

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

Reviewed preliminary financial results for the year ended 30 September 2008

Assets under management of R125 billion (-7%)
Cash of R186 million returned to shareholders
Diluted headline earnings per share of 48.6 cents (-33%)
Distribution of 46 cents per share (-31%)

Hugo Nelson, CEO commented: "As expected and indicated in January, all areas of our business have been impacted by recent market events.

The operational heart of our business however remains sound and we've maintained our distribution policy. We held firm to our investment philosophy of investing for the long term, delivering strong relative performance in both our institutional and unit trust portfolios.

We will retain our singular focus on identifying value in order to deliver sound long-term returns for our clients. This will ultimately bring rewards to all stakeholders."

Enquiries:

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Results

This year's results reflect a period of extreme volatility across world markets and a local economy that has been buffeted by a series of economic shocks. Markets remain challenging and the current financial crisis is undoubtedly one of the most extreme of modern times. Against this economic backdrop all business areas have come under pressure.

Despite difficult operating conditions, assets under management declined by only 6.7% from R134 billion at 30 September 2007 to R125 billion at 30 September 2008. The profit for the year is down 38% to R178 million (2007: R285 million). Headline earnings per share decreased by 34% to 52.9 cents (2007: 79.6 cents) and diluted headline earnings per share declined by 33% to 48.6 cents (2007: 72.7 cents).

Capital structure

During 2008 Coronation initiated a further share buy-back programme which resulted in a total of 8 211 988 shares being bought back at a cost of R39.6 million. These shares were all cancelled. Together with additional shares issued during the year in terms of the exercise of 3 253 352 options granted to staff in December 2003, this resulted in a weighted average number of shares in issue for the financial year of 321 080 742 (2007: 348 893 885). Actual shares in issue at 30 September 2008 were 315 774 163 (2007: 320 732 799).

Cash returned to shareholders

While this is the first year since listing in 2003 that Coronation is reporting a decline in earnings, we continue to reward shareholders with generous distributions. The distribution policy has been maintained. The final cash dividend for the 2008 financial year will be R95 million, equivalent to a cash dividend per share of 30 cents, making a total distribution of 46 cents per share for the 2008 financial year (2007: 67 cents per share). Inclusive of the amounts spent on share buy-backs, Coronation will be returning R186 million (share buy-back R40 million and cash distributions of R146 million) in 2008. In 2007 R522 million was returned (share buy-back R300 million and cash distributions of R222 million).

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

Last day to trade cum dividend	Friday, 5 December 2008
Shares trade ex dividend	Monday, 8 December 2008
Record date	Friday, 12 December 2008
Payment date	Monday, 15 December 2008

Share certificates may not be dematerialised or rematerialised between Monday, 8 December 2008, and Friday, 12 December 2008, both dates inclusive.

Investment performance

The domestic equity market held up well into the initial global sell-off. A combination of the 'blow-off' phase of the commodity bull market and a weaker rand saw the large resource component of the JSE deliver strong returns in the first half of the year. In the final quarter, all of this changed as world stock markets collapsed and the commodity bubble burst. Amidst the market turmoil we held firm to our investment philosophy of investing for the long term, delivering strong relative performance in both our institutional and unit trust portfolios.

Institutional

The institutional business continued to strengthen its position as a leader in the industry, ending the year with a net inflow of R775 million at a time when the FTSE/JSE All Share Index declined by 20%.

We were successful in attracting a number of new client mandates, particularly in the area of specialist fixed income where we are recognised for our product innovation. Our equity franchise continues to attract assets, with the Core Equity portfolio outperforming its

benchmark by 5.82% for the year ended September 2008. The domestic and global balanced houseview portfolios also outperformed their benchmarks for the year by 2.64% and 2.38% respectively.

Retail

Domestic unit trusts experienced net outflows of R4.35 billion over the period. This is in sympathy with the industry trend for single manager funds as investors sought the relative safety of the money market over alpha seeking solutions in a falling equity market. The decline in assets also reflects the difficult performance year experienced by the Strategic Income Fund and the Absolute franchise. On a positive note, all core funds ranked in the top two positions of their respective categories on an annualised basis since inception to end September 2008, and all significantly outperformed their benchmarks.

Coronation's skill as a stock picking house is best illustrated in the Coronation Top 20 Fund's no. 1 position over all time periods of 1, 3 and 5 years, and in our one-year top decile peer group ranking for the Coronation Equity Fund. Also ranked in the top decile of its peer grouping for the year is the Balanced Plus Fund, which is 1st over 3 and 5 years, and for those investors seeking less exposure to the equity markets the Coronation Balanced Defensive Fund delivered on its promise, ending the year in no. 2 position of all prudential low equity funds. Within the absolute franchise, the Coronation Capital Plus Fund is no. 1 over 5 years.

International

Traditionally known as a global fund of funds manager (long only and hedge funds) we enhanced our global product offering to include single manager funds, managed by our Global Emerging Markets (GEM) and Africa teams based in Cape Town. We also launched the Coronation Latitude fund, a flexible portfolio which invests across asset classes in both global developed and emerging markets. Assets under management total US\$1.26 billion.

Initiatives

The GEM unit is now fully operational. We have also established an Africa unit with the introduction of the Coronation Africa and Africa Frontiers funds.

We successfully recruited a highly experienced private equity team and in launching our first fund have partnered with Peotona, a leading empowerment entity which is 85% owned by black women. The first closing of the Coronation Peotona Private Equity Fund is scheduled for early 2009.

PPS Investments, a joint initiative in which we own 49%, continues to grow and develop.

Prospects

The financial crisis is exacerbating an already serious cyclical downturn in international economies. Despite aggressive and unprecedented intervention by governments and central banks worldwide, the outlook for the global economy is deteriorating rapidly. It is

clear that the developing recession is likely to be the worst in modern times. Stock markets have already reacted sharply with the MSCI world index down 43% (US dollar terms) to 31 October 2008 from its peak a year ago. Price/earnings ratios have fallen to historically low levels but only time will tell whether all the bad news has been discounted.

Although largely shielded from the financial crisis, South Africa will not escape the impact of the looming world recession. Local markets have already declined sharply and the immediate future direction remains unclear.

In these challenging times we will retain our singular focus on identifying value in order to deliver sound long-term returns for our clients. This will ultimately bring its rewards in terms of a recovery in our earnings.

Financial statements

The financial information has been reviewed by the company's auditors, KPMG Inc. A copy of their review report is available for inspection at the company's registered office.

Gavan Ryan	Hugo Nelson	John Snalam
Chairman	Chief Executive Officer	Company secretary

Cape Town
11 November 2008

Directors:

G M C Ryan* (Chairman), H Nelson (Chief Executive Officer),
M M du Toit*, J February*†, W T Floquet*†, S Pather*†, A Watson*†
(* Non-executive † Independent)

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Transfer secretaries:

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Condensed consolidated income statement

	Reviewed 2008 R'000	Growth %	Audited 2007 R'000
Fund management activities			
Revenue	803 632	(16)	961 996
Financial income	14 568	(68)	45 914
Interest and dividend income	11 431		24 452
Other income	3 137		21 462

Operating expenses	(525 087)	(7)	(564 489)
Share-based payment expense	(33 661)		(40 212)
Other expenses	(491 426)		(524 277)
Interest expense	(16 441)		(13 049)
Share of profit of associate	-		1 334
Profit from fund management (Expense)/income attributable to policyholder linked assets and investment partnerships	276 672	(36)	431 706
Net fair value gains on policyholder and investment partnership financial instruments	1 679		54 956
Administration expenses borne by policyholders and investors in investment partnerships	(7 329)		(5 807)
Profit before tax	271 022		480 855
Income tax expense	(93 434)		(196 249)
Taxation on shareholder profits	(99 084)	(33)	(147 100)
Taxation on policyholder investment contracts	5 650		(49 149)
Profit for the year	177 588	(38)	284 606
Attributable to:			
- equity holders of the company	172 943		284 035
- minority interest	4 645		571
Profit for the year	177 588		284 606
Earnings per share (cents)			
- basic	53.9	(34)	81.4
- diluted	49.5	(33)	74.3
Note to the income statement			
Headline earnings per share (cents)			
- basic	52.9	(34)	79.6
- diluted	48.6	(33)	72.7
Capital distribution per share (cents)			
- interim	-		20.0
Dividend distribution per share (cents)			
- interim	16.0		-
- final payable	30.0		47.0
Total distribution	46.0	(31)	67.0
Shares in issue (millions)	315.8		320.7
Weighted average number of ordinary shares (millions)	321.1		348.9
Weighted average number of ordinary shares (diluted) (millions)	354.9		386.4

Diluted number of shares (thousands)	Reviewed 2008	Audited 2007
Weighted average number of shares in issue	321 081	348 894
Shares to be issued		
- Preference share transaction converted on 24 November 2006	-	1 145
- December 2003 options	191	2 002
- BEE transaction	33 625	34 400
Diluted weighted average number of shares in issue	354 897	386 441

Condensed consolidated statement of changes in equity				
R'000	Share capital and share premium	Foreign currency translation reserve	Accumulated earnings	Share-based payment reserve
Balance at 30 September 2006	843 153	11 197	316 892	72 991
Currency translation differences		(7 006)		
Revaluation of available-for-sale financial assets				
- Revaluation gains taken to equity				
- Transferred to profit or loss on sale				
Net income recognised directly in equity		(7 006)		
Profit for the year			284 035	
Total recognised income and expense for the year		(7 006)	284 035	
Share-based payment reserve				40 212
Dividends paid			(861)	
Capital distribution	(256 514)			
Shares issued	1 963			
Shares repurchased and cancelled	(299 576)			
Minority interest at acquisition of subsidiary				
Balance at 30 September 2007	289 026	4 191	600 066	113 203
Currency translation differences		13 349		

Revaluation of available-for-sale financial assets				
- Revaluation losses taken to equity				
- Transferred to profit or loss on sale				
Net income recognised directly in equity		13 349		
Profit for the year			172 943	
Total recognised income and expense for the year		13 349	172 943	
Share-based payment reserve				33 661
Dividends paid			(203 861)	
Shares issued	11 143			
Shares repurchased and cancelled	(39 575)			
Balance at 30 September 2008	260 594	17 540	569 148	146 864

Condensed consolidated statement of changes in equity (continued)

R'000	Revaluation reserve	Issued capital and reserves attributable to equity holders of the company	Minority interest	Total equity
Balance at 30 September 2006	5 803	1 250 036		1 250 036
Currency translation differences		(7 006)		(7 006)
Revaluation of available-for-sale financial assets	(3 927)	(3 927)		(3 927)
- Revaluation gains taken to equity	2 971	2 971		2 971
- Transferred to profit or loss on sale	(6 898)	(6 898)		(6 898)
Net income recognised directly in equity	(3 927)	(10 933)		(10 933)
Profit for the year		284 035	571	284 606
Total recognised income and expense for the year	(3 927)	273 102	571	273 673

Share-based payment reserve		40 212		40 212
Dividends paid		(861)		(861)
Capital distribution		(256 514)		(256 514)
Shares issued		1 963		1 963
Shares repurchased and cancelled		(299 576)		(299 576)
Minority interest at acquisition of subsidiary			3 827	3 827
Balance at 30 September 2007	1 876	1 008 362	4 398	1 012 760
Currency translation differences		13 349		13 349
Revaluation of available-for-sale financial assets	(6 170)	(6 170)		(6 170)
- Revaluation losses taken to equity	(2 531)	(2 531)		(2 531)
- Transferred to profit or loss on sale	(3 639)	(3 639)		(3 639)
Net income recognised directly in equity	(6 170)	7 179		7 179
Profit for the year		172 943	4 645	177 588
Total recognised income and expense for the year	(6 170)	180 122	4 645	184 767
Share-based payment reserve		33 661		33 661
Dividends paid		(203 861)	(4 348)	(208 209)
Shares issued		11 143		11 143
Shares repurchased and cancelled		(39 575)		(39 575)
Balance at 30 September 2008	(4 294)	989 852	4 695	994 547

Condensed consolidated balance sheet

	Reviewed 2008 R'000	Audited 2007 R'000
Assets		
Intangible assets	1 097 309	1 097 309
Equipment	20 684	9 171
Investment in associate	1 960	1 960
Deferred tax asset	4 999	1 872
Investments backing policyholder funds and investments held through investment partnerships	19 207 633	18 482 686
Investment securities	36 312	97 958
Loan receivable	39 137	-

Trade and other receivables	111 496	168 265
Cash and cash equivalents	108 453	119 134
Total assets	20 627 983	19 978 355
Liabilities		
Interest-bearing borrowing	110 419	125 765
Deferred tax liabilities	12 520	47 788
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	19 195 113	18 437 426
Income tax payable	26 083	108 702
Trade and other payables	170 757	245 914
Bank overdraft	118 544	-
Total liabilities	19 633 436	18 965 595
Net assets	994 547	1 012 760
Equity		
Issued capital and reserves attributable to equity holders of the company	989 852	1 008 362
Minority interest	4 695	4 398
Total equity	994 547	1 012 760

Condensed consolidated statement of cash flows

	Reviewed 2008 R'000	Audited 2007 R'000
Cash flows from operating activities		
Profit before tax	271 022	480 855
Non-cash and other adjustments	74 867	9 678
Working capital changes	(18 125)	35 540
Cash generated from operations	327 764	526 073
Interest paid	(16 704)	(13 167)
Income taxes paid	(214 448)	(158 448)
Net cash from operating activities	96 612	354 458
Net cash from investing activities	12 801	86 848
Cash flows from financing activities		
Shares issued, repurchased and cancelled	(28 432)	(297 613)
Capital distribution and dividends paid	(208 209)	(257 375)
Decrease in interest bearing borrowings	(15 346)	(13 768)
Net cash used in financing activities	(251 987)	(568 756)
Net decrease in cash and cash equivalents	(142 574)	(127 450)
Cash and cash equivalents at beginning of year	119 134	253 590
Exchange rate adjustments	13 349	(7 006)
Cash and cash equivalents at end of year	(10 091)	119 134

Reconciliation of headline earnings

Reviewed 2008 R'000	Audited 2007 R'000
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Earnings attributable to shareholders	172 943	284 035
Dividend on convertible cumulative redeemable preference shares	-	(149)
Earnings attributable to ordinary shareholders	172 943	283 886
Effect of adjustments:	(3 798)	(6 868)
(Profit)/loss on disposal of equipment	(159)	86
Profit on disposal of available-for-sale financial assets	(3 639)	(6 898)
Profit on disposal of investment in subsidiary	-	(56)
Total tax effect of adjustments	637	852
Headline earnings	169 782	277 870

Segment report

	Africa	
	Reviewed 2008 R'000	Audited 2007 R'000
Segment revenue	724 825	880 241
Segment operating expenses	(452 893)	(495 918)
Segment result for the year	271 932	384 323
Net financial (expense)/income	(956)	22 606
Share of profit of associate	-	1 334
Profit from fund management	270 976	408 263

Segment report (continued)

	International	
	Reviewed 2008 R'000	Audited 2007 R'000
Segment revenue	78 807	81 755
Segment operating expenses	(72 194)	(68 571)
Segment result for the year	6 613	13 184
Net financial (expense)/income	(917)	10 259
Share of profit of associate	-	-
Profit from fund management	5 696	23 443

Segment report (continued)

	Group	
	Reviewed 2008 R'000	Audited 2007 R'000
Segment revenue	803 632	961 996
Segment operating expenses	(525 087)	(564 489)
Segment result for the year	278 545	397 507
Net financial (expense)/income	(1 873)	32 865
Share of profit of associate	-	1 334
Profit from fund management	276 672	431 706

Notes to the condensed consolidated financial statements

1. Basis of preparation and accounting policies

The financial information has been prepared in accordance with the

recognition and measurement principles of International Financial Reporting Standards (IFRS), the disclosure and presentation requirements of 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 2007.

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.

Cape Town

11 November 2008

Sponsor to Coronation:

Deutsche Securities (SA) (Proprietary) Limited