

Coronation Fund Managers Limited
(Incorporated in the Republic of South Africa)
Registration number: 1973/009318/06
JSE share code: CML
ISIN: ZAE000047353 ("Coronation")

Reviewed preliminary financial results for the year ended 30 September 2011

Assets under management of R247 billion, up 21%
Diluted headline earnings per share of 176 cents, up 38%
Total dividend per share of 172 cents, up 35%

Despite extreme volatility across markets, Coronation delivered another set of excellent results for the year to 30 September 2011. While emerging markets sold off substantially in the second half of the year (MSCI Emerging Markets Index -23.3% for the six months and -15.9% for the year in US dollar terms), the FTSE/JSE All Share Index managed to return 3.6% for the year. The rand slid 20% against the US dollar in the final quarter to close at R/USD8.09 and the MSCI World Index recorded -3.8% (in US dollar terms).

Notwithstanding this backdrop, the business continued to produce outstanding long-term investment performance and attract significant flows over the period. In particular, the increase in market share to 9.9% (September 2010: 7.5%) of long-term funds by the retail business takes us from 3rd to 2nd largest long-term fund manager in the country.

Enquiries:

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Results

Revenue increased by 34% to R1.7 billion (2010: R1.3 billion). Together with a continued focus on cost control measures, this resulted in a 42% increase in profit for the period to R624 million; and growth in diluted headline earnings per share of 38% to 176 cents (September 2010: 128 cents).

Long-term performance

Assets under management increased by 21% to R247 billion (September 2010: R203.5 billion) on the strength of our long-term track record of excellent stock picking and asset allocation. Our investment philosophy of finding long-term value ignores the short-term noise, allowing us to seek out quality businesses that will deliver solid returns for clients over time.

- Our institutional domestic and global balanced portfolios ranked 1st over 3 years and 2nd over 5 years in the Alexander Forbes (AF) SA and Global Large Manager Watch surveys respectively to end September. Within the absolute product range our global portfolios ranked 1st over 3 and 5 years in the AF Conservative Global Manager Watch Survey.

- The consistent performance delivered by our unit trust funds resulted in Coronation being named Best Large Fund House at the 2011 Morningstar South Africa Awards. This accolade was supported by the top quartile performance across our domestic flagship fund range over 3, 5, 10 years and since their respective launch dates to end September. Highlights include Coronation Balanced Plus, which was the no.1 balanced fund in South Africa over 5 years and since launch in 1996, and the Coronation Balanced Defensive Fund which was the no.1 conservative fund over 3 years and since launch in 2007, as ranked by Morningstar. Furthermore, our concentrated equity fund, Coronation Top 20, continued to outperform its benchmark with an impressive 7% per annum since launch in 2000.

International

While heightened levels of risk aversion left no market unscathed, our long-term investment track record across the fund range remained strong. Our longest running international unit trust, Coronation World Equity [ZAR] Fund of Funds, has outperformed the MSCI World Index by 2.1% per annum (in US dollars net of all fees) since launch in 1997. The Coronation Global Emerging Markets Fund has outperformed the MSCI Emerging Markets Index by 6.8% per annum (gross of all fees) since launch in 2008, and the Coronation Africa Frontiers Fund has outperformed its benchmark by 5.4% per annum (gross of all fees) also since launch in 2008.

Our commitment to clients

As one of the largest managers of third-party assets in the country, our first priority is to consistently deliver the best possible returns across all client mandates. To achieve this it is imperative that our business does not grow to a level that impedes our ability to deliver outperformance. In the interests of this objective, in May we communicated our pre-emptive decision to close our specialist South Africa equity mandates to new institutional investors effective 31 March 2012.

Final 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 final dividend to 92 cents per share. Together with the interim dividend of 80 cents per share, this amounts to a total dividend of 172 cents per share for the year.

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

Last day to trade	Friday, 25 November 2011
Shares trade ex dividend	Monday, 28 November 2011
Record date	Friday, 2 December 2011
Payment date	Monday, 5 December 2011

Share certificates may not be dematerialised or rematerialised between Monday, 28 November 2011, and Friday, 2 December 2011, both dates inclusive.

Prospects

Over the past year we have experienced considerable growth and produced strong returns for all stakeholders. Looking ahead the implications of the ongoing global economic turmoil on financial markets are sobering,

creating a highly challenging investment environment for some years to come. Our focus will continue to be on delivering trusted investment performance, and over the next year we will seek to consolidate our institutional business and nurture our retail and international franchises.

External audit review

The external auditors, Ernst & Young Inc., reviewed the condensed statement of financial position of Coronation Fund Managers Limited Group as at 30 September 2011 and the related condensed statement of comprehensive income, changes in equity and cash flows for the 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.

Shams Pather
Chairman

Hugo Nelson
Chief Executive Officer

Anton Pillay
Chief Operating Officer

Cape Town
8 November 2011

Condensed consolidated statement of comprehensive income

	Reviewed		Restated
	30 Sept	%	Audited
	2011	Change	30 Sept
	R'000		2010
			R'000
Fund management activities			
Revenue (see note 2)	1 725		1 290
Other income	910	34	887
Operating expenses	21 407		3 814
Share-based payment expense	(838		(656
Other expenses (see note 2)	056)	28	554)
Results from operating activities	(4 856)		(14 059)
Finance and dividend income	(833		(642
Finance expense	200)		495)
Share of income of equity accounted investee	909 261	42	638 147
Profit from fund management	12 263		21 480
Income attributable to policyholder linked assets and investment partnerships	(5 262)		(8 851)
Net fair value gains on policyholder and investment partnership financial instruments	2 365		-
Administration expenses borne by policyholders and investors in investment partnerships	918 627	41	650 776
Profit before income tax	19 518		34 583
Income tax expense	34 431		49 191
	(14 913)		(14 608)
	938 145		685 359
	(314		(244
	295)		983)

	(294		(210
Taxation on shareholder profits	777)		400)
Taxation on policyholder investment contracts	(19 518)		(34 583)
Profit for the year	623 850	42	440 376
Other comprehensive income	19 890		(9 594)
Foreign currency translation differences for foreign operations	20 627		(10 268)
Net change in fair value of available-for-sale financial assets	(737)		683
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-		(9)
Total comprehensive income for the year	643 740		430 782
Profit attributable to:			
- equity holders of the company	623 977	43	437 108
- non-controlling interest	(127)		3 268
Profit for the year	623 850		440 376
Total comprehensive income attributable to			
- equity holders of the company	643 867	51	427 514
- non-controlling interest	(127)		3 268
Total comprehensive income for the year	643 740		430 782
Earnings per share (cents)			
- basic	198.2	43	138.9
- diluted	181.3	42	127.9

Diluted number of shares (thousand)

		Reviewed	Audited
		30 Sept	30 Sept
		2011	2010
Weighted average number of shares in issue		314 819	314 733
Shares to be issued			
- BEE transaction		34 693	34 116
Diluted weighted average number of shares in issue		349 512	348 849

Consolidated statement of changes in equity

	Share	Foreign		Share-
	capital	currency		based
	and	translation	Retained	payment
	premium	reserve	earnings	reserve
R'000				
Balance at 30 September 2009	255 039	10 687	677 751	130 313
Total comprehensive income for the year				

Profit for the year			437 108	
Other comprehensive income				
Currency translation differences		(10 268)		
Revaluation of financial assets available-for-sale				
- Net change on fair value				
- Reclassified to profit or loss on disposal				
Total other comprehensive income	-	(10 268)	-	-
Total comprehensive income for the year	-	(10 268)	437 108	-
Transactions with owners recorded directly in equity				
Share-based payments				14 059
Transfer to retained earnings			30 813	(30 813)
			(279	
Dividends paid			653)	
Shares issued	868			
Increase in equity of subsidiary				
			(248	
Total transactions with owners	868	-	840)	(16 754)
Balance at 30 September 2010	255 907	419	866 019	113 559
Total comprehensive income for the year				
Profit for the year			623 977	
Other comprehensive income				
Currency translation differences		20 627		
Revaluation of financial assets available-for-sale				
- Net change on fair value				
Total other comprehensive income	-	20 627	-	-
Total comprehensive income for the year	-	20 627	623 977	-
Transactions with owners recorded directly in equity				
Share-based payments				4 856
Transfer to retained earnings			311	(311)
			(495	
Dividends paid			111)	
Imvula units acquired by the Imvula Trust				(2 274)
Loss of control of subsidiary				
Increase in equity of subsidiary				
			(497	
Total transactions with owners	-	-	074)	4 545
Balance at 30 September 2011	255 907	21 046	992 922	118 104

Consolidated statement of changes in equity (continued)

Revaluation Issued Non- Total

	reserve	capital and reserves attributable to equity holders of the company	controlling equity interest	
R'000				
Balance at 30 September 2009	1 865	1 075 655	8 289	1 083 944
Total comprehensive income for the year				440
Profit for the year		437 108	3 268	376
Other comprehensive income				(10 268)
Currency translation differences		(10 268)		
Revaluation of financial assets available-for-sale	674	674		674
- Net change on fair value	683	683		683
- Reclassified to profit or loss on disposal	(9)	(9)		(9)
Total other comprehensive income	674	(9 594)	-	(9 594)
Total comprehensive income for the year	674	427 514	3 268	430 782
Transactions with owners recorded directly in equity				
Share-based payments		14 059		14 059
Transfer to retained earnings		-		-
Dividends paid		(279 653)	(1 305)	(280 958)
Shares issued		868		868
Increase in equity of subsidiary			450	450
Total transactions with owners	-	(264 726)	(855)	(265 581)
Balance at 30 September 2010	2 539	1 238 443	10 702	1 249 145
Total comprehensive income for the year				623
Profit for the year		623 977	(127)	850
Other comprehensive income				
Currency translation differences		20 627		20 627
Revaluation of financial assets available-for-sale	(737)	(737)		(737)
- Net change on fair value	(737)	(737)		(737)
Total other comprehensive income	(737)	19 890	-	19 890
Total comprehensive income for the year	(737)	643 867	(127)	643 740
Transactions with owners recorded directly in equity				

Share-based payments		4 856		4 856
Transfer to retained earnings		-		(495 214)
Dividends paid		(495 111)	(103)	214
Imvula units acquired by the Imvula Trust		(2 274)		(2 274)
Loss of control of subsidiary			(9 425)	425
Increase in equity of subsidiary			700	700
Total transactions with owners	-	(492 529)	(8 828)	(501 357)
Balance at 30 September 2011	1 802	1 389 781	1 747	1 391 528

Condensed consolidated statement of financial position

		Reviewed 30 Sept 2011 R'000	Audited 30 Sept 2010 R'000
Assets			
Goodwill and intangible assets		1 087 772	1 097 309
Equipment		14 839	13 993
Investment in equity accounted investees		31 338	-
Deferred tax asset		8 069	4 900
Investments backing policyholder funds and investments held through investment partnerships		31 566	23 930
Investment securities		179	963
Trade and other receivables		28 467	28 274
Cash and cash equivalents		242 450	227 006
		393 169	300 638
Total assets		33 372	25 603
		283	083
Liabilities			
Interest-bearing borrowing		42 800	82 000
Deferred tax liabilities		18 629	22 528
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships		31 547	23 908
Income tax payable		550	436
Trade and other payables		9 860	3 215
		361 916	337 759
Total liabilities		31 980	24 353
		755	938
Net assets		1 391 528	1 249 145
Equity			
Share capital and premium		255 907	255 907
Accumulated earnings		992 922	866 019
Reserves		140 952	116 517
Total equity attributable to equity holders of the company		1 389 781	1 238 443
Non-controlling interest		1 747	10 702

Total equity	1 391 528	1 249 145
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Condensed consolidated statement of cash flows

	Reviewed 30 Sept 2011 R'000	Audited 30 Sept 2010 R'000
Cash flows from operating activities		
Profit for the period	623 850	440 376
Income tax expense	314 295	244 983
Non-cash and other adjustments	(12 598)	(801)
Operating profit before changes in working capital	925 547	684 558
Working capital changes	10 361	73 507
Cash generated from operations	935 908	758 065
Interest paid	(6 773)	(9 685)
	(314	(259
Income taxes paid	718)	992)
Net cash from operating activities	614 417	488 388
Net cash from investing activities	3 037	48 686
	(545	(303
Cash flows from financing activities	550)	766)
	(495	(280
- dividends to shareholders	351)	940)
- repayment of interest-bearing borrowing	(39 200)	(24 144)
- other	(10 999)	1 318
Net increase in cash and cash equivalents	71 904	233 308
Cash and cash equivalents at beginning of year	300 638	77 598
Exchange rate adjustments	20 627	(10 268)
Cash and cash equivalents at end of year	393 169	300 638

The cash flows above represent cash and cash equivalents of shareholders and excludes policyholders' cash and cash equivalents.

Reconciliation of headline earnings

	Reviewed 30 Sept 2011 R'000	Audited 30 Sept 2010 R'000
Earnings attributable to ordinary shareholders	623 977	437 108
Effect of adjustments	(18 136)	122
(Profit)/loss on disposal of equipment	(6)	131
Gain on loss of control of subsidiary	(18 130)	
Profit on disposal of available-for-sale financial assets	-	(9)
Total tax effect of adjustments	1	(22)
Headline earnings attributable to ordinary shareholders	605 842	437 208

Condensed consolidated segment report

	Africa	
	Reviewed	Restated
	Audited	Audited
	30 Sept	30 Sept
	2011	2010
	R'000	R'000
Segment external revenue	1 531 729	1 158 309
Segment operating expenses	(770 937)	(595 191)
Segment profit	760 792	563 118
Share of income of equity accounted investee	2 365	-
Net financial income/(expense)	28 078	16 818
Profit from fund management	791 235	579 936
	33 182	25 460
Segment assets	681	894

Condensed consolidated segment report (continued)

	International	
	Reviewed	Restated
	Audited	Audited
	30 Sept	30 Sept
	2011	2010
	R'000	R'000
Segment external revenue	194 181	132 578
Segment operating expenses	(67 119)	(61 363)
Segment profit	127 062	71 215
Share of income of equity accounted investee	-	-
Net financial income/(expense)	330	(375)
Profit from fund management	127 392	70 840
Segment assets	189 602	142 189

Condensed consolidated segment report (continued)

	Group	
	Reviewed	Restated
	Audited	Audited
	30 Sept	30 Sept
	2011	2010
	R'000	R'000
Segment external revenue	1 725 910	1 290 887
Segment operating expenses	(838 056)	(656 554)

Segment profit	887 854	634 333
Share of income of equity accounted investee	2 365	-
Net financial income/(expense)	28 408	16 443
Profit from fund management	918 627	650 776
	33 372	25 603
Segment assets	283	083

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, as well as the AC500 standards as issued by the Accounting Practices Board or its successor, the requirements of the South African Companies Act, Act 71 of 2008 and the Listings Requirements of the JSE. The condensed consolidated financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated financial statements have been prepared in accordance with the historical cost basis 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. The accounting policies applied in the presentation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those presented in the previous annual financial statements.

These preliminary reviewed results have been prepared under the supervision of Financial Manager, A Rhoda CA(SA).

2. Reclassification of comparative figures

Commissions collected in an agency capacity by the company have now been excluded from revenue and other expenses in terms of IAS 18 Revenue. This has resulted in a reduction of R61 million in the respective amounts on the face of the 2010 consolidated statement of comprehensive income. This reclassification has had no impact on the group's reported results.

3. 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.

4. SARS review

From time to time, in common with other organisations, companies within the group are subject to review by SARS. Presently the Life company is subject to such a review, however the board is confident of the company's position and are of the view that the possibility of any loss being incurred is remote and not capable of reliable estimation.

Directors

S Pather (Chairman)*, H A Nelson (CEO), J G February*, J D McKenzie*, A C Pillay (COO), A Watson*

(* Independent Non-Executive)

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