss for the period from continuing operations		(84)	(79)	(59)
Discontinued operations				
Profit from discontinued operations (net of finance costs income tax)	7	19	24	31
Loss for the period		(65)	(55)	(28)
<i>Loss attributable to:</i>				
Equity holders		(85)	(72)	(75)
Non-controlling interest		20	17	47
		(65)	(55)	(28)
Headline loss per ordinary share (cents)	8	(22)	(19)	(16)
Basic loss per ordinary share (cents)	8	(22)	(19)	(20)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the six months ended 30 September 2011

	30 Sep	30 Sep	12 months
	2011	2010	31 Mar
	Rm	Rm	Rm
Loss for the period	(65)	(55)	(28)
Foreign currency translation differences of foreign operations	79	(4)	10
Changes in fair value of cash flow hedges	(40)	(13)	(19)
Portion of fair value hedge recycled to profit or loss	41	-	66
Other comprehensive profit/(loss) for the period (net of income tax)	80	(17)	57
Total comprehensive profit/(loss) for the period	15	(72)	29
<i>Total comprehensive profit attributable to:</i>			
Equity shareholders	(15)	(88)	(29)
Non-controlling shareholders	30	16	58
Total comprehensive profit/(loss) for the period	15	(72)	29

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 September 2011

	30 Sep 2011	30 Sep 2010	31 Mar 2011
Notes	Rm	Rm	Rm
ASSETS			
Financial assets held under multi-manager investment contracts	190 277	169 268	183 483
Financial assets of cell captive insurance facilities	8 519	7 432	7 738
Property and equipment	167	200	201
Purchased and developed computer software	143	158	151
Goodwill	4 716	5 258	5 258
Intangible assets	1 517	1 814	1 728
Investments in associates	9 1	6	8
Deferred tax assets	131	152	145
Financial assets	774	281	426
Insurance receivables	840	611	713
Trade and other receivables	943	767	930
Cash and cash equivalents	2 819	2 652	3 093
Assets of disposal group classified as held for sale	7 1 341	141	25
Total assets	212 188	188 740	203 899
EQUITY AND LIABILITIES			
Equity holders' funds	2 127	2 083	2 142
Non-controlling interest	149	163	172
Total equity	2 276	2 246	2 314
Financial liabilities held under multi-manager investment contracts	190 249	169 217	183 452
Liabilities of cell captive insurance facilities	8 519	7 432	7 738
Borrowings	6 013	5 770	5 828
Employee benefits	157	165	165
Deferred tax liabilities	548	590	574
Provisions	362	328	392
Operating lease liability	50	191	67
Deferred income	55	17	120
Insurance payables	2 347	1 818	2 148
Trade and other payables	1 034	883	1 101
Liabilities of disposal group classified as held for sale	7 578	83	-
Total liabilities	209 912	186 494	201 585
Total equity and liabilities	212 188	188 740	203 899
Total equity per above	2 276	2 246	2 314
Number of ordinary share in issue (millions)	377	377	377
Net asset value per ordinary share (cents)	604	596	614

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 September 2011

	30 Sep	30 Sep	12 months
	2011	2010	31 Mar
	Rm	Rm	Rm
Cash flow from operating activities			
Cash generated from operations	590	452	1 162
Net finance costs paid	(84)	(124)	(235)
Cash settlement of cash management and employee benefit commitments	(9)	(14)	(16)
Taxation paid	(118)	(125)	(225)
Operating cash flows	379	189	686
Movement in working capital and insurance balances	208	(87)	424
Net cash inflow from operating activities	587	102	1 110
Cash (outflow)/inflow from investing activities	(403)	110	(204)
Cash outflow from financing activities	(189)	(111)	(269)
Cash (outflow)/inflow from policyholder investment contracts	(11 128)	(8 707)	845
Cash inflow/(outflow) from discontinued operations	122	70	(95)
Net movement in cash and cash equivalents	(11 011)	(8 536)	1 387
Cash and cash equivalents at beginning of period	22 066	20 690	20 690
Foreign subsidiaries translation adjustment	53	6	(11)
Cash and cash equivalents at end of period	11 108	12 160	22 066
<i>Analysed as follows:</i>			
Cash and cash equivalents of discontinued operations	461	104	17
Cash and cash equivalents of continuing operations	2 819	2 652	3 093
Cash held under multimanager investment contracts	6 696	8 571	18 469
Cash held under cell captive insurance facilities	1 132	833	487
	11 108	12 160	22 066

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2011

	Share capital and premium Rm	Non- distributable reserve Rm	Accumu- lated loss Rm	Equity holders' Rm	Non- controlling interest Rm	Total equity Rm
At 31 March 2010	3 261	(313)	(777)	2 171	179	2 350
(Loss)/Profit for the period	-	-	(72)	(72)	17	(55)
Other comprehensive loss	-	(16)	-	(16)	(1)	(17)
Total comprehensive loss	-	(16)	(72)	(88)	16	(72)
Movement in contingency reserve for short-term insurance company	-	6	(6)	-	-	-
Other movements in non- controlling interest	-	-	-	-	(32)	(32)
At 30 September 2010	3 261	(323)	(855)	2 083	163	2 246
(Loss)/Profit for the period	-	-	(3)	(3)	30	27
Other comprehensive profit	-	62	-	62	12	74
Total comprehensive loss	-	62	(3)	59	42	101
Movement in contingency reserve for short-term insurance company	-	9	(9)	-	-	-
Other movements in non- controlling interest	-	-	-	-	(33)	(33)
At 31 March 2011	3 261	(252)	(867)	2 142	172	2 314
(Loss)/Profit for the period	-	-	(85)	(85)	20	(65)
Other comprehensive profit	-	70	-	70	10	80
Total comprehensive loss	-	70	(85)	(15)	30	15
Movement in contingency reserve for short-term insurance company	-	4	(4)	-	-	-
Other movements in non- controlling interest	-	-	-	-	(53)	(53)
At 30 September 2011	3 261	(178)	(956)	2 127	149	2 276

SEGMENTAL RESULTS

for the six months ended 30 September 2011

	Operating income net of direct expenses			Profit from operations before non-trading and capital items		
	30 Sep 2011	Var. %	30 Sep 2010	30 Sep 2011	Var. %	30 Sep 2010
Africa (Rm)						
SA Financial Services	715	7%	669	155	17%	132
Investment Solutions	260	16%	224	144	16%	124
SA Risk Services	270	1%	268	59	16%	51
AF Insurance	140	12%	125	39	5%	37
Guardrisk	153	11%	138	70	11%	63
AfriNet	149	4%	143	24	(17%)	29
Total Africa (Rm)	1 687	8%	1 567	491	13%	436
International (£m)						
Financial Services	56.7	8%	52.5	4.9	2%	4.8
Investment Solutions	2.3	35%	1.7	0.4	300%	0.1
Total International (£m)	59.0	9%	54.2	5.3	8%	4.9
Total International (Rm)	647	6%	611	65	16%	56
Total Group (Rm)	2 334	7%	2 178	556	13%	492
Less: Discontinued operations(refer note 7)	(328)	(5%)	(347)	(72)	7%	(67)
Total continuing operations (Rm)	2 006	10%	1 831	484	14%	425

	Depreciation & Amortisation			Assets		
	30 Sep 2011	Var. %	30 Sep 2010	30 Sep 2011	Var. %	30 Sep 2010
Africa (Rm)						
SA Financial Services	9	13%	8	31 580	25%	25 229
Investment Solutions	2	100%	1	173 143	9%	158 420
SA Risk Services	5	-	5	1 487	2%	1 453
AF Insurance	1	-	1	345	15%	301
Guardrisk	1	-	1	9 651	22%	7 881
AfriNet	3	-	3	2 071	14%	1 823
Total Africa (Rm)	21	11%	19	218 277	12%	195 107
International (£m)						
Financial Services	1.1	57%	0.7	130	26%	103
Investment Solutions	-	-	-	1 429	43%	999
Total International (£m)	1.1	57%	0.7	1 559	41%	1 102
Total International (Rm)	9		9	19 009	56%	12 150
Less: Discontinued operations	(7)	17%	(6)			
Unallocated:						
Corporate Services	23	44%	16	745	(37%)	1 185
Goodwill	-	-	-	5 268	-	5 258
Consolidation elimination*	-	-	-	(31 111)	25%	(24 960)
Total Group (Rm)	46	20%	38	212 188	12%	188 740

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

NOTES

for the six months ended 30 September 2011

1. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with, International Financial Reporting Standards ("IFRS"), and comply with IAS 34 *Interim Financial Reporting*, the Listing Requirements of the JSE Limited and the South African Companies Act No 71 of 2008.

The accounting policies applied in the preparation of these condensed consolidated financial statements are consistent with those applied in the annual financial statements for the year ended 31 March 2011.

These condensed consolidated financial statements were compiled under the supervision of Deon Viljoen, CA(SA), the Group Chief Financial Officer.

	30 Sep 2011	30 Sep 2010	31 Mar 2011
--	----------------	----------------	----------------

2. Exchange rates

The income statements and balance sheets of significant foreign subsidiaries have been translated to Rands as follows:

Weighted average R:GBP rate	11.3	11.3	11.1
Closing R:GBP rate	12.2	11.0	10.9

	30 Sep 2011 Rm	30 Sep 2010 Rm	12 months 31 Mar 2011 Rm
--	----------------------	----------------------	-----------------------------------

3. Fee and commission Income

Brokerage fees and commission income	84	78	168
Fee income from consulting and administration services	1 417	1 323	2 849
Revenue from investment activities	605	550	1 123
Interest income from lending operations	16	15	49
Operational interest income	4	3	9
Other	3	5	16
	2 129	1 974	4 214

4. Net income from insurance operations

Insurance premiums earned	2 793	2 051	4 462
Less: amounts ceded to reinsurers	(1 804)	(1 478)	(3 132)
Investment income from insurance operations	58	56	107
Less: insurance claims and withdrawals	(1 893)	(1 219)	(2 834)
Plus: insurance claims and benefits covered by reinsurance contracts	1 067	759	1 765
	221	169	368

	30 Sep 2011 Rm	30 Sep 2010 Rm	12 months 31 Mar 2011 Rm
5. Non-trading and capital items			
<i>Non trading:</i>			
Professional indemnity insurance cell	1	(1)	(26)
Amortisation of intangible assets arising from business combination	(87)	(88)	(176)
Movements in provisions relating to client settlement, claims and warrantees	-	26	81
<i>Capital items:</i>			
Capital gain on sale of subsidiary & other	(1)	1	(16)
	(87)	(62)	(137)
6. Finance costs			
Finance costs requiring servicing	(245)	(130)	(307)
Accrued interest not requiring servicing	(154)	(261)	(478)
	(399)	(391)	(785)

7. Discontinued operations

The Risk Services operations in South Africa and elsewhere in Africa that are being merged and sold to Marsh Inc. and its subsidiaries have been classified as discontinued operations in accordance with IFRS 5. Consequently the results of these operations are shown separately from continuing operations in the income statement and statement of cash flows, comparatives have been restated accordingly. The assets and liabilities of the Risk Services operations have been classified as held for sale in the statement of financial position. For purposes of the balance sheet, in accordance with IFRS 5, comparative figures have not been restated. The comparatives include other insignificant discontinued operations that were in existence at those dates.

Assets and liabilities of disposal group classified as held for sale

Property and equipment	19	-	-
Purchased and developed computer software	2	-	-
Goodwill	552	-	-
Other intangible assets	126	-	-
Investment in associates	4	-	-
Cash and cash equivalents	461	104	17
Financial assets	7	17	-
Other current assets	170	20	8
Total assets	1 341	141	25
Deferred income	74	-	-
Trade, insurance and other payables	440	8	-
Other current liabilities	64	75	-
Total liabilities	578	83	-

Condensed income statement from discontinued operations

Income from operations	328	347	668
Operating expenses	(256)	(280)	(542)
Operating profit before non-trading and capital items	72	67	126
Net interest expense	(44)	(34)	(79)
Non-trading and capital items	(7)	(6)	(10)
Share of profits from associates	1	1	3
Profit before tax	22	28	40
Taxation	(3)	(4)	(9)
Net profit for the period	19	24	31

Condensed cash flow from discontinued operations

Cash (utilised)/generated by operations	119	125	(75)
Cash (outflow)/inflow from investing activities	(11)	83	78
Cash inflow/(outflow) from financing activities	14	(138)	(98)
Effects of the cash flows	122	70	(95)

8. Calculation of headline loss per share**8.1 Basic loss per ordinary share**

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

8.2 Headline loss per ordinary share

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

	30 Sep 2011 Rm	30 Sep 2010 Rm	12 months 31 Mar 2011 Rm
8.3 Calculation of headline loss per share			
Loss attributable to equity holders (IAS 33 earnings)	(85)	(72)	(75)
Adjusting items			
- Impairment losses and other capital items	1	(1)	16
- Tax effect on above adjustment	-	-	-
Headline attributable loss for the period	(84)	(73)	(59)
Weighted average number of shares	377	377	377
Basic losses per share (cents)	(22)	(19)	(20)
Headline losses per share (cents)	(22)	(19)	(16)
9. Investments in associates			
Carrying value in balance sheet	1	6	8
Directors' valuation of associates	4	24	23
10. Capital expenditure for the period	55	45	95
11. Operating lease commitments			
Due within one year	167	168	195
Thereafter	1 659	403	1 798
	1 826	571	1 993

Capital expenditure and commitments will be funded from internal cash resources.

Alexander Forbes Equity Holdings Proprietary Limited

Registration number: 2006/025226/07

(Incorporated in the Republic of South Africa)

Independent directors: M D Collier, D Konar, H P Meyer, B Petersen

Non-executive directors: L Hall-Kimm (Ms), N C Kolbe (Ms), D Ngobeni, M C Ramaphosa, A Roux, J A van Wyk , A C de Beer (Alternate), J E Douin (Alternate), J S Masondo (Alternate), M Z Mzimba (Ms) (Alternate)

Executive directors: M S Moloko (Chairman), E Chr Kieswetter (Group Chief Executive Officer), D M Viljoen (Group Chief Financial Officer)

Company secretary & Investor relations: J E Salvado (Ms)

Registered office: Alexander Forbes Place, 61 Katherine 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