



**ASSUPOL HOLDINGS LIMITED AND ITS SUBSIDIARIES**  
(Registration no. 2010/015888/06)

**CONDENSED FINANCIAL RESULTS**  
for the six months ended 31 December 2015

**CONDENSED FINANCIAL RESULTS  
for the six months ended 31 December 2015**

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## GROUP REVIEW

## for the six months ended 31 December 2015

The Assupol Group delivers its results for the six months to 31 December 2015 under tough economic conditions coupled by difficult market conditions characterised by volatility and negative returns.

Assupol was well on track to meet its growth expectations until unexpected local and global events that had a significant impact on the South African economy. The uncertainty sent shocks through the markets and severely undermined investor confidence, causing the yield curve to kick up by 150bps, markets to depreciate, and the currency to weaken.

Due to the higher yield and in line with APN104 Assupol was required to increase its risk discount rate and inflation assumptions for the six months ended December 2015, which had a severely adverse impact on the valuation of Assupol's liabilities, profit margin and ultimately the reported net profit. Subsequent to the reported period, the yield curve started to adjust back to the levels prior to December 2015.

Despite the adverse impact of these severe yield curve movements, the broader trends that underline the Group's performance remain intact. Achieved sales continue at a rate ahead of target and show substantial growth over the prior period. In turn the increased volumes, coupled with a disciplined approach to expense management, has led to continued achievement of lower actual unit cost expenses than assumed.

Key statistics of the Assupol Group for the period ending 31 December 2015 are set out below.

| Earnings performance                                            | Notes | Six months ended 31 December 2015 | Six months ended 31 December 2014 | Change | Year ended 30 June 2015 |
|-----------------------------------------------------------------|-------|-----------------------------------|-----------------------------------|--------|-------------------------|
|                                                                 |       | Unaudited                         | Unaudited                         |        | Audited                 |
| Gross insurance premium revenue (R'm)                           |       | 1 184                             | 995                               | 19%    | 2 039                   |
| Net profit attributable to ordinary shareholders                | 1     |                                   |                                   |        |                         |
| - As reported (R'm)                                             |       | 14                                | 150                               | -91%   | 462                     |
| - On an equivalent economic base (R'm) *                        |       | 193                               | 150                               | 29%    | 462                     |
| Adjusted operating profit projected for a 12-month period (R'm) | 2     | 398                               | 388                               | 3%     | 390                     |
| Value of new business                                           | 3     |                                   |                                   |        |                         |
| - As reported (R'm)                                             |       | 83                                | 88                                | -6%    | 181                     |
| - On an equivalent economic base (R'm) *                        |       | 110                               | 88                                | 25%    | 181                     |

- The significant decrease in the reported net profit is a direct result of the revaluation of the policyholder liabilities due to the shift in the yield curve (R140m decrease in profits), as well as investment returns on excess assets being R39m less than the long term return assumptions. On an equivalent economic basis the reported profit would have been R193m.
- The adjusted operating profit reflects managements' view of the underlying long-term profitability of the Group. It is calculated by adjusting the reported profit to exclude the impact of market fluctuations on the investment returns on excess assets, as well as non-recurring transactions or events such as the discontinuation of a business relationship, non-recurring actuarial adjustments and non-core transactions.  
The calculation of the adjusted operating profit does not take into account the economic impact of actuarial adjustments on new business during a financial period. Once these are allowed for, the adjusted operating profit would be R441m.
- After allowing for the extreme yield curve movements, the value of new business of Assupol Life has decreased by 6% in the six months ended 31 December 2015. If an equivalent economic base is applied, the value shows an increase of 25%. The policies sold by the sales teams continued to exceed expectations during the first six months of the 2016 financial year.

## GROUP REVIEW

for the six months ended 31 December 2015

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| Financial position                     | Six months<br>ended 31<br>December<br>2015 | Six months<br>ended 31<br>December<br>2014 | Change  | Year ended<br>30 June<br>2015 |
|----------------------------------------|--------------------------------------------|--------------------------------------------|---------|-------------------------------|
|                                        | <i>Unaudited</i>                           | <i>Unaudited</i>                           |         | <i>Audited</i>                |
| Total assets (R'm)                     | 3 916                                      | 3 789                                      | 3.35%   | 4 233                         |
| Net asset value per share (cents)      | 458                                        | 451                                        | 1.58%   | 526                           |
| Return on equity                       |                                            |                                            |         |                               |
| - As reported (%)                      | 1%                                         | 8%                                         | -       | 23%                           |
| - On an equivalent economic base (%) * | 9%                                         | 8%                                         | -       | 23%                           |
| <b>Share statistics</b>                |                                            |                                            |         |                               |
| Share price - closing (R) **           | 7.10                                       | 5.72                                       | 24.13%  | 5.50                          |
| Market capitalisation (R'm) **         | 2 922                                      | 2 366                                      | 23.48%  | 2 266                         |
| Embedded value per share (R) ***       | 5.45                                       | 5.33                                       | 2.25%   | 6.22                          |
| Earnings per share (R)                 | 0.05                                       | 0.51                                       | -90.80% | 1.56                          |
| Diluted earnings per share (R)         | 0.05                                       | 0.46                                       | -88.41% | 1.36                          |

\* In the equivalent economic base calculation, it was assumed that the economic assumptions that applied at the beginning of the financial year are still valid. Thus the impact of the December 2015 adjustments was eliminated.

\*\* Market information is based on the over-the-counter platform on which the company's shares are trading.

\*\*\* Shown after a dividend of 99c per share paid on 23 October 2015.

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
for the six months ended 31 December 2015

| <i>R'000</i>                                              | NOTES | Six months<br>ended 31<br>December<br>2015<br><i>Unaudited</i> | Six months<br>ended 31<br>December<br>2014<br><i>Unaudited</i> | Year ended<br>30 June<br>2015<br><i>Audited</i> |
|-----------------------------------------------------------|-------|----------------------------------------------------------------|----------------------------------------------------------------|-------------------------------------------------|
| Insurance premiums revenue                                |       | 1 183 719                                                      | 994 925                                                        | 2 038 737                                       |
| Insurance premiums ceded to reinsurers                    |       | (101 196)                                                      | (87 844)                                                       | (182 434)                                       |
| <i>Net insurance premium revenue</i>                      |       | 1 082 523                                                      | 907 081                                                        | 1 856 303                                       |
| Commission received on outward reinsurance                |       | 3 994                                                          | 7 849                                                          | 13 364                                          |
| Fee income                                                |       | 31 278                                                         | 32 944                                                         | 60 100                                          |
| Investment income                                         |       | 74 067                                                         | 68 743                                                         | 166 770                                         |
| Net fair value gains on financial assets                  |       | (61 107)                                                       | (49 428)                                                       | (50 706)                                        |
| Other income                                              |       | 1 528                                                          | 1 269                                                          | 7 693                                           |
| <b>Income</b>                                             |       | <b>1 132 283</b>                                               | <b>968 458</b>                                                 | <b>2 053 524</b>                                |
| Insurance benefits and claims                             |       | (515 324)                                                      | (431 977)                                                      | (873 657)                                       |
| Insurance claims recovered from reinsurers                |       | 90 765                                                         | 72 106                                                         | 152 968                                         |
| <i>Net insurance benefits and claims</i>                  |       | (424 559)                                                      | (359 871)                                                      | (720 689)                                       |
| Acquisition costs                                         |       | (237 483)                                                      | (186 612)                                                      | (393 075)                                       |
| Operating and administrative expenses                     |       | (361 466)                                                      | (298 282)                                                      | (662 656)                                       |
| Investment management expenses                            |       | (5 155)                                                        | (3 250)                                                        | (5 718)                                         |
| Change in insurance contract provisions                   | 3.1   | (47 119)                                                       | 95 832                                                         | 402 079                                         |
| Fair value adjustments on investment contract liabilities |       | (26 550)                                                       | (1 374)                                                        | (35 593)                                        |
| <b>Expenses</b>                                           |       | <b>(1 102 332)</b>                                             | <b>(753 557)</b>                                               | <b>(1 415 652)</b>                              |
| <b>Result of operating activities</b>                     |       | <b>29 951</b>                                                  | <b>214 901</b>                                                 | <b>637 872</b>                                  |
| Finance charges                                           |       | (73)                                                           | (212)                                                          | (356)                                           |
| Share of profit from associate                            |       | -                                                              | 99                                                             | 425                                             |
| <b>Profit before taxation</b>                             |       | <b>29 878</b>                                                  | <b>214 788</b>                                                 | <b>637 941</b>                                  |
| Income tax expense                                        |       | (16 055)                                                       | (63 984)                                                       | (174 592)                                       |
| <b>PROFIT FOR THE PERIOD</b>                              |       | <b>13 823</b>                                                  | <b>150 804</b>                                                 | <b>463 349</b>                                  |
| <b>Other comprehensive income</b>                         |       |                                                                |                                                                |                                                 |
| Gains on property revaluation                             |       | -                                                              | -                                                              | -                                               |
| Income tax relating to other comprehensive income         |       | -                                                              | -                                                              | -                                               |
| <b>Other comprehensive income for the period</b>          |       | <b>-</b>                                                       | <b>-</b>                                                       | <b>-</b>                                        |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>          |       | <b>13 823</b>                                                  | <b>150 804</b>                                                 | <b>463 349</b>                                  |
| <b>Profit attributable to:</b>                            |       |                                                                |                                                                |                                                 |
| Shareholders                                              |       | 13 930                                                         | 150 289                                                        | 462 239                                         |
| Non-controlling interests                                 |       | (107)                                                          | 515                                                            | 1 110                                           |
|                                                           |       | <b>13 823</b>                                                  | <b>150 804</b>                                                 | <b>463 349</b>                                  |
| <b>Total comprehensive income attributable to:</b>        |       |                                                                |                                                                |                                                 |
| Shareholders                                              |       | 13 930                                                         | 150 289                                                        | 462 239                                         |
| Non-controlling interests                                 |       | (107)                                                          | 515                                                            | 1 110                                           |
|                                                           |       | <b>13 823</b>                                                  | <b>150 804</b>                                                 | <b>463 349</b>                                  |

**ASSUPOL HOLDINGS LIMITED and its subsidiaries**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**as at 31 December 2015**

| <i>R'000</i>                                              | NOTES | Six months<br>ended 31<br>December<br>2015<br><i>Unaudited</i> | Six months<br>ended 31<br>December<br>2014<br><i>Unaudited</i> | Year ended<br>30 June<br>2015<br><i>Audited</i> |
|-----------------------------------------------------------|-------|----------------------------------------------------------------|----------------------------------------------------------------|-------------------------------------------------|
| <b>ASSETS</b>                                             |       |                                                                |                                                                |                                                 |
| Owner-occupied properties                                 |       | 14 364                                                         | 29 945                                                         | 28 940                                          |
| Equipment                                                 |       | 42 622                                                         | 38 266                                                         | 41 026                                          |
| Deferred tax asset                                        |       | 44 071                                                         | 45 807                                                         | 45 587                                          |
| Intangible assets - including insurance intangible assets |       | 103 838                                                        | 108 765                                                        | 96 726                                          |
| Interest in associate                                     |       | 4 757                                                          | 4 455                                                          | 4 619                                           |
| Financial assets: Investments                             | 5.2   |                                                                |                                                                |                                                 |
| Equity securities                                         |       | 1 089 873                                                      | 1 135 894                                                      | 1 112 310                                       |
| Debt securities                                           |       | 942 334                                                        | 1 135 294                                                      | 1 206 337                                       |
| Deposits and money market securities                      |       | 390 574                                                        | 288 235                                                        | 324 689                                         |
| Policyholder assets: Insurance contracts                  |       | 941 462                                                        | 672 098                                                        | 988 581                                         |
| Non-current asset held for sale                           | 6     | 13 276                                                         | -                                                              | -                                               |
| Insurance and other receivables                           |       | 86 865                                                         | 101 214                                                        | 104 742                                         |
| Current taxation                                          |       | 22 860                                                         | -                                                              | -                                               |
| Cash and cash equivalents                                 |       | 219 170                                                        | 229 215                                                        | 279 236                                         |
| <b>TOTAL ASSETS</b>                                       |       | <b>3 916 067</b>                                               | <b>3 789 188</b>                                               | <b>4 232 793</b>                                |
| <b>EQUITY</b>                                             |       |                                                                |                                                                |                                                 |
| Ordinary shareholders' interest                           |       | 1 880 140                                                      | 1 861 201                                                      | 2 165 134                                       |
| Share capital                                             |       | 568 103                                                        | 577 546                                                        | 568 104                                         |
| Treasury shares                                           |       | (75)                                                           | (75)                                                           | (77)                                            |
| Employee benefits reserve                                 |       | 34 251                                                         | 26 903                                                         | 28 324                                          |
| Black Economic Empowerment reserve                        |       | 14 300                                                         | 14 300                                                         | 14 300                                          |
| Retained earnings                                         |       | 1 258 340                                                      | 1 237 306                                                      | 1 549 262                                       |
| Revaluation reserve                                       |       | 5 221                                                          | 5 221                                                          | 5 221                                           |
| Non-controlling interests                                 |       | 3 342                                                          | 2 747                                                          | 3 342                                           |
| <b>TOTAL EQUITY</b>                                       |       | <b>1 883 482</b>                                               | <b>1 863 948</b>                                               | <b>2 168 476</b>                                |
| <b>LIABILITIES</b>                                        |       |                                                                |                                                                |                                                 |
| Policyholder liabilities: Investment contracts            | 5.2   | 1 280 287                                                      | 1 260 624                                                      | 1 258 945                                       |
| Borrowings                                                |       | -                                                              | 2                                                              | -                                               |
| Employee benefits                                         |       | 83 059                                                         | 38 519                                                         | 97 006                                          |
| Deferred revenue liability                                |       | 278                                                            | 297                                                            | 278                                             |
| Deferred tax liability                                    |       | 432 595                                                        | 411 929                                                        | 450 855                                         |
| Insurance and other payables                              |       | 236 366                                                        | 206 726                                                        | 247 284                                         |
| Current taxation                                          |       | -                                                              | 7 143                                                          | 9 949                                           |
| <b>TOTAL LIABILITIES</b>                                  |       | <b>2 032 585</b>                                               | <b>1 925 240</b>                                               | <b>2 064 317</b>                                |
| <b>TOTAL EQUITY AND LIABILITIES</b>                       |       | <b>3 916 067</b>                                               | <b>3 789 188</b>                                               | <b>4 232 793</b>                                |

**ASSUPOL HOLDINGS LIMITED and its subsidiaries**  
**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the six months ended 31 December 2015**

| <i>R'000</i>                                 | Share capital | Treasury shares | Employee benefits reserve | BEE reserve | Retained income | Revaluation reserve | Non-controlling interest | TOTAL EQUITY |
|----------------------------------------------|---------------|-----------------|---------------------------|-------------|-----------------|---------------------|--------------------------|--------------|
| <b>Balance at 30 June 2014 Audited</b>       | 577 546       | (78)            | 23 770                    | 14 300      | 1 326 284       | 5 221               | 2 232                    | 1 949 275    |
| Cost of incentive shares                     | -             | -               | 4 554                     | -           | -               | -                   | -                        | 4 554        |
| Share incentive options exercised            | -             | 1               | -                         | -           | -               | -                   | -                        | 1            |
| Repurchase of ordinary shares                | (9 442)       | -               | -                         | -           | -               | -                   | -                        | (9 442)      |
| Dividend paid                                | -             | -               | -                         | -           | (239 261)       | -                   | -                        | (239 261)    |
| Profit for the year                          | -             | -               | -                         | -           | 462 239         | -                   | 1 110                    | 463 349      |
| <b>Balance at 30 June 2015 Audited</b>       | 568 104       | (77)            | 28 324                    | 14 300      | 1 549 262       | 5 221               | 3 342                    | 2 168 476    |
| Cost of incentive shares                     | -             | -               | 5 927                     | -           | -               | -                   | -                        | 5 927        |
| Share incentive options exercised            | -             | 2               | -                         | -           | -               | -                   | -                        | 2            |
| Repurchase of ordinary shares                | (1)           | -               | -                         | -           | -               | -                   | -                        | (1)          |
| Dividend paid                                | -             | -               | -                         | -           | (304 745)       | -                   | -                        | (304 745)    |
| Profit for the year                          | -             | -               | -                         | -           | 13 823          | -                   | -                        | 13 823       |
| <b>Balance at 31 December 2015 Unaudited</b> | 568 103       | (75)            | 34 251                    | 14 300      | 1 258 340       | 5 221               | 3 342                    | 1 883 482    |

**CONDENSED STATEMENT OF CASH FLOWS**  
for the six months ended 31 December 2015

| <i>R'000</i>                                                                  | Six months<br>ended 31<br>December<br>2015<br><i>Unaudited</i> | Six months<br>ended 31<br>December<br>2014<br><i>Unaudited</i> | Year ended<br>30 June<br>2015<br><i>Audited</i> |
|-------------------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|-------------------------------------------------|
| <b>Cash flows from operating activities</b>                                   |                                                                |                                                                |                                                 |
| Cash generated from operations                                                | 74 427                                                         | 25 699                                                         | 169 788                                         |
| Investment income                                                             | 74 067                                                         | 68 743                                                         | 166 770                                         |
| Finance charges                                                               | (73)                                                           | (212)                                                          | (356)                                           |
| Dividends paid                                                                | (304 859)                                                      | (239 261)                                                      | (239 261)                                       |
| Taxation paid                                                                 | (65 608)                                                       | (49 958)                                                       | (118 517)                                       |
| <b>Net cash flows from operating activities</b>                               | <b>(222 047)</b>                                               | <b>(194 989)</b>                                               | <b>(21 576)</b>                                 |
| <b>Cash flows from investing activities</b>                                   |                                                                |                                                                |                                                 |
| Acquisition and disposal of equipment                                         | (7 768)                                                        | (9 804)                                                        | (17 051)                                        |
| Net acquisition of financial instruments at fair value through profit or loss | 159 447                                                        | 208 158                                                        | 122 966                                         |
| Net decrease in loan receivables                                              | 10 302                                                         | 26 791                                                         | 5 302                                           |
| <b>Net cash flows from investing activities</b>                               | <b>161 981</b>                                                 | <b>225 145</b>                                                 | <b>111 217</b>                                  |
| <b>Cash flows from financing activities</b>                                   |                                                                |                                                                |                                                 |
| Repurchase of ordinary shares                                                 | (1)                                                            | -                                                              | (9 442)                                         |
| Decrease in borrowings                                                        | -                                                              | -                                                              | (22)                                            |
| <b>Net cash flows from financing activities</b>                               | <b>(1)</b>                                                     | <b>-</b>                                                       | <b>(9 464)</b>                                  |
| Net increase / (decrease) in cash and cash equivalents                        | (60 067)                                                       | 30 156                                                         | 80 177                                          |
| Cash and cash equivalents at beginning of the period                          | 279 236                                                        | 199 059                                                        | 199 059                                         |
| Cash and cash equivalents at end of the period                                | 219 170                                                        | 229 215                                                        | 279 236                                         |

## CONDENSED SEGMENT REPORT

for the six months ended 31 December 2015

| <i>R'000</i>                                     | Six months<br>ended 31<br>December<br>2015<br><i>Unaudited</i> | Six months<br>ended 31<br>December<br>2014<br><i>Unaudited</i> | Year ended<br>30 June<br>2015<br><i>Audited</i> |
|--------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|-------------------------------------------------|
| <b>SEGMENT PROFIT</b>                            |                                                                |                                                                |                                                 |
| Segment profit after taxation                    | 26 382                                                         | 159 294                                                        | 503 536                                         |
| Life insurance                                   | 20 829                                                         | 152 076                                                        | 485 682                                         |
| Brokers                                          | 5 770                                                          | 4 322                                                          | 11 862                                          |
| Other                                            | (217)                                                          | 2 896                                                          | 5 992                                           |
| Reporting adjustments after taxation             | (12 559)                                                       | (8 490)                                                        | (40 187)                                        |
| Group profit for the period                      | 13 823                                                         | 150 804                                                        | 463 349                                         |
| Other comprehensive income                       | -                                                              | -                                                              | -                                               |
| <b>Group comprehensive income for the period</b> | <b>13 823</b>                                                  | <b>150 804</b>                                                 | <b>463 349</b>                                  |
| <b>SEGMENT ASSETS AND LIABILITIES</b>            |                                                                |                                                                |                                                 |
| Segment assets                                   | 3 825 266                                                      | 3 703 062                                                      | 4 097 088                                       |
| Life insurance                                   | 3 734 318                                                      | 3 615 868                                                      | 4 002 712                                       |
| Brokers                                          | 45 633                                                         | 41 718                                                         | 50 756                                          |
| Other                                            | 45 315                                                         | 45 477                                                         | 43 620                                          |
| Reporting adjustments                            | 90 801                                                         | 86 126                                                         | 135 705                                         |
| <b>Group assets</b>                              | <b>3 916 067</b>                                               | <b>3 789 188</b>                                               | <b>4 232 793</b>                                |
| Segment liabilities                              | 1 974 073                                                      | 1 919 541                                                      | 1 969 268                                       |
| Life insurance                                   | 1 958 386                                                      | 1 878 127                                                      | 1 948 556                                       |
| Brokers                                          | 1 996                                                          | 1 792                                                          | 3 289                                           |
| Other                                            | 13 691                                                         | 39 622                                                         | 17 423                                          |
| Reporting adjustments                            | 58 512                                                         | 5 699                                                          | 95 049                                          |
| <b>Group liabilities</b>                         | <b>2 032 585</b>                                               | <b>1 925 240</b>                                               | <b>2 064 317</b>                                |

**1. GENERAL INFORMATION**

Assupol Holdings Limited and its subsidiaries ("the Group") operate mainly in the financial services industry and all products and services are offered only in the Republic of South Africa.

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The Group has applied the provisions of the Companies Act, no 71 of 2008, which allows for condensed financial results as disclosed in this report.

The condensed financial results have not been audited.

The accounting policies adopted are consistent with those used in the Group's audited financial statements for the year ending 30 June 2015.

**3. SUMMARY OF CRITICAL ACCOUNTING ESTIMATES**

The Group makes estimates and assumptions concerning the future. The resulting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

Assumptions and estimates included in the Group financial results for the period ended 31 December 2015 relate to the items listed below.

**3.1 Policyholder liabilities / assets under long-term insurance contracts**

The determination of the liabilities / assets under long-term insurance contracts is dependent on assumptions and estimates made by the Group.

**3.2 Other assumptions and estimates**

Other assumptions and estimates for the period ended 31 December 2015 addressed the following items:

- Impairment tests are performed on all cash generating units to which goodwill is allocated;
- The calculation of current and deferred tax; and
- The determination of expense and liabilities concerning share-based payments.

**4. SEGMENT INFORMATION**

The Group's operating segments are based on the legal entities within the Group and are categorised according to similar business activities. The chief operating decision maker, namely the Group Executive Committee, makes decisions about resource allocation on the performance of an entity and financial information is provided on that basis. Reporting adjustments are those accounting reclassifications and entries that are required to produce IFRS compliant results. These adjustments also include the results of the Group's holding company as well as the company where the investments in the non-life entities are held.

**5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

**5.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk, and hedging), credit risk and liquidity risk. These risks can affect the values of the Group's financial assets and liabilities, as well as the Group's insurance contract assets and liabilities.

**5.2 Fair value estimation**

The table below analyses financial instruments carried at fair value by valuation method. The measurement at fair value, grouped into levels 1 to 3, is based on the degree to which the fair value is observable:

- Level 1: Valued with reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data thus unobservable inputs.

| <b>December 2015 (R'000) Unaudited</b>                                     | Level 1   | Level 2   | Level 3 | TOTAL     |
|----------------------------------------------------------------------------|-----------|-----------|---------|-----------|
| Financial assets designated as 'at fair value through profit or loss'      | 1 916 458 | 466 630   | 39 693  | 2 422 782 |
| Local listed shares                                                        | 952 314   | 8 158     | -       | 960 471   |
| Unit trusts                                                                | 129 402   | -         | -       | 129 402   |
| Debt securities                                                            | 806 005   | 96 635    | 39 693  | 942 334   |
| Deposits and money market securities                                       | 28 737    | 361 837   | -       | 390 574   |
| Financial liabilities designated as 'at fair value through profit or loss' | -         | 1 280 287 | -       | 1 280 287 |
| Net investment contract liabilities                                        | -         | 1 280 287 | -       | 1 280 287 |

| <b>December 2014 (R'000) Unaudited</b>                                     | Level 1   | Level 2   | Level 3 | TOTAL     |
|----------------------------------------------------------------------------|-----------|-----------|---------|-----------|
| Financial assets designated as 'at fair value through profit or loss'      | 2 196 486 | 362 937   | -       | 2 559 423 |
| Local listed shares                                                        | 1 003 323 | 8 691     | -       | 1 012 014 |
| Unit trusts                                                                | 123 880   | -         | -       | 123 880   |
| Debt securities                                                            | 1 045 930 | 89 364    | -       | 1 135 294 |
| Deposits and money market securities                                       | 23 353    | 264 882   | -       | 288 235   |
| Financial liabilities designated as 'at fair value through profit or loss' | -         | 1 260 624 | -       | 1 260 624 |
| Net investment contract liabilities                                        | -         | 1 260 624 | -       | 1 260 624 |

| <b>June 2015 (R'000) Audited</b>                                           | Level 1   | Level 2   | Level 3 | TOTAL     |
|----------------------------------------------------------------------------|-----------|-----------|---------|-----------|
| Financial assets designated as 'at fair value through profit or loss'      | 2 131 340 | 473 361   | 38 635  | 2 643 336 |
| Local listed shares                                                        | 992 173   | 9 278     | -       | 1 001 451 |
| Unit trusts                                                                | 110 859   | -         | -       | 110 859   |
| Debt securities                                                            | 1 022 303 | 145 399   | 38 635  | 1 206 337 |
| Deposits and money market securities                                       | 6 005     | 318 684   | -       | 324 689   |
| Financial liabilities designated as 'at fair value through profit or loss' | -         | 1 258 945 | -       | 1 258 945 |
| Net investment contract liabilities                                        | -         | 1 258 945 | -       | 1 258 945 |

The assets measured 'at fair value through profit or loss' in level 3 consist of certain African Bank senior debt instruments where the trading has been suspended. The value for the Group amounts to R39,6m and the discount rate applied in valuating these instruments varies between 4% and 9.1%. Of the debt instruments, approximately 37% of these assets by value are allocated to policyholder liabilities and unit linked portfolios and therefore changes in estimates would be offset by equal changes in liability values. The net shareholder exposure is approximately R23.1 million.

**5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)**

**5.3 Fair value of financial assets and liabilities measured at amortised cost**

| (R'000)        | Six months<br>ended 31<br>December<br>2015<br><i>Unaudited</i> | Six months<br>ended 31<br>December<br>2014<br><i>Unaudited</i> | Year ended<br>30 June<br>2015<br><i>Audited</i> |
|----------------|----------------------------------------------------------------|----------------------------------------------------------------|-------------------------------------------------|
| Other payables | 49 434                                                         | 43 521                                                         | 49 022                                          |

The fair values of the following financial assets and liabilities approximate their carrying amount: Investment in subsidiaries, other receivables, cash and cash equivalents and borrowings.

**6. NON-CURRENT ASSET HELD FOR SALE**

The non-current asset held for sale relates to an owner-occupied property at 308 Brooks Street, Menlo Park, Pretoria. The Assupol Group received an acceptable offer to sell the property. It is expected that the transaction will be finalised within the next 12 months.

An impairment loss of R1.375m was recognised in the condensed statement of comprehensive income under operating and administrative expenses.

The non-current asset is recognised under the other segment assets in the condensed segment report.