CORONATION FUND MANAGERS

Reviewed interim results for the six months ended 31 March 2006

▶ Assets under management increase to R94 billion

▶ Income from fund management up 33%

▶ Headline earnings per share up 27% to 24 cents per share

▶ Profit before IFRS 2 up 58%

Coronation Fund Managers Limited, one of the country's leading asset management companies, again produced a strong financial performance for the six months ended 31 March 2006. Over the period we capitalised on the opportunities in the market to produce enhanced returns for clients and shareholders and were recognised for our leading position in unit trusts by being awarded the ACI/Raging Bull Unit Trust Company of the Year for 2005.

▶ RESULTS These are Coronation's first set of financial results prepared in accordance with International Financial Reporting Standards (IFRSs). The main effect on the reported earnings resulting from the conversion to IFRSs are share-based payment charges in terms of IFRS 2. For the six-month period to 31 March 2006 these amount to R26 million compared to a charge of R2 million for the comparable period to 31 March 2005. These charges are not tax deductible. If these charges are ignored, earnings for the six months ended 31 March 2006 are 58% up on the previous comparable period.

Revenue for the six-month period ended 31 March 2006 was R311 million, up 23% from R252 million for the comparable period to 31 March 2005. Income from fund management activities increased 33% to R146 million from R110 million in the six-month period to 31 March 2005.

Net income attributable to shareholders increased by 27% to R93 million from R73 million. Headline earnings per share increased by 27% to 24,2 cents and diluted headline earnings per share by 15% to 21,5 cents. Coronation's cash generation remained strong.

▶ ASSETS UNDER MANAGEMENT Total assets under management increased by 15% from R82 billion at 30 September 2005 to R94 billion at 31 March 2006.

▶ BUSINESS HIGHLIGHTS Coronation retains its singular focus on fund management and the ongoing support of our clients is vital to our success. As such, over the past six months we have continued to concentrate our efforts on those areas which we believe to be critical in building and maintaining a profitable business.

Investment excellence We often make reference to the Coronation 'DNA' which talks to the manner in which all our portfolios are treated equally. Performance surveys and ranking tables confirm the consistent strength of our investment performance over the period:

- The unit trust business was recognised as the Raging Bull Unit Trust Company of the Year for the third time in four years for consistency of investment performance of all funds under management. We also received six individual fund ACI/Personal Finance Raging Bull awards.
- We received seven gold medals at the Standard & Poor's/Financial Mail Investment Performance Awards for individual fund performances.
- The 2005 PWC Banking Survey rated Coronation as 'the best provider of retail asset management services' in the country.
- The most recent Alexander Forbes Large Manager Watch (to end March 2006) places our domestic balanced portfolios 3rd over three and five years and 5th over one year.
- The Coronation Granite Fixed Income Fund was named the best performing fund in the fixed interest category at the annual Old Mutual Symmetry Hedge Fund Awards.
- Our long-only international funds continued to deliver strong returns with the Coronation Global Equity Fund of Funds producing a US dollar return of 27,3% per annum for the last three years to 31 March 2006, outperforming the MSCI World Index by 3,4%.

Product innovation A significant event was the launch of a range of individual retirement products which are transparent, flexible and cost-effective. The range includes a Retirement Annuity Fund, Preservation Pension and Provident Funds, Living Annuity and an Endowment Plan, each using Coronation's award-winning unit trust funds as the underlying investment vehicles.

Within the institutional market, we extended our domestic hedge fund offering with the inclusion of the Coronation Presidio and Coronation pH7 funds. We also launched the Coronation Capital Preserver Fund which combines our widely used and highly regarded skills of stock picking and asset allocation with our well-tested risk management techniques. From an international product perspective we streamlined the range to cater for the varying risk and return profiles of our South African clients.

Transformation Coronation continues to make progress with employment equity, black staff currently make up more than 50% of the total staff employed in South Africa. Black employees are the only beneficiaries of the Imvula Trust. As at 31 March 2006 (taking into account the rise in the Coronation share price) significant equity had been built up in the Trust. In addition to these achievements, we also contributed to enterprise development through the introduction of the Coronation Business Support Programme to assist six black stockbroking companies and made significant contributions towards the upliftment of both individuals and communities through our Growing Entrepreneurs Programme, which was a nominee in the recent Proudly South African Homegrown Awards.

The Coronation brand Since January 2006 we have made a significant investment in the brand through the launch of a new and exciting above-the-line advertising campaign. A key component of the campaign was the creation of our first TV commercial which features the lifeworks of Vincent van Gogh.

PROSPECTS The fund management industry, and Coronation in particular, is enjoying the strong conditions in domestic financial markets, the continuance of which is difficult to predict. It is our aim to build a long-term sustainable business focused on fund management which we believe will extend beyond financial market cyclicality. We will continue to focus on "Investment Excellence" for the benefit firstly of our clients and ultimately our shareholders and staff whose interests are significantly aligned.

INDEPENDENT REVIEW BY THE AUDITORS The full interim announcement for the six months ended 31 March 2006, as reported on SENS, has been reviewed by our auditors, KPMG Inc. Their unqualified review report is available for inspection at the registered office of the company.

CAPITAL DISTRIBUTION Coronation's policy is to declare one capital distribution per annum, payable after the announcement of the year-end results.

Gavan Ryan
Chairman

Thys du Toit
Chief Executive Officer

Jacob Mahlangu
Company Secretary

Cape Town
16 May 2006

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

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months reviewed 2006 R'000	Six months reviewed 2005 R'000	% Change	Full year reviewed 2005 R'000
Fund management activities					
Revenue	1	**310 535**	251 650	23	547 718
Financial income	1	**19 392**	9 499		30 640
Interest and dividend income		**10 818**	4 859		12 686
Other income		**8 574**	4 640		17 954
Operating expenses		**(178 353)**	(152 043)	17	(320 049)
Share-based payment expense	2	**(25 822)**	(2 210)		(18 038)
Other expenses	3	**(152 531)**	(149 833)	2	(302 011)
Interest expense		**(6 200)**	(196)		(6 009)
Share of profit of associates		**863**	874		967
Income from fund management		**146 237**	109 784	33	253 267
Income attributable to policyholder-linked assets and investment partnerships		**23 737**	9 321		18 641
Net fair value gains on policyholder and investment partnership financial instruments	4, 5	**25 784**	14 219		27 255
Administration expenses borne by policyholders and investors in investment partnerships	4, 5	**(2 047)**	(4 898)		(8 614)
Profit before tax		**169 974**	119 105		271 908
Income tax expense		**(76 816)**	(46 008)		(103 039)
Taxation on shareholder profits		**(53 079)**	(36 687)		(84 398)
Taxation on policyholder investment contracts	4	**(23 737)**	(9 321)		(18 641)
Profit for the period		**93 158**	73 097	27	168 869
Attributable to:					
– equity holders of the parent		**93 158**	73 097		168 283
– minority interest		**–**	–		586
Profit for the period		**93 158**	73 097		168 869
Earnings per share (cents)					
– basic		**24,2**	19,0	27	43,8
– diluted		**21,5**	18,7	15	41,0
Note to the income statement:					
Headline earnings per share (cents)					
– basic		**24,2**	19,0	27	42,9
– diluted		**21,5**	18,7	15	40,2

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	Reviewed 31 March 2006 R'000	Reviewed 31 March 2005 R'000	Reviewed 30 September 2005 R'000
Assets				
Equipment		**5 382**	5 626	5 539
Investment in associates		**9 733**	4 580	–
Deferred tax assets		**3 223**	5 466	5 466
Investments backing policyholder funds and investments held through investment partnerships	4, 5	**16 230 675**	12 516 273	13 579 288
Financial assets available-for-sale		**133 219**	85 842	122 562
Financial assets at fair value through profit or loss		**129**	16 610	20 447
Trade and other receivables		**97 783**	95 411	110 348
Cash and cash equivalents		**287 522**	110 099	245 752
Total assets		**16 767 665**	12 839 907	14 089 402
Liabilities				
Interest-bearing borrowing		**145 510**	–	148 000
Deferred tax liabilities		**1 480**	–	1 489
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	4, 5	**16 230 675**	12 516 273	13 579 288
Income tax payable		**65 564**	32 778	31 635
Trade and other payables		**115 332**	82 471	108 320
Shareholder for dividend		**452**	472	–
Total liabilities		**16 559 013**	12 631 994	13 868 732
Net assets		**208 652**	207 913	220 670
Equity				
Issued capital and reserves attributable to equity holders of the parent		**208 652**	207 913	220 084
Minority interest		**–**	–	586
Total equity		**208 652**	207 913	220 670

CONDENSED CONSOLIDATED SEGMENT REPORT

	South Africa operations R'000	International operations R'000	Group R'000
For the six months ended 31 March 2006			
Fund management			
Segment revenue	**282 512**	**28 023**	**310 535**
Segment other net income	**14 448**	**(393)**	**14 055**
Segment operating expenses	**(160 960)**	**(17 393)**	**(178 353)**
Segment result	**136 000**	**10 237**	**146 237**
% contribution to headline earnings	**92**	**8**	**100**
For the six months ended 31 March 2005			
Fund management			
Segment revenue	222 363	29 287	251 650
Segment other net income	7 934	2 244	10 178
Segment operating expenses	(129 281)	(22 762)	(152 043)
Segment result	101 016	8 769	109 785
% contribution to headline earnings	90	10	100

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and premium	Foreign currency translation reserve	Accumulated earnings	Share-based payment reserve	Revaluation reserve	Issued capital and reserves attributable to equity holders of the parent	Minority interest	Total equity
Balance at 30 September 2004 – SA GAAP	93 600	(9 242)	140 185		1 188	225 731		225 731
Share-based payment expense			(3 569)	3 569				
Balance at 30 September 2004 – under IFRS	93 600	(9 242)	136 616	3 569	1 188	225 731		225 731
Currency translation differences		(2 170)				(2 170)		(2 170)
Profit for the period			73 097			75 307		75 307
– SA GAAP			75 307			75 307		75 307
– Adoption of IFRS: share-based payment expense			(2 210)	2 210				
Dividends paid			(96 041)			(96 041)		(96 041)
Revaluation of available-for-sale financial investments					5 086	5 086		5 086
Balance at 31 March 2005	93 600	(11 412)	113 672	5 779	6 274	207 913		207 913
Capital distribution	(91 746)					(91 746)		(91 746)
Currency translation differences		165				165		165
Profit for the period			95 186			111 014		111 600
– SA GAAP			111 014			111 014	586	111 600
– Adoption of IFRS: share-based payment expense			(15 828)	15 828				
Dividends paid			(4 277)			(4 277)		(4 277)
Revaluation of available-for-sale financial investments					(2 985)	(2 985)		(2 985)
Balance at 30 September 2005	1 854	(11 247)	204 581	21 607	3 289	220 084	586	220 670
Capital distribution	(138 197)					(138 197)		(138 197)
Reallocation of distribution to accumulated earnings	130 880		(130 880)					
Premium on shares issued	5 502					5 502		5 502
Acquisition of minority interest							(586)	(586)
Currency translation differences		(3 813)				(3 813)		(3 813)
Profit for the period			93 158			93 158		93 158
Share-based payment reserve				25 822		25 822		25 822
Dividends paid			(745)			(745)		(745)
Revaluation of available-for-sale financial investments					6 841	6 841		6 841
Balance at 31 March 2006	39	(15 060)	166 114	47 429	10 130	208 652		208 652

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months reviewed 2006 R'000	Six months reviewed 2005 R'000	Full year reviewed 2005 R'000
Cash flows from operating activities		**185 323**	117 144	270 775
Profit for the period		**93 158**	73 097	168 869
Income tax expense		**76 816**	46 008	103 039
Non-cash adjustments		**15 349**	(1 961)	(1 133)
Working capital changes		**39 895**	2 798	15 225
Cash generated from operations		**225 218**	119 943	286 000
Interest paid		**(6 200)**	(196)	(480)
Income taxes paid		**(40 653)**	(68 103)	(124 787)
Net cash from operating activities	7	**178 365**	51 643	160 733
Net cash from investing activities		**2 695**	12 528	(12 579)
Net cash from financing activities	7	**(135 477)**	(95 569)	(44 064)
– distributions to shareholders		**(138 490)**	(95 569)	(192 064)
– other		**3 013**	–	148 000
Net increase/(decrease) in cash and cash equivalents		**45 583**	(31 398)	104 090
Cash and cash equivalents at beginning of period		**245 752**	143 667	143 667
Exchange rate adjustments		**(3 813)**	(2 170)	(2 005)
Cash and cash equivalents at end of period		**287 522**	110 099	245 752

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

BASIS OF PREPARATION AND TRANSITION TO IFRSs

The group has adopted IFRSs for the year ending 30 September 2006. The consolidated interim financial statements have been prepared in accordance with the recognition and measurement principles of IFRSs for interim financial statements, IAS 34: *Interim Financial Reporting* (IAS 34), the requirements of the South African Companies Act, Act 61 of 1973, as amended, and the Listings Requirements of the JSE Limited (JSE). These are the group's first IFRSs-consolidated interim financial statements for part of the period covered by the first IFRSs annual financial statements and IFRS 1: *First-time Adoption of International Financial Reporting Standards* (IFRS 1) has been applied. The consolidated interim financial statements do not include all of the information required for full annual financial statements.

The accounting policies have been applied consistently throughout the group for purposes of preparing these consolidated interim financial statements.

An explanation of how the transition to IFRSs has affected the reported financial position and financial performance of the group is provided. This includes reconciliations of equity and profit after tax as reported for comparative periods under SA GAAP, to that reported under IFRSs.

These consolidated interim financial statements have been prepared on the basis of IFRSs in issue that are expected to be effective at the group's first IFRSs annual reporting date, 30 September 2006. Based on these IFRSs, the Board of Directors has made assumptions about the accounting policies expected to be adopted when the first IFRSs annual financial statements are prepared for the year ending 30 September 2006.

The IFRSs that will be effective in the annual financial statements for the year ending 30 September 2006 are still subject to change and to the issue of additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for the annual period that are relevant to this interim financial information will be finally determined only as and when the first IFRSs financial statements are prepared for the year ending 30 September 2006.

APPLICATION OF IFRS 1

IFRS 1 requires retrospective compliance with all IFRSs expected to be effective at the end of the first IFRSs reporting period. However, it contains a number of exemptions to this full retrospective application of IFRSs. The group has applied the following exemption:

Business combinations

The group has elected not to apply IFRS 3: *Business Combinations* retrospectively to business combinations that occurred prior to 1 October 2004. Accordingly, no adjustments have been made to the accounting treatment of previous business combinations.

ACCOUNTING POLICIES ADOPTED ON CONVERSION TO IFRSs

Share-based payment transactions

The fair value of share options under employee share incentive schemes and other equity instruments granted to group employees is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which the employee becomes unconditionally entitled to the equity instruments. The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted. The amount recognised as expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions not being met. This accounting policy has been applied to all equity instruments granted after 7 November 2002 that had not yet vested at 1 January 2005. Share-based payments were not recognised under the group's previous accounting policies.

Black economic empowerment transactions

Transaction recognition criteria

In circumstances where a portion of the equity in a subsidiary company is disposed of and serves as security for the funding of the proceeds receivable, the accounting recognition of the disposal of such shares in the group financial statements is deferred until the funding subject to the security of the equity sold has been fully repaid.

Share-based payment

The group is extending the scope of IFRS 2: *Share-based Payment* (IFRS 2) to include the group's black economic ownership initiatives in accordance with international interpretations in this regard. Where goods or services are received from black economic empowerment partners as consideration for equity instruments of the group, then these transactions are accounted for in terms of IFRS 2, even when the entity cannot specifically identify the goods and services received.

Investment contract liabilities and associated linked investments

The financial instruments that arise as a result of the issuance of investment policies by the group are accounted for in terms of IAS 32: *Financial Instruments – Presentation and Disclosure* (IAS 32) and IAS 39: *Financial Instruments – Recognition and Measurement* (IAS 39) and are designated as financial instruments at fair value through profit or loss. This designation significantly reduces a measurement inconsistency that would otherwise arise. Commitments received from policyholders and benefit payments made to policyholders are not recognised in the income statement. Changes in the fair value of these financial instruments are recognised in the income statement in the period in which they arise. The fair value of linked investment contract liabilities is determined based on the fair value of the associated linked financial asset and is net of the taxation payable on investment gains. The taxation payable is separately disclosed as part of taxation in the income statement.

EARNINGS PER SHARE / BASIC EARNINGS PER SHARE / PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

	Six months reviewed 2006 R'000	Six months reviewed 2005 R'000	Full year reviewed 2005 R'000
Basic earnings			
Profit for the period attributable to equity holders of the parent	**93 158**	73 097	168 283
Dividend on convertible cumulative redeemable preference shares	**(452)**	(472)	(927)
Profit attributable to equity holders of the parent	**92 706**	72 625	167 356
Headline earnings			
Profit attributable to equity holders of the parent	**92 706**	72 625	167 356
Capital expenses	**–**	–	1 355
(Profit)/loss on disposal/scrapping of equipment	**(2)**	(26)	160
Profit on disposal of investment in associates	**–**	–	(4 934)
Headline earnings attributable to equity holders of the parent	**92 704**	72 599	163 937

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

	Six months reviewed 2006 R'000	Six months reviewed 2005 R'000	Full year reviewed 2005 R'000
In thousands of shares			
Issued ordinary shares at 1 October	**382 275**	382 275	382 275
Weighted average number of shares issued – 31 January	**536**	–	–
Weighted average number of ordinary shares for the period	**382 811**	382 275	382 275

DILUTED EARNINGS / PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (DILUTED)

	Six months reviewed 2006 R'000	Six months reviewed 2005 R'000	Full year reviewed 2005 R'000
Basic earnings (diluted)			
Profit attributable to equity holders of the parent	**93 158**	73 097	168 283
Secondary tax on companies – dividend on convertible cumulative redeemable preference shares	**56**	–	116
Profit attributable to equity holders of the parent(diluted)	**93 214**	73 097	168 399
Headline earnings (diluted)			
Profit attributable to equity holders of the parent (diluted)	**93 243**	73 097	168 399
Capital expenses	**–**	–	1 355
(Profit)/loss on disposal/scrapping of equipment	**(2)**	(26)	160
Profit on disposal of investment in associates	**–**	–	(4 934)
Headline earnings attributable to equity holders of the parent (diluted)	**93 241**	73 071	164 980

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (DILUTED)

	Six months reviewed 2006 R'000	Six months reviewed 2005 R'000	Full year reviewed 2005 R'000
In thousands of shares			
Weighted average number of ordinary shares for the period	**382 811**	382 275	382 275
Shares to be issued on conversion of convertible cumulative redeemable preference shares	**6 497**	7 563	7 574
Weighted shares to be issued – 2003 Employee Share Incentive Scheme	**2 436**	148	793
Weighted shares to be issued – BEE transaction	**41 305**	–	19 704
Weighted average number of ordinary shares (diluted) for the period	**433 049**	389 986	410 346

EXPLANATION OF TRANSITION TO IFRSs

These are the group's first consolidated interim financial statements for part of the period covered by the first IFRSs annual consolidated financial statements prepared in accordance with IFRSs.

The accounting policies have been applied in preparing the consolidated interim financial statements for the six months ended 31 March 2006, the comparative information for the six months ended 31 March 2005, the financial statements for the year ended 30 September 2005 and the preparation of an opening IFRSs balance sheet at 1 October 2004 (the group's date of transition).

In preparing its opening IFRSs balance sheet, comparative information for the six months ended 31 March 2005 and financial statements for the year ended 30 September 2005, the group has adjusted amounts reported previously in financial statements prepared in accordance with SA GAAP.

An explanation of how the transition from SA GAAP to IFRSs has affected the group's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Investment in associate

Coronation purchased 47,14% of the issued shares in Namibian Harvest Investments Limited, which is listed on the Namibian Stock Exchange, for R8,9 million effective 1 October 2005.

REVIEWED RECONCILIATION OF PROFIT

		For the six months ended 31 March 2005			For the year ended 30 September 2005		
			Effect of transition to			Effect of transition to	
	Notes	SA GAAP R'000	IFRS R'000	IFRSs R'000	SA GAAP R'000	IFRS R'000	IFRSs R'000
Fund management activities							
Revenue	1	262 719	(11 069)	251 650	580 185	(32 467)	547 718
Financial income	1	–	9 499	9 499	–	30 640	30 640
Interest and dividend income		–	4 859	4 859	–	12 686	12 686
Other income		–	4 640	4 640	–	17 954	17 954
Operating expenses		(148 346)	(3 697)	(152 043)	(303 838)	(16 211)	(320 049)
Share-based payment expense	2	–	(2 210)	(2 210)	–	(18 038)	(18 038)
Other expenses	3	(148 346)	(1 487)	(149 833)	(303 838)	1 827	(302 011)
Interest expense		(196)	–	(196)	(6 009)	–	(6 009)
Share of profit of associates		–	874	874	–	967	967
Income from fund management		114 177	(4 393)	109 784	270 338	17 071	253 267
Income attributable to policyholder-linked assets and investment partnerships		–	9 321	9 321	–	18 641	18 641
Net fair value gains on policyholder and investment partnership financial instruments	4, 5	–	14 219	14 219	–	27 255	27 255
Administration expenses borne by policyholders and investors in investment partnerships	4, 5	–	(4 898)	(4 898)	–	(8 614)	(8 614)
Profit before tax		114 177	4 928	119 105	270 338	1 570	271 908
Income tax expense		(39 744)	(6 264)	(46 008)	(84 398)	(18 641)	(103 039)
Taxation on shareholder profits		(39 744)	3 057	(36 687)	(84 398)	–	(84 398)
Taxation on policyholder investment contracts	4	–	(9 321)	(9 321)	–	(18 641)	(18 641)
Profit after tax		74 433	(1 336)	73 097	185 940	(17 071)	168 869
Share of after-tax profit of associates		874	(874)	–	967	(967)	–
Profit for the period		75 307	(2 210)	73 097	186 907	(18 038)	168 869
Attributable to:							
– equity holders of the parent		75 307	(2 210)	73 097	186 321	(18 038)	168 283
– minority interest		–	–	–	586	–	586
Profit for the period		75 307	(2 210)	73 097	186 907	(18 038)	168 869

REVIEWED RECONCILIATION OF EQUITY

		For the six months ended 31 March 2005			For the year ended 30 September 2005		
			Effect of transition to			Effect of transition to	
	Notes	SA GAAP R'000	IFRS R'000	IFRSs R'000	SA GAAP R'000	IFRS R'000	IFRSs R'000
Share-based payment reserve	2	–	5 779	5 779	–	21 607	21 607
Accumulated earnings	2	119 451	(5 779)	113 672	226 188	(21 607)	204 581

NOTES:

1. **Revenue**
Revenue under SA GAAP included interest, dividend and other income. These items have been reclassified as financial income in presenting the income statement on adoption of IFRSs.

2. **Share-based payments**
The terms and conditions of the share option programmes, grants and BEE transaction are disclosed in the most recent annual financial statements, together with the assumptions applied in determining the value of services received for these share grants and hence the share-based payment expense. These assumptions and conditions are not reported in this interim announcement and there are no material changes to these assumptions, other than as noted below.

The share-based payment expense is made up as follows:

	Six months reviewed 2006	Six months reviewed 2005	Full year reviewed 2005
Employee share incentive scheme	**953**	865	1 729
CIT share transactions	**15 422**	1 308	12 776
BEE transaction	**3 064**	–	3 459
Preference shares	**6 383**	37	74
	25 822	2 210	18 038

The preference shares
On 30 September 2003, 7 600 000 convertible cumulative redeemable preference shares were issued at 172 cents per share on terms and conditions as defined in the company's Memorandum and Articles of Association. The conversion terms of the first tranche of shares were revised as per a resolution passed by the directors of the company on 11 November 2005. Conversion rights vest over a total period of 5 years from the grant date, subject to the achievement of predetermined earnings per share and share growth targets.

60% after 3 years
– The market price per ordinary share of the group having increased at a minimum rate of 10% per annum from an agreed base of R3,50 per ordinary share at 30 September 2004, up to the relevant conversion date.
– The earnings per ordinary share having increased at a minimum rate of 10% per annum from the base of 33,9 cents per share at 30 September 2004, up to the relevant conversion date.

20% after 4 and 5 years
– The market price per ordinary share of the group having increased at a minimum rate of 10% per annum from an agreed base of R4,60 per ordinary share at 30 September 2004, up to the relevant conversion date.
– The earnings per ordinary share having increased at a minimum rate of 15% per annum from the base of 66 cents per share at 30 September 2004, up to the relevant conversion date.

The aforesaid earnings per share shall be calculated in accordance with SA GAAP and on the basis of the accounting policies as applied in the financial year ended 30 September 2002, except if they are required to be changed in order to comply with SA GAAP at the date of each set of subsequent financial statements. The directors are entitled in terms of the Articles of Association to revise the predetermined earnings per share and share growth targets.

The revision to the conversion terms has been treated as a modification in terms of IFRS 2. The increase in the fair value of the instrument grants is being recognised over the vesting period of 1 year. The IFRS 2 cost was estimated using option pricing methodology. The material assumptions are similar to those used to value the grants as disclosed in the most recent annual financial statements.

3. **Operating expenses**
Certain items previously included as operating expenses have been reclassified to financial income in presenting the income statement on adoption of IFRSs.

4. **Policyholder investment contracts and the associated linked assets**
The investment policies issued by the group's insurance subsidiary and the associated linked investments backing these policies, were previously accounted for and disclosed in terms of the SA GAAP statement dealing with disclosure in the financial statements of long term insurers. On adoption of IFRSs the financial assets and financial liabilities arising from these policies are required to be accounted for in terms of

IAS 32 and IAS 39 and have been designated as financial instruments at fair value through profit or loss. The revaluation on these financial instruments is now presented separately in the income statement. The administration expenses and taxation withheld on the linked policyholder investment policies are likewise presented separately in the relevant line items in the income statement. There is no net impact on reported profit after tax or equity in any of the periods presented.

5. **Investments held through investment partnerships and the associated liability to investors in these partnerships**
The group, through certain of its subsidiaries, is the disclosed partner and principal investor in certain investment partnerships. These investment partnerships have been consolidated and the financial assets and liabilities controlled by the group have been designated as at fair value through profit or loss on adoption of IFRSs. The impact of consolidation results in the increase of assets and liabilities on the balance sheet of R90,6 million at 31 March 2005 and R190 million at 30 September 2005. The impact on the income statement is reflected in the above reconciliations and there is no impact on reported profit after tax or equity for any of the periods presented.

6. **Balance sheet presentation**
The presentation of assets and liabilities in the balance sheet has been amended to be based on liquidity, as it provides information that is reliable and more relevant.

7. **Cash flow statement**
There is no impact on the value of cash and cash equivalents as a result of the adoption of IFRSs. Dividends paid were previously disclosed as part of net cash from operating activities and have been reclassified so as to form part of net cash from financing activities.

8. **Multi-class open-ended investment company**
The group is party to a multi-class open-ended investment company registered offshore. It appears that in terms of IAS 27, this structure may require consolidation. However, it is the intention of the group to take the necessary steps so as to ensure that the uncertainties surrounding the control of this structure are removed and to clearly establish that control of the underlying fund classes rests with the holders of the participating shares of each class. For the purposes of this interim announcement and the comparatives, the underlying funds have not been consolidated, on the basis that the directors believe that the funds underpinning this structure are special purpose entities, the majority of the benefits of which accrue to the holders of participating shares in each class, being the investors and external clients of the group. The final outcome of these revisions will be considered in preparing the group's annual financial statements as at 30 September 2006. The impact on the income statement of having to consolidate is not likely to be material.

CONDENSED CONSOLIDATED INCOME STATEMENT – SEPARATELY REFLECTING THE EFFECT OF IFRSs

	Six months 2006 R'000	Six months 2005 R'000	% Change	Full year 2005 R'000
Revenue	**310 535**	251 650		547 718
Financial income	**19 392**	9 499		30 640
Operating expenses	**(152 531)**	(149 833)		(302 011)
Income from fund management	**177 396**	111 316		276 347
Interest expense	**(6 200)**	(196)		(6 009)
Share of profit of associates	**863**	874		967
Profit before tax	**172 059**	111 994		271 305
Income tax expense	**(53 079)**	(36 687)		(84 398)
Profit for the period – before IFRSs	**118 980**	75 307	58	186 907
Share-based payment expense	**(25 822)**	(2 210)		(18 038)
Profit for the period – after IFRSs	**93 158**	73 097	27	168 869
Basic earnings per share (cents) – before IFRSs	**31,0**	19,6		48,5
Final capital distribution per share (cents)	**–**	–		36,0

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