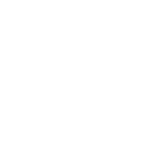
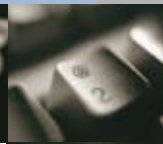


CORONATION 
FUND MANAGERS

Reviewed interim results
for the six months ended
31 March 2007



- ▶ **Assets under management increased to R125 billion, up 24%**
- ▶ **Profit from fund management increased to R187 million, up 28%**
- ▶ **Earnings per share increased to 36 cents, up 49%**
- ▶ **Maiden interim capital repayment of 20 cents per share**

Coronation again produced a strong set of financial results for the six months to 31 March 2007, entrenching its standing as one of the country's most successful fund management companies. This was achieved through the delivery of investment excellence across all client portfolios.

▶ **RESULTS** Revenue for the six-month period ended 31 March 2007 comprising annual recurring fees and performance fees, increased by 25% to R423 million from R338 million for the comparable period to 31 March 2006. These fees are prior to the deduction of distribution costs and fees paid to financial intermediaries.

Coronation has traditionally followed a variable cost business model which results in lower profit volatility. Total operating costs inclusive of variable costs such as remuneration, distribution fees and administration increased by 25% to R257 million, resulting in an increase in profit from fund management to R187 million, up 28% from R146 million for the six-month period to 31 March 2006.

Earnings per share, however, increased by 49% to 36 cents and headline earnings per share increased by 43% to 34,7 cents. The higher rate of increase was due to a lower effective tax rate and to the positive impact of the share buyback programme during the second half of 2006, when 35 million ordinary shares were bought back and cancelled.

▶ **ASSETS UNDER MANAGEMENT** Total assets under management increased by 24% to R125 billion as at 31 March 2007 from R101 billion as at 30 September 2006. Coronation continues to capitalise on its leading market position and strong investment performance, attracting particularly strong unit trust inflows.

▶ **INVESTMENT EXCELLENCE** In line with our objective to deliver long-term investment excellence, the investment views which contributed to disappointing investment returns in mid-2006 have been vindicated by strong outperformance over the past six months. This is best illustrated in the numerous industry performance surveys, ranking tables and awards:

- In the most recent Alexander Forbes Large Manager Watch (to end March 2007), our domestic balanced portfolios ranked 3rd over one year and 2nd over the three and five-year periods.
- Coronation took second place in the Personal Finance/Raging Bull Unit Trust Company of the Year Award for 2006. This award is given for consistency of investment performance across a management company's entire fund range, and it is one in which Coronation has taken 1st or 2nd place every year since 2001.
- The Coronation Granite Fixed Income Fund was awarded the 'South Africa Hedge Fund Award' for the Best Fixed Income Hedge Fund in 2006.
- At the 2007 Financial Mail/Standard & Poor's Fund Awards, Coronation was runner-up in the Best Larger Group category and received six 'Best in Sector' awards as well as a further six runner-up awards for individual funds.

► **TRANSFORMATION AND BEE** Transformation is a key component of our business ethos. We believe that adding to the diversity of our human capital allows us to build a long-term sustainable business for the benefit of all stakeholders. More than 50% of our South African staff complement is black.

At the recent Community Growth Socially Responsible Investing Awards, Coronation was placed second in the Financial Services category. Our equity empowerment partner remains our black staff, all of whom are beneficiaries of the Imvula Trust. In 2005 the Imvula Trust bought 10% of the operating businesses of Coronation, the bulk of the proceeds of the sale being distributed to shareholders.

► **CAPITAL REPAYMENT** A major objective has been to reward shareholders through regular and significant distributions of earnings or return of capital. This objective will be enhanced through the declaration of a maiden interim return of capital. The basis on which the current distribution is calculated mirrors that of previous distributions. We repay capital equal to 75% of after-tax profits generated during the period, increased to take account of the non-cash impact of share-based payment charges that will not result in the issue of additional shares. This would amount to a capital repayment of 30 cents per share, but at this interim stage we have decided to only distribute two thirds of that, which translates to 20 cents per share.

The capital repayment will be paid out of the company's share premium account. Capital repayments were approved by shareholders at the Annual General Meeting held in January 2007.

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

Last date to trade	Friday, 1 June 2007
Shares trade ex distribution	Monday, 4 June 2007
Record date	Friday, 8 June 2007
Payment date	Monday, 11 June 2007

Share certificates may not be dematerialised or rematerialised between Monday, 4 June 2007, and Friday, 8 June 2007, both dates inclusive.

► **PROSPECTS** We strive to achieve consistent superior investment performance both for the benefit of our clients and to sustain our sound business model that extends beyond financial market cyclicity. However, we caution stakeholders against straight-line projections.

Although the positive economic outlook signals greater opportunities for Coronation, we must highlight that the performance of the domestic equity market over the past four years has been exceptional. We are cognisant that a significant portion of our revenue is attributable to the financial markets, which by their nature can be volatile and cyclical. However, we are confident that we are well placed to weather the ebbs and flows of the markets. The business has a diversified and loyal client base, a great investment track record, strong cash flows, healthy balance sheet, aligned interest between all stakeholders, a diversified revenue stream and is singularly focused on fund management.

► **INDEPENDENT REVIEW BY THE AUDITORS** KPMG Inc., the group's independent auditor, has reviewed the condensed consolidated interim financial statements contained in this report. Their unmodified review report is available for inspection at the company's registered office.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Six months reviewed 31 March 2007 R'000	Six months reviewed 31 March 2006 R'000	% Change	Full year audited 30 Sept 2006 R'000
Fund management activities				
Revenue	422 524	337 567	25	706 238
Financial income	27 860	19 392	44	36 054
Interest and dividend income	12 712	10 818		21 614
Other income	15 148	8 574		14 440
Operating expenses	(257 202)	(205 385)	25	(436 593)
Share-based payment expense	(17 089)	(25 822)		(51 384)
Other expenses	(240 113)	(179 563)		(385 209)
Interest expense	(6 729)	(6 200)		(13 005)
Share of profit of associate	919	863		1 799
Profit from fund management	187 372	146 237	28	294 493
Income attributable to policyholder linked assets and investment partnerships	35 850	23 737		43 168
Net fair value gains on policyholder and investment partnership financial instruments	45 501	25 784		48 982
Administration expenses borne by policyholders and investors in investment partnerships	(9 651)	(2 047)		(5 814)
Profit before tax	223 222	169 974		337 661
Income tax expense	(96 052)	(76 816)		(141 207)
Taxation on shareholder profits	(60 202)	(53 079)		(98 039)
Taxation on policyholder investment contracts	(35 850)	(23 737)		(43 168)
Profit for the period	127 170	93 158	37	196 454
Attributable to:				
– equity holders of the company	127 009	93 158	36	196 454
– minority interest	161	–		–
Profit for the period	127 170	93 158		196 454
Earnings per share (cents)				
– basic	36,0	24,2	49	51,9
– diluted	32,2	21,5	50	46,8
Note to the income statement				
Headline earnings per share (cents)				
– basic	34,7	24,2	43	51,9
– diluted	31,1	21,5	45	46,8
Capital distribution per share (cents)				
– payable	20	–		53,0

CONDENSED CONSOLIDATED BALANCE SHEET

	Reviewed 31 March 2007 R'000	Reviewed 31 March 2006 R'000	Audited 30 Sept 2006 R'000
Assets			
Intangible assets	1 092 869	1 087 772	1 087 772
Equipment	7 031	5 382	5 932
Investment in associate	–	9 733	11 021
Deferred tax asset	3 188	3 223	2 044
Investments backing policyholder funds and investments held through investment partnerships	17 542 785	16 230 675	15 782 142
Financial assets available-for-sale	73 485	69 917	87 327
Financial assets at fair value through profit or loss	74 767	63 431	64 804
Trade and other receivables	119 084	97 783	97 637
Cash and cash equivalents	236 211	287 522	253 590
Total assets	19 149 420	17 855 438	17 392 269
Liabilities			
Interest-bearing borrowing	132 625	145 510	139 533
Deferred tax liabilities	64 235	18 755	39 906
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	17 481 183	16 213 400	15 743 747
Income tax payable	72 235	65 564	78 955
Trade and other payables	191 561	115 332	140 092
Shareholders for dividend	90	452	–
Total liabilities	17 941 929	16 559 013	16 142 233
Net assets	1 207 491	1 296 425	1 250 036
Equity			
Share capital and premium	657 112	1 039 855	843 153
Accumulated earnings	443 040	214 070	316 892
Reserves	101 253	42 500	89 991
Total equity attributable to equity holders of the company	1 201 405	1 296 425	1 250 036
Minority interest	6 086	–	–
Total equity	1 207 491	1 296 425	1 250 036

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Share capital and premium	Foreign currency translation reserve	Accumulated earnings	Share-based payment reserve	Re-valuation reserve	Issued capital and reserves attributable to equity holders of the company	Minority interest	Total equity
Balance at 30 September 2005	1 172 550	(11 247)	121 657	21 607	3 289	1 307 856	586	1 308 442
Currency translation differences		(3 813)				(3 813)	–	(3 813)
Revaluation of financial assets available-for-sale					6 842	6 842	–	6 842
Net income recognised directly in equity		(3 813)			6 842	3 029	–	3 029
Profit for the period			93 158			93 158	–	93 158
Total recognised income and expense for the period		(3 813)	93 158		6 842	96 187	–	96 187
Share-based payment reserve				25 822		25 822	–	25 822
Dividends paid			(745)			(745)	–	(745)
Capital distribution	(138 197)					(138 197)	–	(138 197)
Shares issued	5 502					5 502	–	5 502
Acquisition of minority interest						–	(586)	(586)
Balance at 31 March 2006	1 039 855	(15 060)	214 070	47 429	10 131	1 296 425	–	1 296 425
Currency translation differences		26 257				26 257	–	26 257
Revaluation of financial assets available-for-sale					(4 328)	(4 328)	–	(4 328)
– Revaluation gains taken to equity					588	588	–	588
– Transferred to profit or loss on disposal					(4 916)	(4 916)	–	(4 916)
Net income recognised directly in equity		26 257			(4 328)	21 929	–	21 929
Profit for the period			103 296			103 296	–	103 296
Total recognised income and expense for the period		26 257	103 296		(4 328)	125 225	–	125 225
Share-based payment reserve				25 562		25 562	–	25 562
Dividends paid			(474)			(474)	–	(474)
Shares issued	3 465					3 465	–	3 465
Shares repurchased and cancelled	(200 167)					(200 167)	–	(200 167)
Balance at 30 September 2006	843 153	11 197	316 892	72 991	5 803	1 250 036	–	1 250 036

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

R'000	Share capital and premium	Foreign currency translation reserve	Accumulated earnings	Share-based payment reserve	Re-valuation reserve	Issued capital and reserves attributable to equity holders of the company	Minority interest	Total equity
Balance at 30 September 2006	843 153	11 197	316 892	72 991	5 803	1 250 036	–	1 250 036
Currency translation differences		(6 655)				(6 655)	–	(6 655)
Revaluation of financial assets available-for-sale					828	828	–	828
– Revaluation gains taken to equity					5 276	5 276	–	5 276
– Transferred to profit or loss on disposal					(4 448)	(4 448)	–	(4 448)
Net income recognised directly in equity		(6 655)			828	(5 827)	–	(5 827)
Profit for the period			127 009			127 009	161	127 170
Total recognised income and expense for the period		(6 655)	127 009		828	121 182	161	121 343
Minority interest at acquisition of subsidiary						–	5 925	5 925
Share-based payment reserve				17 089		17 089	–	17 089
Dividends paid			(861)			(861)	–	(861)
Capital distribution	(185 276)					(185 276)	–	(185 276)
Shares issued	12 306					12 306	–	12 306
Shares repurchased and cancelled	(13 071)					(13 071)	–	(13 071)
Balance at 31 March 2007	657 112	4 542	443 040	90 080	6 631	1 201 405	6 086	1 207 491

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months reviewed 31 March 2007 R'000	Six months reviewed 31 March 2006 R'000	Full year audited 30 Sept 2006 R'000
Profit for the period	127 170	93 158	196 454
Income tax expense	96 052	76 816	141 207
Non-cash and other adjustments	(23 463)	15 350	11 397
Operating profit before changes in working capital	199 759	185 324	349 058
Working capital changes	38 839	19 577	45 352
Cash generated from operations	238 598	204 901	394 410
Interest paid	(6 712)	(6 200)	(13 874)
Income taxes paid	(75 359)	(40 653)	(69 323)
Net cash from operating activities	156 527	158 048	311 213
Net cash from investing activities	26 559	23 012	13 264
Net cash used in financing activities	(193 810)	(135 477)	(339 083)
– distributions to shareholders	(186 137)	(138 490)	(139 416)
– other	(7 673)	3 013	(199 667)
Net (decrease)/increase in cash and cash equivalents	(10 724)	45 583	(14 606)
Cash and cash equivalents at beginning of period	253 590	245 752	245 752
Exchange rate adjustments	(6 655)	(3 813)	22 444
Cash and cash equivalents at end of period	236 211	287 522	253 590

CONDENSED CONSOLIDATED SEGMENT REPORT

R'000	Africa			International			Group		
	Six months reviewed		Full year audited	Six months reviewed		Full year audited	Six months reviewed		Full year audited
	31 March	2006	30 Sept	31 March	2006	30 Sept	31 March	2006	30 Sept
	2007	2006	2006	2007	2006	2006	2007	2006	2006
Segment revenue	379 788	302 763	632 833	42 736	34 804	73 405	422 524	337 567	706 238
Segment operating expenses	(225 491)	(181 211)	(372 776)	(31 711)	(24 174)	(63 817)	(257 202)	(205 385)	(436 593)
Segment result	154 297	121 552	260 057	11 025	10 630	9 588	165 322	132 182	269 645
Segment financial income	21 332	19 785	27 444	6 528	(393)	8 610	27 860	19 392	36 054
Segment interest expense	(6 729)	(6 200)	(13 000)	-	-	(5)	(6 729)	(6 200)	(13 005)
Segment share of profit of associate	919	863	1 799	-	-	-	919	863	1 799
Segment profit from fund management	169 819	136 000	276 300	17 553	10 237	18 193	187 372	146 237	294 493

EARNINGS PER SHARE

	Six months reviewed 31 March 2007	Six months reviewed 31 March 2006	Full year audited 30 Sept 2006
Weighted average number of ordinary shares in issue during the period	353 181 887	383 360 748	376 670 543
Weighted average number of ordinary shares potentially in issue	393 841 193	433 598 748	424 484 529
	R'000	R'000	R'000
Earnings attributable to shareholders	127 009	93 158	196 454
Dividend on convertible cumulative redeemable preference shares	–	(452)	(926)
Earnings attributable to ordinary shareholders	127 009	92 706	195 528
Gain on disposal of financial assets available-for-sale	(4 448)	–	–
Profit on disposal of equipment	–	(2)	(13)
Headline earnings attributable to ordinary shareholders	122 561	92 704	195 515

1. Basis of preparation and accounting policies

The condensed consolidated interim financial statements for the six months ended 31 March 2007 have been prepared in compliance with the Listings Requirements of the JSE Limited, International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting and the South African Companies Act, 1973, as amended.

The accounting policies applied in the presentation of the condensed consolidated interim financial statements are consistent with those applied for the year ended 30 September 2006.

These condensed consolidated interim financial statements have been prepared in accordance with the historic cost convention except for certain financial instruments which are stated at fair value. The condensed consolidated interim 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. Acquisition of business

With effect from 1 February 2007, the group's effective shareholding in Namibia Asset Management Limited was increased to 54,9% and it has been consolidated from that date.

Directors: G M C Ryan* (Chairman), M M du Toit (Chief Executive Officer), W T Floquet*†, L F Stassen, S Pather*† (* Non-executive † Independent)

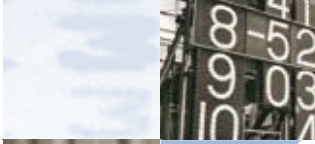
Registered office: Coronation House, Boundary Terraces, 1 Mariendahl Lane, Newlands 7700

Postal address: PO Box 993, Cape Town 8000

Registration number: 1973/009318/06

Transfer secretaries: Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg 2001

JSE share code: CML **ISIN:** ZAE000047353 **Website:** www.coronation.com



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