

REVIEWED INTERIM RESULTS
for the six months ended 31 March 2011



CORONATION 
FUND MANAGERS

- ▶ Assets under management of R231 billion
 - ▶ Diluted headline earnings per share of 81.7 cents
 - ▶ Interim dividend per share of 80 cents
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Coronation Fund Managers produced another set of exceptional results for the six months to 31 March 2011. The FTSE/JSE All Share Index closed the period just 3% off its May 2008 peak, however this masks high levels of volatility driven by significant global events in the first quarter of 2011. The local market returned 10.7% for the six-month period, while the MSCI World and Emerging Markets Indices returned 14.4% and 9.6% (in dollar terms) respectively. During this time Coronation produced outstanding investment performance across all client portfolios.

- ▶ **RESULTS** Revenue has increased by 32% to R865 million. This has resulted in a 32% increase in profit for the period to R299 million, and growth in diluted headline earnings per share of 26% to 81.7 cents (March 2010: 64.8 cents).
- ▶ **ASSETS UNDER MANAGEMENT** Strong inflows, particularly to the retail business, excellent stock picking and asset allocation, combined with a positive market environment to increase assets under management to R231 billion (September 2010: R203 billion – restated).
- ▶ **LONG-TERM PERFORMANCE** Our philosophy of investing with a long time horizon continued to generate alpha that resulted in strong investment returns for all our clients. This consistency of performance was recognised in our being named Best Large Fund House at the Morningstar South Africa Awards.
 - Both our domestic balanced and global balanced portfolios ranked 1st over three years and 2nd over five years in the Alexander Forbes SA and Global Large Manager Watch Surveys respectively to end March 2011. Likewise, our flagship multi-asset Coronation Balanced Plus Fund was the no. 1 balanced unit trust fund in the country for the five-year period to end March, ranked by Morningstar. The fund has outperformed its market-related benchmark by 2.4% per annum since inception in April 1996.
 - For individual investors seeking long-term capital growth, our concentrated equity fund, Coronation Top 20 has outperformed its market benchmark by an impressive 7% per annum since inception in October 2000. Our flagship absolute fund, Coronation Capital Plus continued to deliver on its dual objective of income and growth, outperforming inflation by an annualised 8.6% since inception in July 2001. Similarly, our lower risk options produced strong returns: Coronation Balanced Defensive was the no. 1 conservative fund in the country for the year to end March 2011, and our flagship fixed interest fund, Coronation Strategic Income has beaten cash by 2.4% per annum since inception in July 2001.
- ▶ **INTERNATIONAL** Global markets corrected in March 2011, which created the opportunity to add to positions where we see value. Since inception in July 2000, the institutional portfolio Coronation Global Equity Fund of Funds has outperformed the MSCI World Index by 2.3% per annum net of all fees. The Coronation Global Capital Plus Fund has outperformed its global cash benchmark by 9.3% per annum gross of all fees since inception in September 2009.



Within our specialist units, the Coronation Global Emerging Markets Fund ranked no.2 in its peer group of 42 funds to end March 2011. Launched almost three years ago in July 2008, the fund has outperformed the MSCI Emerging Markets Index by 7.8% per annum gross of all fees. Despite the heightened challenges inherent in Africa, our Africa portfolios attracted great interest from investors over the period and continue to build a strong performance track record. Since inception in October 2008, the Coronation Africa Frontiers Fund has outperformed the FTSE/JSE Africa Top 30 Ex SA Index by 30.1% per annum gross of all fees.

- ▶ **INTERIM CASH DIVIDEND** We continue to reward shareholders through regular and significant distributions of free cash flow generated. We endeavour to distribute at least 75% of after-tax cash profit. Taking into account projected cash requirements, we have increased the interim dividend to 80 cents per share for the period.

In compliance with the Listings Requirements of the JSE Limited, the following dates are applicable:

Last day to trade	Friday, 3 June 2011
Shares trade ex dividend	Monday, 6 June 2011
Record date	Friday, 10 June 2011
Payment date	Monday, 13 June 2011

Share certificates may not be dematerialised or rematerialised between Monday, 6 June 2011, and Friday, 10 June 2011, both dates inclusive.

- ▶ **PROSPECTS** Our philosophy of investing for the long term supports the sustainability of our business through the investment cycle. The past 18 months have been exceptional for our business and we therefore caution against future revenue growth expectations. The investment environment is likely to remain challenging in the foreseeable future, but we believe the best way of adding value to all our stakeholders is by staying singularly focused.
- ▶ **EXTERNAL AUDIT REVIEW** The external auditors, Ernst & Young Inc., reviewed the condensed statement of financial position of Coronation Fund Managers Ltd Group as at 31 March 2011 and the related condensed statement of comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes, from which this information has been extracted. The review has been conducted in accordance with the International Standard on Review Engagements 2410. Copies of the unqualified report of Ernst & Young Inc. are available for inspection at the registered office of the company.

Condensed consolidated statement of comprehensive income

	Six months reviewed 31 March 2011 R'000	Six months reviewed 31 March 2010 R'000	% Change	Full year audited 30 Sept 2010 R'000
Fund management activities				
Revenue	864 716	654 825	32%	1 351 979
Other income	18 381	1 730		3 814
Operating expenses	(445 789)	(338 006)	32%	(717 646)
Share-based payment expense	(2 061)	(9 588)		(14 059)
Other expenses	(443 728)	(328 418)		(703 587)
Results from operating activities	437 308	318 549	37%	638 147
Finance and dividend income	4 638	13 655		21 480
Finance expense	(3 160)	(5 250)		(8 851)
Net finance costs	1 478	8 405		12 629
Share of profit of associate (net of tax)	1 173	–		–
Profit from fund management	439 959	326 954	35%	650 776
Income attributable to policyholder linked assets and investment partnerships	9 583	19 998		34 583
Net fair value gains on policyholder and investment partnership financial instruments	18 296	28 199		49 191
Administration expenses borne by policyholders and investors in investment partnerships	(8 713)	(8 201)		(14 608)
Profit before income tax	449 542	346 952		685 359
Income tax expense	(150 455)	(120 421)		(244 983)
Taxation on shareholder profits	(140 872)	(100 423)		(210 400)
Taxation on policyholder investment contracts	(9 583)	(19 998)		(34 583)
Profit for the period	299 087	226 531	32%	440 376

Condensed consolidated statement of comprehensive income (continued)



	Six months reviewed 31 March 2011 R'000	Six months reviewed 31 March 2010 R'000	% Change	Full year audited 30 Sept 2010 R'000
Profit for the period	299 087	226 531	32%	440 376
Other comprehensive income				
Foreign currency translation differences for foreign operations	1 153	(1 318)		(10 268)
Net change in fair value of available-for-sale financial assets	1 745	(2 631)		683
Net change in fair value of available-for-sale financial assets transferred to profit or loss	–	–		(9)
Other comprehensive income/(expense) for the period (net of income tax)	2 898	(3 949)		(9 594)
Total comprehensive income for the period	301 985	222 582		430 782
Profit attributable to:				
– equity holders of the company	298 842	223 997	33%	437 108
– non-controlling interest	245	2 534		3 268
Profit for the period	299 087	226 531		440 376
Total comprehensive income attributable to:				
– equity holders of the company	301 740	220 048	37%	427 514
– non-controlling interest	245	2 534		3 268
Total comprehensive income for the period	301 985	222 582		430 782
Earnings per share (cents)				
– basic	94.9	71.2	33%	138.9
– diluted	86.9	64.8	34%	127.9
Note to the statement of comprehensive income				
Headline earnings per share (cents)				
– basic	89.2	71.2	25%	138.9
– diluted	81.7	64.8	26%	128.0
Dividend per share (cents)				
– interim	80	51.0	57%	51.0
– final				76.0

Condensed consolidated statement of financial position

	Reviewed 31 March 2011 R'000	Reviewed 31 March 2010 R'000	Audited 30 Sept 2010 R'000
Assets			
Goodwill and intangible assets	1 087 772	1 097 309	1 097 309
Equipment	13 925	14 133	13 993
Deferred tax asset	2 496	4 309	4 900
Investments backing policyholder funds and investments held through investment partnerships	27 379 486	21 301 229	23 930 963
Investment securities	28 965	26 168	28 274
Investment in associate	30 147	–	–
Trade and other receivables	289 820	305 454	227 006
Cash and cash equivalents	148 147	108 521	300 638
Total assets	28 980 758	22 857 123	25 603 083
Liabilities			
Interest-bearing borrowing	64 300	98 144	82 000
Deferred tax liabilities	22 548	19 994	22 528
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	27 357 188	21 281 235	23 908 436
Income tax payable	44 625	45 313	3 215
Trade and other payables	193 261	214 406	337 759
Total liabilities	27 681 922	21 659 092	24 353 938
Net assets	1 298 836	1 198 031	1 249 145
Equity			
Total equity attributable to equity holders of the company	1 297 417	1 188 063	1 238 443
Non-controlling interest	1 419	9 968	10 702
Total equity	1 298 836	1 198 031	1 249 145

Condensed consolidated statement of cash flows



	Six months reviewed 31 March 2011 R'000	Six months reviewed 31 March 2010 R'000	Full year audited 30 Sept 2010 R'000
Cash flows from operating activities			
Profit for the period	299 087	226 531	440 376
Income tax expense	150 455	120 421	244 983
Non-cash and other adjustments	(15 523)	(1 309)	(801)
Operating profit before changes in working capital	434 019	345 643	684 558
Working capital changes	(206 142)	(89 520)	73 507
Cash generated from operations	227 877	256 123	758 065
Interest paid	(4 193)	(5 701)	(9 685)
Taxation paid	(106 621)	(95 275)	(259 992)
Net cash from operating activities	117 063	155 147	488 388
Net cash from investing activities	1 485	3 175	48 686
Cash flows from financing activities	(272 192)	(126 081)	(303 766)
– dividends to shareholders	(243 494)	(119 400)	(280 940)
– other	(28 698)	(6 681)	(22 826)
Net (decrease)/increase in cash and cash equivalents	(153 644)	32 241	233 308
Cash and cash equivalents at beginning of period	300 638	77 598	77 598
Exchange rate adjustments	1 153	(1 318)	(10 268)
Cash and cash equivalents at end of period	148 147	108 521	300 638

Consolidated statement of changes in equity

R'000	Share capital and premium	Foreign currency translation reserve	Retained earnings	Share-based payment reserve	Re-valuation reserve	Issued capital and reserves attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at 30 September 2009	255 039	10 687	677 751	130 313	1 865	1 075 655	8 289	1 083 944
Total comprehensive income for the period								
Profit for the period			223 997			223 997	2 534	226 531
Other comprehensive income								
Currency translation differences		(1 318)				(1 318)		(1 318)
Revaluation of available-for-sale financial assets					(2 631)	(2 631)		(2 631)
– Net change in fair value					(2 631)	(2 631)		(2 631)
Total other comprehensive income		(1 318)			(2 631)	(3 949)		(3 949)
Total comprehensive income for the period		(1 318)	223 997		(2 631)	220 048	2 534	222 582
Transactions with owners recorded directly to equity								
Share-based payments				9 588		9 588		9 588
Transfer to retained earnings			26 509	(26 509)				
Dividends paid			(118 096)			(118 096)	(1 305)	(119 401)
Shares issued	868					868		868
Increase in equity of subsidiary							450	450
Total transactions with owners	868		(91 587)	(16 921)		(107 640)	(855)	(108 495)
Balance at 31 March 2010	255 907	9 369	810 161	113 392	(766)	1 188 063	9 968	1 198 031
Total comprehensive income for the period								
Profit for the period			213 111			213 111	734	213 845
Other comprehensive income								
Currency translation differences		(8 950)				(8 950)		(8 950)
Revaluation of available-for-sale financial assets					3 305	3 305		3 305
– Net change in fair value					3 314	3 314		3 314
– Reclassified to profit or loss on disposal					(9)	(9)		(9)
Total other comprehensive income		(8 950)			3 305	(5 645)		(5 645)
Total comprehensive income for the period		(8 950)	213 111		3 305	207 466	734	208 200

Consolidated statement of changes in equity (continued)



R'000	Share capital and premium	Foreign currency translation reserve	Retained earnings	Share-based payment reserve	Re-valuation reserve	Issued capital and reserves attributable to equity holders of the company	Non-controlling interest	Total equity
Total comprehensive income for the period		(8 950)	213 111	–	3 305	207 466	734	208 200
Transactions with owners recorded directly to equity								
Share-based payments				4 471		4 471		4 471
Transfer to retained earnings			4 304	(4 304)		–		–
Dividends paid			(161 557)			(161 557)	–	(161 557)
Total transactions with owners	–	–	(157 253)	167	–	(157 086)	–	(157 086)
Balance at 30 September 2010	255 907	419	866 019	113 559	2 539	1 238 443	10 702	1 249 145
Total comprehensive income for the period								
Profit for the period			298 842			298 842	245	299 087
Other comprehensive income								
Currency translation differences		1 153				1 153		1 153
Revaluation of available-for-sale financial assets					1 745	1 745		1 745
– Net change in fair value					1 745	1 745		1 745
Total other comprehensive income		1 153			1 745	2 898		2 898
Total comprehensive income for the period		1 153	298 842	–	1 745	301 740	245	301 985
Transactions with owners recorded directly to equity								
Share-based payments				2 061		2 061		2 061
Transfer to retained earnings			311	(311)		–		–
Dividends paid			(243 254)			(243 254)	(103)	(243 357)
Imvula units acquired by the Imvula Trust			(1 573)			(1 573)		(1 573)
Loss of control of subsidiary							(9 425)	(9 425)
Total transactions with owners	–	–	(244 516)	1 750	–	(242 766)	(9 528)	(252 294)
Balance at 31 March 2011	255 907	1 572	920 345	115 309	4 284	1 297 417	1 419	1 298 836

Earnings per share

	Six months reviewed 31 March 2011	Six months reviewed 31 March 2010	Full year audited 30 Sept 2010
Weighted average number of ordinary shares in issue during the period	314 819 192	314 646 591	314 733 128
Weighted average number of ordinary shares potentially in issue	349 391 630	347 731 074	348 848 803
	R'000	R'000	R'000
Earnings attributable to shareholders	299 087	226 531	440 376
Non-controlling interest	(245)	(2 534)	(3 268)
Earnings attributable to ordinary shareholders	298 842	223 997	437 108
Loss on disposal of financial assets available-for-sale		–	107
Profit on disposal of equipment		–	(7)
Gain on loss of control of subsidiary	(18 131)		
Headline earnings attributable to ordinary shareholders	280 711	223 997	437 208
Actual number of shares in issue at the end of the period	314 819 192	314 819 192	314 819 192

Condensed consolidated segment report

	Africa			International			Group		
	Six months reviewed 31 March 2011	Audited 30 Sept 2010		Six months reviewed 31 March 2011	Audited 30 Sept 2010		Six months reviewed 31 March 2011	Audited 30 Sept 2010	
R'000									
Segment external revenue	773 226	582 076	1 219 401	91 490	72 749	132 578	864 716	654 825	1 351 979
Segment income before tax and finance income/expense	379 039	288 945	563 118	39 888	27 874	71 215	418 927	316 819	634 333

Notes to the condensed consolidated financial statements



1. Basis of preparation and accounting policies

The financial information has been prepared in accordance with IAS 34 Interim Financial Reporting, the requirements of the South African Companies Act, Act 61 of 1973, as amended, and the Listings Requirements of the JSE Limited (JSE). The condensed consolidated financial statements do not include all of the information required for full annual financial statements.

The accounting policies applied in the presentation of the condensed consolidated financial statements are consistent with those applied for the year ended 30 September 2010.

These condensed consolidated financial statements have been prepared in accordance with the historical cost convention except for certain financial instruments which are stated at fair value. The condensed consolidated financial statements are presented in rand, rounded to the nearest thousand.

2. Related party transactions

The group, in the ordinary course of business, entered into various sale and purchase transactions on an arm's length basis at market rates with related parties.

3. Investment in associate

On 1 October 2010 Coronation disposed of 6.8% of its effective shareholding in Namibia Asset Management Limited and has equity accounted for its 48.05% shareholding from that date. As a result of this disposal, a gain on revaluation of this investment in associate of R18.13 million was recognised in the income statement in accordance with IFRS 3 Business Combinations.

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