CORONATION
FUND MANAGERS

Annual Report 2007

CORPORATE STRUCTURE

CONTENTS

AT A GLANCE

Our vision is to deliver investment excellence to our clients – excellence of investment performance, innovative products and client service.

We are an independent investment business focused on the long term, with a strong culture of staff ownership and entrepreneurial flair. Our people are independent thinkers with shared values and the ability to achieve with passion and energy. With a singular focus on fund management, we strive to be the best in all we do.

- Founded in 1993
- Only independently listed asset manager on the JSE Limited
- Assets under management in excess of R130 billion
- 10% of our business is owned by black staff through the Imvula Trust
- Offices in Cape Town, Johannesburg, Pretoria, Gaborone, Windhoek, London and Dublin
- Superior investment performance track record
- Strength of philosophy and process
- First to introduce absolute products to the South African market in 1999
- First asset manager in South Africa to gain GIPS® compliance
- Raging Bull Unit Trust Company of the Year – Top 2 every year since 2001
- 40 Financial Mail/Standard & Poor's Investment Performance Awards for individual fund performances
- A client-centric business

FINANCIAL HIGHLIGHTS

	2007	2006
CLIENTS		
Assets under management		
Opening market value (Rbn)	101.4	81.9
Net flows (Rbn)	1.5	1.9
Capital appreciation (Rbn)	31.1	17.6
Closing market value (Rbn)	134.0	101.4
SHAREHOLDERS		
Shareholders' equity (Rm)	1 013	1 250
Shares in issue (thousand)	320 733	349 577
Weighted average shares in issue (thousand)	348 894	376 671
Net asset value per share (cents)	288	357
Headline earnings per share (cents)	79.6	51.9
Capital distribution per share (cents)	20.0	53.0
Dividend distribution per share (cents)	47.0	–
FINANCIAL SUMMARY		
Total revenue (Rm)	1 008	742
Fee revenue (Rm)	962	706
Financial income (Rm)	46	36
Operating expenses (Rm)	564	437
Profit from fund management activities (Rm)	432	294
Cost-to-income ratio (excluding IFRS 2) (%)	53.2	53.5
Cash flow from operating activities (Rm)	354	311
MARKET INFORMATION		
Volume of shares traded (million)	121	118
Value of shares traded (Rm)	992	691
Closing share price (cents)	867	600
NUMBER OF EMPLOYEES	169	155

Where most people only see a delicate thread of silk...

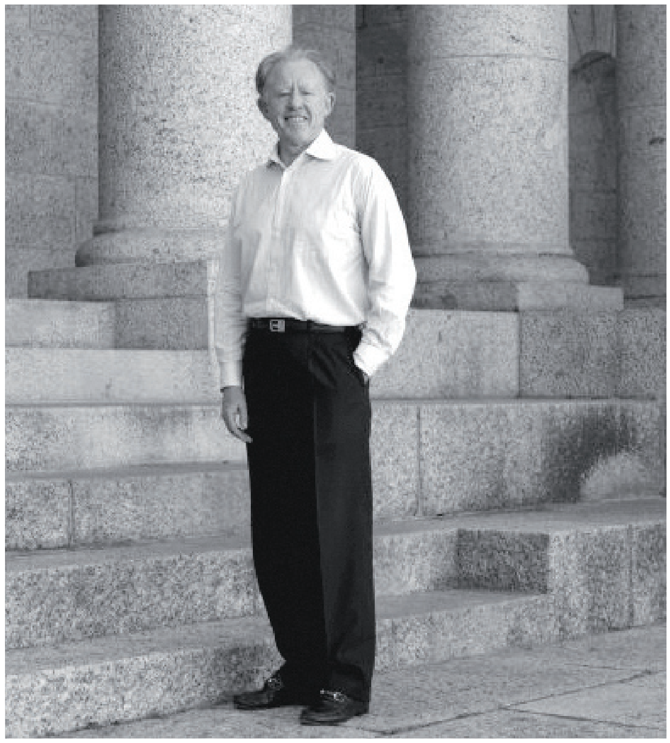
Coronation is an independent, focused fund management company, where success is measured by our ability to produce superior investment returns. Guided by our philosophy of investing with a long-term time horizon, we dedicate significant resources to conduct original research. It is a simple, yet complex and highly skilled business where analytical skills, perspective and patience are essential.

All non-core operations are outsourced, enabling us to focus on the internal efficiencies and processes that ensure our delivery of sustainable performance over the long term. Our vision is to deliver investment excellence to our clients – excellence of investment performance, innovative products and client service.

...we see investment excellence

CHAIRMAN'S STATEMENT

This year's set of financial results shows the strength of an established business with a continuing commitment to the delivery of investment excellence. We are proud of Coronation's position as one of the most successful fund management companies in the country.



Gavan Ryan

Against a backdrop of favourable domestic market conditions and strong investment performance, together with high levels of flows into the retail business, total assets under management grew by 33% to R134 billion*, from R101 billion at 30 September 2006.

Revenue increased by 36% to R962 million from R706 million in 2006, whilst profit for the year increased by 45% to R285 million. Headline earnings per share increased by 53% to 79.6 cents and diluted headline earnings per share by 55% to 72.7 cents. Coronation enjoys a level of operational leverage as costs for the year grew at a slower rate than revenue, highlighting our continued focus on cost efficiencies.

As in past years, we continue to reward shareholders with generous distributions. The final distribution for the 2007 financial year will be a total dividend of R151 million which equates to a dividend of 47 cents per share. Together with the interim distribution of 20 cents per share in May 2007 (total 67 cents per share), this represents an increase of 26% over the distribution for the 2006 financial year (53 cents per share). Our successful share buy-back programme, funded by our cash resources and the aforementioned cash distributions, results in a total of R522 million being returned to shareholders this year.

OWNERSHIP

Entrepreneurial flair and a culture of ownership are fundamental to our business. As at year end, the effective total staff ownership is 31%, growing from 28% as at 30 September 2006. This was achieved through the continuation of our share buy-back programme and subsequent cancellation of shares, together with additional shares issued during the year in terms of the exercise of options granted to staff in December 2003. The 10% shareholding held by the Imvula Trust, our equity empowerment partner, forms part of this total.

* In addition, R4 billion is managed by Namibia Asset Management Limited (NAM), in which we hold a 48% shareholding. By virtue of our control of the NAM share incentive trust, Coronation's effective control is 55%.

TRANSFORMATION

Integral to our business, and the economy, is the achievement of sustainable broad-based black economic empowerment. Transformation is a key component of our long-term business strategy which is implemented through the transformation committee under the chairmanship of non-executive director Shams Pather.

We are proud of the industry recognition given to the business over the past year: we were awarded the 'Eric Molobi Most Progressive Company Award' by The Association of Black Securities and Investment Professionals for 2007; achieved a further EmpowerDEX 'A' rating, and placed runner-up in the financial services category of 'The Community Growth Socially Responsible Investing Awards'.

CORPORATE GOVERNANCE

Coronation steadfastly adheres to the highest standards of integrity and ethical conduct in dealing with all stakeholders. We recognise our responsibility to conduct our affairs with prudence, transparency and accountability and remain committed to creating value for clients, shareholders, employees and society.

THE BOARD

I welcome to the board, Hugo Nelson, as chief executive officer. Hugo has been with Coronation since 1999; he is a seasoned investment professional with an impressive academic track record and I look forward to working with him.

On behalf of the board and the company I would like to pay special tribute to outgoing chief executive officer Thys du Toit. Thys, who was one of the founding members of the business at its inception in 1993, has been the chief executive officer since 1997. Under his leadership and guidance Coronation has achieved many significant milestones and is recognised as one of the leading fund management businesses in South Africa. His decision to step down after a decade at the helm is in line with his belief that 10 years is an optimum period that any chief executive officer should be in office. He remains an executive director of the company and will primarily focus on new opportunities to diversify revenue streams in the retail business.

PROSPECTS

We remain focused on fund management. Since inception we have strengthened our foothold in each of our chosen markets and are confident in the sustainability of the business. A significant portion of our revenue is attributable to the level of financial markets and the performance of the domestic equity market over the past five years has been exceptional. However, the heightened vulnerability in the outlook for financial markets suggests cautious revenue and profit growth expectations.

ACKNOWLEDGEMENTS

I would like to extend my appreciation to our staff who live the key values of our culture through their unrelenting passion to meet the needs of our clients. I also thank clients, shareholders and intermediaries for their loyalty over the past year.

Where most people only see a grain of sand...

Through rigorous research we unearth the insights that will allow us to identify the best investment opportunities across all asset classes. Asset allocation is fundamental in our portfolio construction process and an area where we add tremendous value to clients' returns. All client portfolios reflect the same Coronation DNA in their composition.

Product innovation and evolution is about blending and optimising all the tools in the investment toolkit to create relevant solutions for clients. We were the first to offer absolute products to South African investors and have, over the years, developed many leading-edge solutions. Today the Coronation Strategic Income Fund is the largest managed income fund in South Africa and the Coronation Capital Plus Fund, the largest absolute return fund.

...we see a celebration of ingenuity

CHIEF EXECUTIVE OFFICER'S REVIEW

Coronation has once again confirmed its status as a leader in the South African investment management industry. The strength of investment performance across all client portfolios reflects our philosophy of investing with a long-term time horizon and the appropriateness of our product range across a wide range of asset classes.

The domestic market performed better than anticipated and conditions remained conducive to good performance. Headline market returns mask the significant intra-month volatility which repeatedly tested the strength of our convictions during the year. Locally, the FTSE/JSE All Share Index returned 37.4% and the All Bond Index 9.0%, while the MSCI World Index recorded 21.7% in US dollar terms. The currency also experienced some volatility, ending the year largely unchanged against the euro but strengthening by approximately 11% against the US dollar.

Thys du Toit

INSTITUTIONAL

We retain our position of leadership in the Southern African institutional market. For the year, we achieved strong investment performance and attracted R10.5 billion in new client mandates, with a significant proportion directed to our fixed interest offering. Assets under management total R96.1 billion, a 29% increase on last year.

LANDSCAPE

The year began with a flurry of private equity deals which buoyed the domestic equity market and significantly increased the level of shareholder activism. With the aim of achieving equitable treatment of all shareholders, institutional investors actively engaged with service providers to challenge their rights as shareholders on a number of deals. This extended to the re-examination of some investment mandates as funds sought to follow their rights into unlisted vehicles, so often the end result of corporate action.

Despite the trend in recent years towards specialist mandates, trustees have started to investigate the merits of a balanced mandate as the importance of asset allocation and its inherent benefits become more widely understood. As a result, investor education at a number of levels and in varying forms has become a priority for the industry.

Staying with the global issue of corporate governance, the Financial Services Board released Circular PF130 – 'Good Governance Guidelines for Retirement Funds' mid-year. This is a comprehensive guide for pension fund trustees to carry out their duties, and serves as an early indicator of post-reform governance standards in the industry. In time this may form the basis of decisions to ensure future cost effectiveness and better governance in the administration and management of pension funds.

The second discussion paper on Social Security and Retirement Reform was circulated by National Treasury in February 2007. While the scope of the discussion paper is ambitious and the strategic imperatives are clear, much of the detail has yet to be formulated. This process will fundamentally change the landscape of the long-term savings industry and is therefore a key issue on our agenda. We support the principles defined by policymakers and believe change will assist in building a better, more equitable industry in the long term. We continue to engage with policymakers to contribute to the success of this important social reform.

Boutiquing (new start-ups) was also a feature of the year which led to the adding of more layers of complexity and a greater burden on the investor to choose appropriate managers and products. While investors attempted to navigate their way through the explosion of service providers and product, we used the opportunity to strengthen our message of a long-term investment philosophy and the Coronation DNA which anchors all our products. This is contrary to the recent trend in fund management of offering 'silos' with different investment philosophies.

INVESTMENT PERFORMANCE

Strong long-term performance in our flagship domestic balanced portfolios places us 2nd over five years in the Alexander Forbes SA Large Manager Watch to end September 2007, and 3rd over the shorter one and three-year periods. Similarly, the consistency of our superior performance in fixed interest is noted in our upper quartile position in the Alexander Forbes SA Bond Manager Watch to end September 2007.

While we have traditionally been known as domestic balanced and domestic equity managers, many of our newer investment initiatives have been performing well. In particular our fixed interest unit as well as our hedge fund products. The Coronation Multi-Strategy Arbitrage Fund closed to new investors in December 2006 and the Coronation Granite Fixed Income Fund won the 'South AfricaHedge Fund Award' for the Best Fixed Income Hedge Fund for 2006.

CLIENT-CENTRIC FOCUS AND PRODUCT DEVELOPMENT

Along with most of the industry we experienced outflows due to the contractual dissaving and the asset allocation consequences of an equity bull market, compounded by our relatively mature domestic market share.

In line with the general re-examination of investment strategies and mandates we spent a great deal of time providing guidance and input on where we see the market and how we believe we can best add value. Naturally, with the heightened volatility in global markets and the ongoing uncertainty surrounding the sub-prime crisis, investors have become more risk-averse.

From a product perspective, our hedge fund range has attracted considerable interest from both local and international investors. In terms of our international offering, we have revamped the global product range and plan to introduce a number of new funds in early 2008. We are, in particular, very excited about the recent establishment of our global emerging markets unit, which capitalises on our domestic stockpicking skill and experience. By extending across the global emerging markets universe we plan to manage global emerging market portfolios from South Africa.

The groundwork of the past two years in the Botswana market has resulted in our being awarded a sizeable mandate. We continue to build on the strength of our offering in this market and look forward to increasing our client base over the next few years.

RETAIL

Domestic unit trust assets under management grew by 44% to R25.7 billion, surpassing the industry growth rate of 30%. Our share of new cash flows into long-term single manager funds totalled R5.5 billion, which represents a 19% share of investment flows into this market segment. This significant growth, achieved against the backdrop of favourable yet volatile market conditions, confirms market support for our consistently applied investment philosophy and attests to the relevance and accessibility of our fund range.

The continued strong bias in investor preference towards funds with broader mandates resulted in the greatest proportion of new inflows being directed into our core range of asset allocation funds. We have advocated the appropriateness of these managed funds over the past five years, which have rewarded investors with above-average risk-adjusted returns. Constructed to meet different investor needs, these funds have flexible investment mandates, allowing Coronation to exercise investment discretion and providing clients with the maximum opportunity to benefit from manager skill.

The Coronation Strategic Income Fund is now the largest managed income fund in South Africa and the Coronation Capital

Plus Fund retains its position as the largest absolute return fund in the country.

THE LANDSCAPE

Unit trusts continue to grow in popularity among investors, with total industry assets under management increasing to R646 billion invested in 787 funds. Positive financial market conditions, coupled with the flexibility, transparency and sound regulatory framework of the unit trust vehicle, underpin this industry's increasing importance as custodians of a significant component of South African household wealth.

The role of the industry in managing assets earmarked for retirement continues to grow. Since 2002, assets invested in prudentially regulated balanced funds increased four-fold to a current level of 20% of industry assets. Unit trusts have become the preferred investment vehicle for personal pre-retirement saving through retirement annuities and preservation funds. In addition, individuals are increasingly choosing unit trust-linked living annuities over traditional pensions.

While this trend is pleasing, it heightens the exposure of the industry to the impact of the retirement reform process proposed by Government. If reform dramatically alters the landscape of the savings environment, the structure of the unit trust industry will be affected which will clearly impact our business.

INVESTMENT PERFORMANCE

Investment performance remains exceptional and we are particularly pleased with the long-term performance of our core fund range*, all of which rank first in their categories and have significantly outperformed their benchmarks on an annualised basis since inception.

Over five years, the Coronation Capital Plus, Market Plus, Top 20, Resources and Industrial funds all achieved the best performance in their respective peer groups, while the Coronation Balanced Plus Fund ended the year in the top decile of all prudential medium equity funds.

* Excluding the Coronation Balanced Defensive Fund which was introduced in February 2007

This year we took second place in the 'Raging Bull Unit Trust Company of the Year Award' for 2006, and six 'Best in Sector' awards at the 2007 Financial Mail/Standard & Poor's Fund Awards where we were also named runner-up in the 'Best Larger Group' category.

CLIENT-CENTRIC FOCUS AND PRODUCT DEVELOPMENT

We aim to provide a fund range that is relevant to the needs of the majority of investors. During the year, three new funds were added: the Coronation Balanced Defensive Fund and the Coronation Dynamic Protector Fund, both of which are defensively managed offering lower risk growth for conservative investors, and the Coronation Preference Share Fund, aimed at investors who require tax-efficient income. As we expect an increase in demand for foreign investment, we are currently reviewing our foreign fund range with a view to expanding our offering in early 2008.

We remain committed to our business model of non-affiliated distribution, focusing primarily on the financial intermediaries who recommend our products. Over the year, we extended this distribution network by 400. We continue to ensure our funds are easily accessible across a number of third-party investment platforms and directly from Coronation.

INTERNATIONAL

Our London-based global multi-manager business, Coronation International, increased assets under management by 46% to US$1.75 billion. A significant portion of this is directly attributable to US$416 million inflows to the long-only Coronation Global Equity Fund of Funds.

THE LANDSCAPE

Global markets were characterised by two sharp inflection points. In February 2007, growth concerns stemming from China resulted in a global sell-off that interrupted the equity markets' non-stop rise since mid-2006. This was followed by the fall in July/August, when market values dropped sharply in response to fears of a melt-down in credit markets. The first half of August saw a severe sell-off, precipitated by the adverse publicity surrounding the growing concerns over the liquidity and creditworthiness of sub-prime lending. On a global basis investors suddenly became acutely aware of the massive global binge in credit expansion which had taken place over the past five years. While the full impact of the sub-prime crisis is not entirely clear and accounted for, equity markets remain in relatively high territory, albeit with sharply heightened volatility.

Hedge funds suffered a severe setback on the back of the sub-prime crisis, the domino effect of which extended to many and all types of investors. These included banks and pension funds invested in mortgage-backed securities, the UK mortgage lender Northern Rock, which had to borrow from the Bank of England and experienced a run on deposits from customers, and other investors across the globe.

Within the international pension fund space, of key debate was unconstrained versus constrained mandates. The blurring of traditional and alternative continues to gather momentum and can be seen in the number of 130/30 funds which extend the traditional manager's investment toolkit to include hedge fund long/short strategies.

As in South Africa, good corporate governance principles were high on the agenda for many trustees and service providers as they seek to achieve one share one vote, dismantling the A and B voting structures of older internationally listed companies.

Despite the turmoil in credit markets, the attractive equity valuations in developed markets bode well for our range of global long-only funds, and we are confident that our proven ability to select and blend the best global talent will continue to produce market-beating returns for clients.

INVESTMENT PERFORMANCE

All funds across both the traditional and alternative fund ranges produced favourable returns in extremely volatile global market conditions.

The Coronation Global Equity Fund of Funds has comfortably outperformed the benchmark MSCI World Index over the one, three and five-year periods, and is well positioned in its peer group. Inflows to the fund during the year have taken the total assets under management in long-only equity strategies to US$918 million. The principal investors have been South Africans seeking long-term exposure to global equity markets with superior performance.

With its more defensive character, the Coronation Global Equity Alternative Strategy Fund continued to deliver positive performance with considerably lower volatility than that of the market. The fund has achieved an annualised US dollar return of over 11.4% per annum since inception. The Coronation Global Bond Fund of Funds has outperformed its benchmark, the Citigroup World Government Bond Index, by 1.4% per annum (net of all fees) since its launch in July 2003.

FUTURE FOCUS

Coronation remains singularly focused on fund management and the delivery of investment excellence. We firmly believe that we have the right strategy in place and a business model that extends beyond financial market cyclicality. There are some exciting initiatives underway and we look forward to bringing a number of new and appropriate products to market in the early part of 2008.

WORD OF THANKS

After an incredible 10 years at the helm of Coronation I step down as chief executive officer. It has been an extraordinary period in my life, both at a professional and personal level, and an honour to have led a great business and to have worked with an exceptional team of people. I would like to thank my colleagues for their support over the years and, in particular, over the past year. I congratulate my successor, Hugo Nelson, and wish him much success as he leads Coronation into its next growth phase.

TRANSFORMATION

At Coronation, transformation and the creation of broad-based sustainable black economic empowerment is an integral part of our business strategy. Under the chairmanship of non-executive director, Shams Pather, the transformation committee drives all related processes that, over time, will enable Coronation to exceed the imperatives as defined in the Department of Trade and Industry's Codes of Good Practice on Black Economic Empowerment (BEE) and the Financial Sector Charter. By effecting positive social change in a manner that makes practical business sense we extend the benefits to clients, partners, shareholders, staff and the economy.

Our strategy is defined by the following key areas:

Ownership and control

Employment equity and human resource development

Procurement and enterprise development

Corporate social investment

OWNERSHIP AND CONTROL

One of the most direct means of increasing meaningful black participation in the economy is through black participation in the decision-making and ownership of the company. Our chosen BEE partner, the Imvula Trust (Imvula), includes all current and future black staff. Imvula, now in its third year of existence, has created tangible benefits for its participants through annual cash distributions and the creation of a net asset value of R152 million.

Black representation at board level is currently 33%, and 28% at senior management level (effective 8 November 2007).

EMPLOYMENT EQUITY AND HUMAN RESOURCE DEVELOPMENT

People are our greatest asset and the smarter and more diverse we are as a business, the greater is our competitive advantage.

Over the years we have focused considerable time and resources at ensuring that we attract, motivate and retain the very best people. We continue to employ talented black individuals and enrich our already diverse staff complement. Where we encounter

The Coronation Growing Entrepreneurs Programme

a shortage of relevant industry experience among black individuals, we recruit on the basis of an individual's potential to excel.

We believe that the effective development and transfer of skills is essential to the transformation of the industry. As such, training, mentoring and career planning play integral roles in the advancement of all staff. The Coronation Mentorship Programme enables experienced staff to mentor new employees, providing guidance on company culture and work processes as well as industry insight.

Our core values of individual dignity, achievement and continuous learning are not only essential to our culture but, as part of a highly successful team of people, deeply ingrained in each individual. Staff are encouraged to enhance their knowledge and skills through part-time study and by attending conferences and workshops. In many instances the business provides financial assistance towards tuition fees. A total of 64% of the company's total training spend was directed specifically to black staff. Furthermore, staff are encouraged to diversify their skills by exploring new positions and responsibilities within the business.

The notable success of our disciplined recruitment and selection process is reflected in our staff demographics spanning all levels of the business. As at 30 September 2007, 55% of our South African staff are black, with the full staff complement split as follows:

	White male	White female	Black male	Black female
Executive management	50%	0%	33%	17%
Senior management	54%	19%	17%	10%
Middle management	14%	28%	29%	29%
Junior management	4%	28%	22%	46%
Other staff	0%	0%	27%	73%

Within the South African investment team of 44 individuals 45% are black, of which 11% are black females.

PROCUREMENT AND ENTERPRISE DEVELOPMENT

Preferential procurement is where we believe transformation has the greatest impact as it provides real opportunity for the redistribution of wealth. By adhering to a procurement policy that strongly reflects BEE as the central criterion, we are able to influence our suppliers to enhance their BEE credentials, and therein help create a cycle of enhanced economic activity and wealth creation.

As a custodian of our clients' assets, the procurement of stockbroking services is a critical element of our business. Through the Coronation Business Support Programme initiated in February 2006, six niche black stockbrokers are allocated a minimum of 10% of total annual brokerage over periods of three to five years. Throughout the course of each financial year we maintain ongoing interaction with members of the six stockbroking teams and provide assistance at both an operational and strategic level. Now in its second year of operation, the transformation enabled by the programme has been outstanding, with some businesses having evolved into sustainable stockbroking houses with value-added offerings for the investment community.

The web-based system, B1SA, is used to establish and monitor the empowerment credentials of all suppliers and service providers.

CORPORATE SOCIAL INVESTMENT

Through our focused social investment programme we aim to empower individuals and uplift historically disadvantaged communities. All the projects in which we are involved are sustainable and dedicated to the development of human and intellectual capital.

RECOGNISING KEEN MINDS

The youth are the future of the nation and by channelling a significant proportion of funding towards education-related initiatives, we provide learners with the supplementary tuition that will enable them to obtain the all-important senior certificate.

This is achieved through our support of the Association for Educational Transformation (ASSET), a non-profit organisation established in 1982, which enables disadvantaged learners in the Western Cape to attend additional lessons in a range of subjects, including life orientation. The learner development programme, known as 'The Saturday School', operates during school terms and holidays and caters for in excess of 1 400 Grade 11 and 12 learners who are registered at their Langa, Khayelitsha and Kraaifontein training centres.

BURSARIES

The Coronation Bursary Programme, founded in 1993, provides bursaries to a number of bright young black South Africans. Funding is awarded on merit and according to financial need to students studying towards a degree in Business Science, Accounting, Finance, Business Economics and Economics. Where requested, bursary students are allocated a Coronation mentor to assist in the integration into university life as well as given additional support in the English language by trained tutors. Throughout the life of the bursary contract, students have the opportunity to gain valuable practical work experience through vacation work, primarily in our Cape Town head office.

Our efforts in this regard were enhanced by a group of 12 individual staff members who financed the tuition of a well-deserving student in the 2007 academic year.

CORONATION GROWING ENTREPRENEURS PROGRAMME

The highly successful Coronation Growing Entrepreneurs Programme, pioneered in 2004 with the South African Institute for Entrepreneurship, aims to impart the necessary skills that will create jobs and alleviate the frontiers of poverty.

During the past financial year, the programme was implemented at Heifer SA in Limpopo and KwaZulu-Natal and Botlhale Permaculture Services in Gauteng. Since its inception, the programme has trained a total of 97 trainers who in turn have provided close to 2 500 small-scale black farmers with the skills and knowledge to become successful business people.

Due to the popularity of the Coronation Growing Entrepreneurs Programme, an enhanced version of the AgriPlanner training tool is in development to meet the needs of, among others, chicken farmers, bee keepers and cattle farmers.

BUILDING COMMUNITIES

In conjunction with Habitat for Humanity, we again participated in the objectives of this non-profit non-governmental housing organisation dedicated to addressing the housing shortage in South Africa. A total of 60 staff assisted in the building of a family home in Mfuleni (Western Cape) as part of the 2007 Corporate Blitz.

NOT-FOR-PROFIT

Over the year, we extended financial assistance to a number of not-for-profit organisations and participated in several charity fund raisers. We are proud to have played an active role in the Noah Broking for Good project where the entire proceeds of three days' trading by Noah Financial Services was directed to selected social development initiatives. Now in our 10th year of association, we continue to manage the assets of the Nelson Mandela Children's Fund for no financial compensation.

CONCLUSION

Transformation at Coronation is a long-term commitment and thus a work in progress. Integrated into our business strategy we continue to achieve significant milestones, where all initiatives are centred on people and building capacity. In the 2008 financial year our involvement will extend to teacher training initiatives with the Cluster Schools Programme (Western Cape Primary Science Programme Trust), Teacher Training Programme (Leap Science and Maths) and Teachers Dream (GreaterGood).

Sustainable broad-based black economic empowerment and transformation is an imperative for our business and the country. We are proud participants in its development and evolution as we build a nation where all South Africans participate in its growth.

BOARD OF DIRECTORS

GAVAN RYAN (chairman) (59)
BCom, CTA, CA(SA), MBA

Gavan is an executive director of Coronation Investments and Trading Limited, the investment banking group formerly listed as Coronation Holdings Limited. He was a director of the Coronation Holdings Limited group from 1992, serving as chairman from 1993 to 2001. Prior to joining Coronation, Gavan had over 20 years experience in investment banking in South Africa.

THYS DU TOIT (outgoing chief executive officer) (48)
BSc, MBA

Thys is one of the founding members of Coronation Fund Managers and has fulfilled the role of chief executive officer since 1997. Prior to establishing the company, he spent four years with Syfrets Managed Assets as a portfolio manager, and six years with George Huysamer & Partners, three years in the fields of capital and derivative markets, equity research and portfolio management and three years as a director.

SHAMS PATHER (director) (57)
BBusSc, BCom (Hons), MBA

Shams has more than 30 years experience in the asset management industry. From 1974 to 2003 he worked at Norwich Union, Colonial Mutual Life Assurance, Southern Life and Real Africa Asset Management. Directorships include Oceana Group Limited, RARE Holdings Limited, The RARE Group (Pty) Limited, Lungisa Industrials (Pty) Limited, Lungisa Technologies (Pty) Limited and Lungisa Investment Holdings (Pty) Limited. Shams is also a member of the UCT Joint Investment Council.

WINSTON FLOQUET (director) (66)
CA(SA), MBA

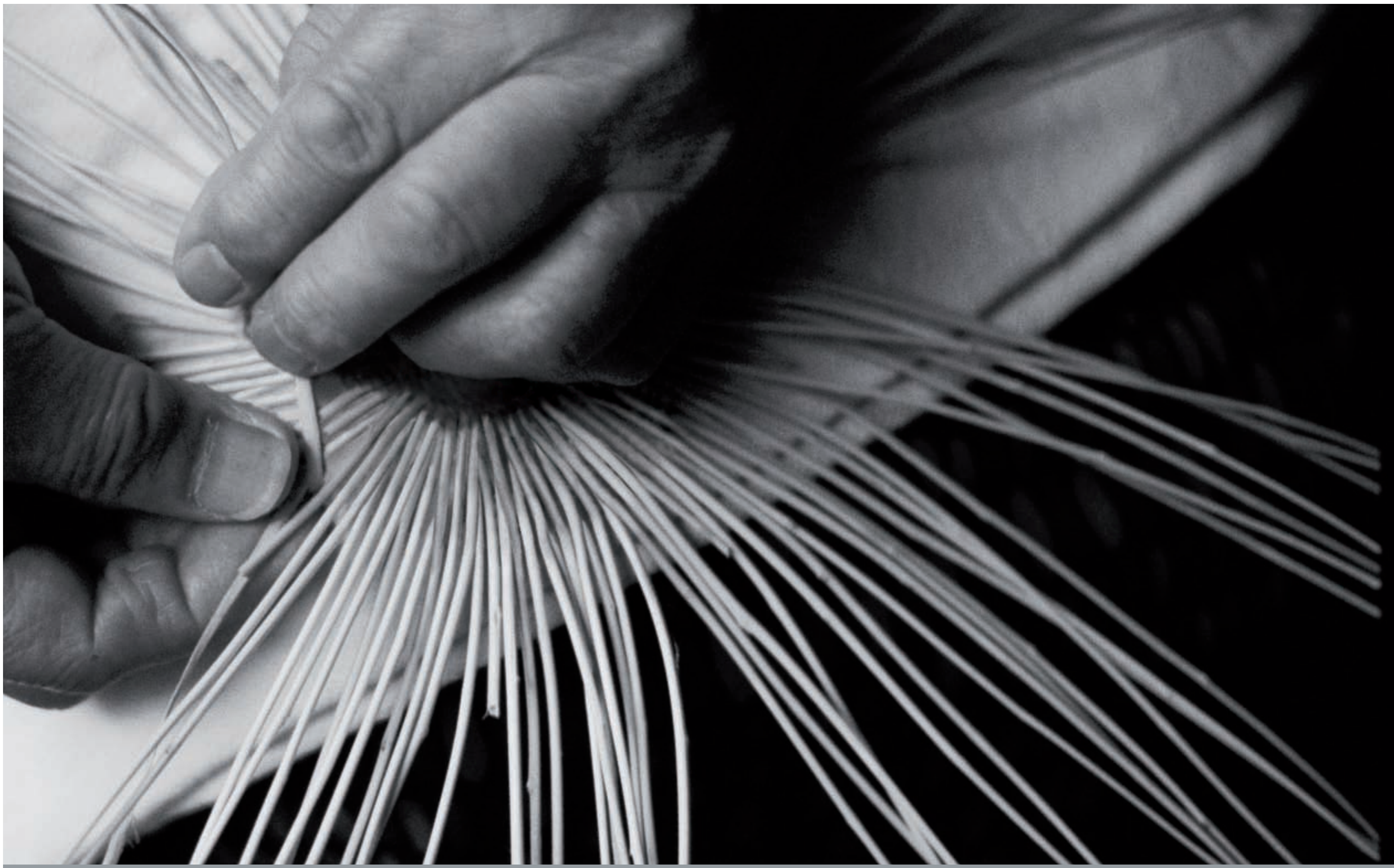
Winston is chairman of Flagship Private Asset Management (Pty) Limited, a position he has held since 2001. Prior to this, he held the position of deputy chairman of Fleming Martin South Africa (now JP Morgan) for seven years (1995 to 2001) and the position of chief executive officer of Martin & Co Inc. for 10 years (1986 to 1995). He is a former chairman of the Investment Analysts Society and a former member of the Accounting Practices Board.

LOUIS STASSEN (chief investment officer) (43)
BSc, BCom (Hons), CFA

Louis is a founder member of Coronation Fund Managers. He has more than 18 years industry experience and has worked in the investment teams of Allan Gray, Syfrets Managed Assets and Standard Bank in London. From 1999 to 2001 Louis held the position of chief investment officer (South Africa). Until September 2004 he headed up the absolute investments unit, which he established in 1999, and was appointed global chief investment officer in January 2005.

HUGO NELSON (incoming chief executive officer) (37)
MBChB, MBA (Oxon), CFA

Hugo was appointed chief executive officer in November 2007. He joined Coronation in 1999 as part of the investment team, initially as an equity analyst and later as a portfolio manager responsible for large institutional client portfolios and unit trust assets. Hugo is a medical doctor, Oxford University MBA graduate and holds a CFA.



Where most people only see a single blade of grass...

Each individual aspires to be an expert in their chosen field of investments, marketing, operations and finance, yet we all share the common drive and passion for excellence. We are proud to have one of the best investment teams in the country where our commitment to training and development ensures that the taller trees make space for the younger trees to grow.

By creating the right working environment we provide people with the freedom to exceed their own expectations. Our culture is one of teamwork, excellence and entrepreneurial flair, and where diversity is a competitive advantage. 55% of staff are black, and all are beneficiaries of our empowerment partner, the Imvula Trust. By aligning the interests of clients, shareholders and staff we continue to build a sustainable business. We are 31% staff-owned.

...we see the strength that collaboration offers

CORPORATE GOVERNANCE

INTRODUCTION

Coronation retains a balanced approach to effective corporate governance. The directors are of the opinion that Coronation has complied in all material respects with the principles of the Code of Corporate Practices and Conduct during the 2007 financial year as set out in King II.

BOARD OF DIRECTORS

Subsequent to year end, Coronation's unitary board comprises three executive directors and three non-executive directors, two of whom are independent. The chairman is non-executive but not regarded as independent in terms of the definition in King II. The roles of chairman and chief executive officer have been specifically separated. The non-executive directors have the integrity, skills and experience to provide independent insight and value at board meetings. Profiles of the directors are detailed on page 17.

The board's main responsibility is to increase shareholder wealth. The board is accountable to shareholders and is responsible for actively managing relationships with the various stakeholders. In fulfilling its primary responsibility, the board is aware of the importance of achieving a balance between conformance to governance principles and economic performance. The board is fairly balanced between executive and non-executive directors and complies with the recommendations of King II.

The board is responsible for appointing the chief executive officer, guiding and reviewing corporate strategy, considering major initiatives and for risk policy. The executive committee is accountable to the board for the development and implementation of strategy and policies. The board regularly reviews group performance, matters of strategic concern and any other matters it regards as material.

The board is responsible for nominating and recommending to shareholders all new directors for appointment, or reappointment in the case of existing directors. While non-executive directors do not have service contracts, the executive directors have contracts with the group terminable upon one-month's written notice to the board. In line with company policy at least one third of the directors are required to retire from their appointment each year. The directors who are required to retire are those who have been in office the longest since their last election or appointment. The retiring directors may make themselves eligible for re-election. The board has full and effective control of the group, which is exercised through senior management and the subsidiary boards.

Disclosure of the individual executive and non-executive directors' emoluments and shareholdings is set out on page 31 and 32.

The board meets quarterly and additional meetings are convened as required. Material decisions may be taken between meetings by way of written resolution, as provided for in the Articles of Association. The non-executive directors are provided with comprehensive information on the business and are updated on business developments between board meetings. The board met on five occasions during the 2007 financial year.

The composition of the board and its three committees, the audit and risk committee, transformation committee and the remuneration committee for 2007, are as follows:

	Board of directors	Remuneration committee	Transformation committee	Audit & Risk committee
Gavan Ryan [2]	Chairman	Chairman		Member
Thys du Toit [3]	CEO		Member	Member
Louis Stassen [3]	CIO			
Shams Pather [1]	Director		Chairman	
Winston Floquet [1]	Director	Member		Chairman

1 Independent non-executive | 2 Non-executive | 3 Executive

Attendances at the meetings of the board and the committees were as follows:

	Board of directors	Remuneration committee	Transformation committee	Audit & Risk committee
Gavan Ryan	5/5	3/3		3/3
Thys du Toit	5/5		2/2	3/3
Louis Stassen	4/5			
Shams Pather	5/5		2/2	
Winston Floquet	5/5	3/3		3/3

REMUNERATION COMMITTEE

The remuneration committee is chaired by a non-executive director, but not by an independent director, which is not consistent with the recommendations of King II. In compliance with King II, the chief executive officer is not a member of the committee but attends all meetings by invitation.

The committee meets twice a year, in April and October, to coincide with the bonus payment times of the year, as well as on an ad hoc basis if required. The committee met on three occasions during the 2007 financial year.

The committee's main aim is to ensure that the company recruits and retains the appropriate calibre of management. It approves the company's remuneration philosophy and policies and ensures that directors, senior executives and other employees are appropriately rewarded for their contribution to the performance of the business, with specific focus on incentives and longer-term remuneration structures. Local and international remuneration levels and trends are taken into consideration.

Non-executive directors receive fees for their services as directors of the board and for services as members of committees. These fees were determined and agreed by the board on the recommendations of the remuneration committee.

TRANSFORMATION COMMITTEE

Established at board level, the transformation committee drives all processes related to our transformation commitments and the challenges that this brings. The committee is accountable to the board, and reports to the board on all issues pertaining to transformation, including company-specific initiatives and the relevant scorecards. Minutes of the committee's meetings are made available at board meetings.

The objective of the transformation committee is to establish and maintain an understanding of transformation in respect of the company's objectives. In line with corporate governance requirements, the transformation committee identifies business areas where transformation will be effected. It also monitors all transformation strategies and measures their respective impact.

The committee is tasked with establishing targets and monitoring the implementation of the transformation strategy at Coronation. In discharging these responsibilities it considers the legal and regulatory frameworks, industry scorecards and the vision of the company. The committee institutes educational programmes to assist with company-wide understanding of the transformation agenda and strategy, and reviews and signs off on the transformation report included in the company's annual report. It reviews the results of any surveys undertaken and assesses management's response to transformation initiatives. Ultimately it ensures that true transformation is taking place within the business with regard to recruitment, staff retention, work environment and career development.

The committee consists of a non-executive director (chairman), the chief executive officer, chief operating officer and human resources manager. Meetings are held twice a year.

The transformation committee relies on management structures for the implementation of strategies and initiatives, of which the primary parties are the executive committee and the transformation task team.

AUDIT AND RISK COMMITTEE

The board acknowledges its responsibility for the overall process of risk management and monitoring of the system of internal control. Management is accountable to the audit and risk committee for ensuring that the risk management process is incorporated into the day-to-day activities of the business, which includes design, implementation and monitoring thereof. The chairman of the committee reports on the status of the external and internal audit, compliance and risk management functions at the meetings of the board of directors.

The committee is chaired by an independent non-executive director and consists of a further two members, namely, the non-executive chairman of the board and the chief executive officer.

The internal and external auditors as well as the risk manager have unrestricted access to the chairman of the committee, which ensures that their independence is in no way impaired.

Meetings are held three times a year and are also attended by the internal and external auditors and appropriate members of management on invitation.

The primary role of the committee is to ensure the integrity of the audit process and financial reporting, and to maintain a sound risk management and internal control system. In fulfilling its responsibility of assisting the board in discharging its duty to shareholders, the following are considered to be the main responsibilities of the committee:

- Monitoring the integrity of financial reporting by reviewing and providing guidance on accounting principles and policies adopted, reporting and disclosure as well as the examination of documentation supporting the annual report.
- Setting out the nature, role, responsibility and authority of the risk management function within the group and outlining the scope of risk management work.
- Reviewing and assessing the effectiveness of the risk control systems and ensuring that the risk policies and strategies are effectively managed.
- Reviewing the group internal audit, compliance and risk management plans, reports and findings.
- Reviewing and approving external audit plans, findings and reports.
- Ensuring compliance with the applicable legislation and the requirements of regulatory authorities.

During the year, the committee approved the external auditor's terms of engagement and scope of work and also reviewed the internal auditors' coverage plan aimed at providing assurance in respect of the various levels of operation. The committee received regular internal and external audit reports on the results of the audits conducted. The committee's terms of reference also include various aspects of risk management and compliance.

Based on the recommendations of King II, the board reviewed the performance of the audit and risk committee and is of the opinion that the committee has effectively discharged its responsibilities, as contained in its terms of reference, for the year under review.

INTERNAL AUDIT AND INTERNAL CONTROLS

Whilst the audit and risk committee believes that the company benefits from an internal audit function, it does not believe that the actual work should be conducted as an in-house function. The business therefore contracts auditing firm Deloitte Enterprise Risk Services to fulfil the internal audit functions at the relevant subsidiaries. Deloitte provides the appropriate independence and objectivity to assist the board in discharging its responsibilities.

The internal audit function performs an independent appraisal with the full co-operation of the board and management. Its objective is to assist members of executive management in the effective execution of their responsibilities through an examination and evaluation of the subsidiaries' activities, business risks and systems of internal control. Any material or significant control weaknesses are brought to the attention of management and the audit and risk committee. The internal audit function does not assume the function of risk management but provides an independent assessment of the effectiveness of the internal controls.

Consultation takes place between the internal and external auditors during the year to ensure that all identified financial, operational and compliance controls are appropriately covered, and to minimise duplication of effort. At the start of each year an internal audit plan is developed and presented to the audit and risk committee for approval. The plan is based on a formal risk assessment together with issues identified by management and the audit and risk committee. Planning is of a continuous nature to identify new risk areas as the business evolves.

A compliance function exists to provide assurance in respect of compliance with applicable laws, regulations and supervisory requirements. The regulatory environment has continued to become increasingly more stringent, impacting both the business and its clients.

RISK MANAGEMENT AND CONTROL

As risk is an inherent part of any business, risk management within Coronation is a multi-faceted process which involves independent monitoring, frequent communication, the application of judgement and detailed knowledge of specialised products and markets. Senior management takes an active role in the risk management process and is responsible for the maintenance of, and ultimately compliance with, the risk management framework. The business recognises that in a complex financial services environment, risk management processes are evolutionary and should be subject to ongoing review and modification. In addition, the responsibilities of the audit and risk committee also include independent monitoring of risk management and compliance.

The board has delegated responsibility for the implementation of the risk framework to senior management in the operating companies. This function, which is subject to review by the audit and risk committee, is responsible for identifying the risks faced by the company, ensuring that the controls established to manage those risks are effective, and for the monitoring of their application. The risk management function is also responsible for ensuring that consistent policies and procedures are established for measuring, managing and reporting risk. The board is kept informed through interaction between the executive members of the board and senior management for the risk management function. A more structured feedback at board meetings is provided by the chairman of the audit and risk committee.

Coronation's risk management objectives are to:

- Create the right awareness and understanding of risk at all levels of the group.
- Instil a culture of risk management and risk ownership.
- Proactively engage risks and manage risks within the risk appetite of the business.
- Embed risk management in the manner in which the business is run.
- Comply with appropriate risk management practices in terms of corporate governance guidelines.
- Comply with the requirements of the King II Report on Corporate Governance.

Coronation has identified various risks as being of particular significance to its business. Some of these risk categories are applicable to the management of client funds and form an integral part of risk management for which the board is ultimately responsible.

Credit risk

This is the risk of loss resulting from when a counterparty is unable to service or pay its debt on time. The business has a credit risk committee that is responsible for preparing the credit policy, preparing and monitoring credit risk limits and authorisations, reviewing concentrations of credit risk and making decisions in cases requiring the highest level of authority.

The committee is chaired by an independent chairman to provide an unbiased and fresh perspective to the credit selection process. The remaining members of the committee comprise the risk manager, credit analyst, fixed interest portfolio managers and the financial analyst. Members of the equity research team are consulted where required.

A dedicated credit analyst utilises conservative credit analysis methodologies together with proprietary credit models. Factors such as capital adequacy, asset quality, management and ownership, earnings and liquidity are taken into account when considering acceptable risk profiles. Exposure to high-risk counterparties and excessive exposure to any single counterparty, rating class or product is avoided.

Market risk

This is the risk that the value of Coronation's positions will be adversely affected by movements in equity and interest rate markets, currency exchange rates and commodity prices. The company's revenue is dependent on the value of assets under management, which is subject to these market risk factors. The business manages market risk through its structured investment process.

Operational risk

In addition to the risks described above, Coronation recognises the existence of a number of other risks which affect its business and which are often referred to as operational risk. The key elements of operational risk are considered to be transaction-processing risk, legal risk, compliance risk, information technology risk and key personnel risk. These risks are regularly assessed and are managed in the context of their likelihood of occurrence and their potential impact on the business.

Reputational risk

The business recognises the importance of its reputation and devotes considerable effort, at a senior level, to managing all aspects of that reputation. Risks of reputational damage are assessed and measures are taken to ensure that these risks are effectively managed.

DEALING IN SECURITIES AND PERSONAL ACCOUNT TRADING

Coronation complies with the continuing obligations of the Listings Requirements of the JSE Limited (the JSE Listings Requirements) as they apply to dealing in securities by the directors and company secretary as well as the directors and company secretaries of major subsidiary companies within Coronation. The executive directors and non-executive directors as well as the company secretary are required to obtain prior written approval from the chairman for all dealings in the company's shares (including offmarket transactions). For the chairman's own dealings, prior written approval must be obtained from an independent non-executive director (the chairman of the audit and risk committee, Winston Floquet, has been nominated as the designated director for this purpose).

Once clearance has been obtained, the company secretary files a written record of such clearance, and as soon as the trade has been executed, ensures that disclosure is made on SENS in terms of the JSE Listings Requirements, where required.

These conditions apply to shares held directly, indirectly, beneficially or non-beneficially and also apply to:

Any associate of the director as defined in the JSE Listings Requirements.

Any independent entity, in terms of which any director, associate or the company secretary may derive any beneficial or non-beneficial interest either now or in the future.

In terms of the company's 'closed period' policy, all directors and staff are prohibited from dealing in Coronation shares from the date such a period is declared prior to the interim and financial year end until the announcement of the interim or final results on SENS, and during times when a cautionary announcement is in place.

The company has stringent personal account trading rules for staff. All trades are pre-approved by the compliance officer upon completion of a client order check by the order implementation unit. Personal account trades are permitted where there are client orders only if the security in question is included in the FTSE/JSE Top 40 Index, since these securities are considered to be highly liquid and a personal account trade would not be to the detriment of any client. Personal account trades in securities falling outside the FTSE/JSE Top 40 Index (illiquid) are not permitted if client orders are in place, irrespective of any price limits at which these orders may have been placed.

Staff are required to hold shares for 12 months. All staff may only open accounts with the company's designated broker for personal account trading, which facilitates the monitoring process.

GOING CONCERN

After making due enquiries, the directors expect that the company has adequate resources to continue to operate for the foreseeable future. For this reason, the financial statements have been prepared on the going concern basis.

INVESTOR RELATIONS

The company understands the information needs of shareholders and strives to ensure that they are kept appropriately informed on matters relevant to the business. A comprehensive programme of meetings with major shareholders and analysts is held annually following the release of the annual results. The chief executive officer, chief operating officer and chief financial officer are the only persons authorised to speak to analysts, investors and the media on the financial affairs of the company.

CODE OF ETHICS

The company's code of ethics is designed to set standards of behaviour and focuses on respecting client confidentiality, avoiding conflicts of interest and on conducting business with total integrity and honesty.

ENVIRONMENTAL PROGRAMME

The company believes that integrating economic growth with respect for the environment is good business practice and is committed to the principles of sustainable development.

As a South African company with specialist international capabilities, Coronation recognises its corporate responsibilities towards both the environment and the community in its various roles as investor, employer and consumer.

Unlike a manufacturing or mining company, the company's business activities do not have a significant environmental impact. However, direct and indirect impacts can still be identified and managed in a responsible manner.

The company is committed to the ongoing assessment of the environmental impact of its activities, the setting of appropriate objectives and targets, the monitoring and continuous improvement of its environmental performance, as well as ensuring compliance with local, national and international law.

The company is committed to:

Integrating environmental considerations into:

- corporate policy
- business decision-making, and
- purchasing and supplier management.

Continual improvement of its policy and performance in line with good practice.

Promoting good environmental practice in the financial services sector.

COMPANY SECRETARY AND PROFESSIONAL ADVICE

All directors have unlimited access to the services of the company secretary, who in turn has access to appropriate resources in the provision of this support. All directors are also entitled to seek independent professional advice with regard to the affairs of the company.

AUDITOR INDEPENDENCE

The group financial statements have been audited by the independent auditors KPMG Inc. The company has no reason to believe that KPMG Inc. has not at all times acted with unimpaired independence. Details of fees paid for audit and non-audit services are disclosed in the financial statements.

CONTENTS OF THE FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the group annual financial statements and annual financial statements of Coronation Fund Managers Limited, comprising the balance sheets at 30 September 2007, and the income statements, the statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies, glossary of financial reporting terms and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The board reviews the operation of the system of internal control, primarily through the audit and risk committee of Coronation Fund Managers Limited and various other risk monitoring committees.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the company and group's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group annual financial statements and annual financial statements of Coronation Fund Managers Limited are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF GROUP ANNUAL FINANCIAL STATEMENTS AND COMPANY ANNUAL FINANCIAL STATEMENTS

The group annual financial statements and annual financial statements of Coronation Fund Managers Limited as identified in the first paragraph for the year ended 30 September 2007 set out on pages 30 to 81 were approved by the board of directors on 10 December 2007 and are signed on its behalf by:

Gavan Ryan
Chairman

Hugo Nelson
Chief executive officer

DECLARATION BY THE COMPANY SECRETARY

In terms of the Companies Act, No. 61 of 1973 (the Act), and for the year ended 30 September 2007, I certify that Coronation Fund Managers Limited has lodged all returns required by the Act with the Registrar of Companies and that all such returns are true, correct and up to date.

John Snalam
Company secretary
10 December 2007

INDEPENDENT AUDITOR'S REPORT

to the members of Coronation Fund Managers Limited

We have audited the group annual financial statements and annual financial statements of Coronation Fund Managers Limited, set out on pages 30 to 81, which comprise the balance sheets at 30 September 2007, and the income statements, the statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, which include a summary of significant accounting policies, a glossary of financial reporting terms and other explanatory notes, and the directors' report.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of the company and the group at 30 September 2007, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.
Registered Auditor

Per SR Crisp
Chartered Accountant (SA)
Registered Auditor
Director
10 December 2007

MSC House
1 Mediterranean Street
Foreshore
Cape Town 8001

DIRECTORS' REPORT

for the year ended 30 September 2007

BUSINESS ACTIVITIES

Coronation Fund Managers Limited is one of Southern Africa's most successful third-party fund management companies. It is a business built on investment excellence with a single-minded focus on the delivery of long-term investment returns for all our clients. We offer both individual and institutional investors a complete range of traditional fund management, hedge funds, offshore multi-manager investment products, and are acknowledged as both a leader and an innovator in the industry.

Located in Southern Africa, the United Kingdom and Ireland, Coronation is also one of the premier asset management companies listed on the JSE Limited.

GROUP RESULTS

Coronation has entrenched its industry standing with a strong set of results for the 2007 financial year. Against the backdrop of favourable domestic market conditions all business areas recorded high rates of growth.

For the year under review, assets under management increased by 33% from R101 billion at 30 September 2006 to R134 billion at 30 September 2007. In addition, R4 billion is managed by Namibia Asset Management Limited. Profit for the year is up 45% to R285 million (2006: R196 million). Headline earnings per share increased by 53% to 79.6 cents (2006: 51.9 cents) and diluted headline earnings per share by 55% to 72.7 cents (2006: 46.8 cents).

A general review of the operations of institutional, retail and international business segments is provided on pages 10 to 13.

FINANCIAL STATEMENTS

The financial statements for the year ended 30 September 2007 have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) and the Companies Act of South Africa.

CAPITAL STRUCTURE

During 2007, Coronation continued the share buy-back programme initiated in June 2006. In the period July to August 2007 a total of 35 504 593 (June to August 2006: 35 315 852) shares were bought back at a total cost of R300 million (2006: R200 million). These shares were all cancelled. This, together with additional shares issued during the year in terms of the exercise of 2 099 990 options granted to staff in December 2003 and the conversion of 4 560 000 convertible preference shares, resulted in a weighted average number of shares in issue for the financial year of 348 893 885 (2006: 376 670 543). Actual shares in issue at 30 September 2007 were 320 732 799 (2006: 349 577 402).

4 560 000 of the 7 600 000 convertible cumulative redeemable preference shares in issue were converted into ordinary shares. The balance of 3 040 000 preference shares were redeemed on 24 November 2006.

CASH RETURNED TO SHAREHOLDERS

As in past years, Coronation continues to reward shareholders with generous distributions. The final distribution for the 2007 financial year will be R151 million which equates to a cash dividend of 47 cents per share. Together with the interim distribution of 20 cents per share in May 2007 (total 67 cents per share), this represents an increase of 26% over the distribution for the 2006 financial year (53 cents per share). Inclusive of the amounts spent on share buy-backs, Coronation has returned R385 million (share buy-back R200 million and cash distribution of R185 million) in 2006 and will be returning R522 million (share buy-back R300 million and cash distribution of R222 million) in 2007. The final dividend distribution will be paid out of the distributable reserves of Coronation.

SHAREHOLDER ANALYSIS

The shareholder analysis is presented on page 82 and 83. The following shareholders have a beneficial ownership of more than 5% of the issued ordinary shares of the company as at 30 September 2007:

Coronation Investments and Trading Limited – 16.41%
Louis Stassen – 5.03%

SUBSIDIARY AND ASSOCIATE COMPANIES

Details of the principal subsidiary and associate companies are set out in note 21.

With effect from 1 February 2007, the group's effective shareholding in Namibia Asset Management Limited increased to 54.9% and it has been consolidated from that date.

With effect from 1 October 2006, the group sold 49% of its shareholding in Coronation Fund Managers Botswana (Pty) Limited, thereby reducing its effective shareholding to 51% for the financial year.

The group also owns 49% of Professional Provident Society Investments (Pty) Limited and this investment is classified as an associate.

DIRECTORS AND SECRETARY

Hugo Nelson joined the board as an executive director with effect from 8 November 2007. Profiles of directors are provided on page 17.

Details of the company secretary and the company's registered address are set out on the inside back cover of this report. The business address of the company secretary is the same as the company's registered address.

DIRECTORS' INTERESTS

The only material contract entered into during the financial year in which a director or officer of the company had an interest, was the repurchase by Coronation of its own ordinary shares from Coronation Investments and Trading Limited, a company in which Gavan Ryan holds a 15.9% interest.

The directors' direct and indirect beneficial interests in the issued share capital of the company were:

	Beneficial		
2007	**Direct**	**Indirect**	**%**
Ordinary shares			
Gavan Ryan	**–**	**8 367 850**	**2.61**
Louis Stassen	**2 641 495**	**13 500 000**	**5.03**
Thys du Toit	**–**	**13 868 805**	**4.32**

	Beneficial		
2006	Direct	Indirect	%
Ordinary shares			
Gavan Ryan	–	14 965 119	4.28
Louis Stassen	2 641 495	13 500 000	4.62
Thys du Toit	–	9 308 805	2.66
Preference shares			
Thys du Toit	–	7 600 000	100.00

DIRECTORS' REPORT

for the year ended 30 September 2007

DIRECTORS' EMOLUMENTS

Payments to directors for services rendered for the year ended 30 September 2007 were as follows:

Executive directors	Salary and other benefits R'000	Bonus R'000	Sub-total 2007 R'000	Accounting IFRS 2 charge R'000	**Total 2007 R'000**	Total 2006 R'000
Thys du Toit	780	5 607	6 387	982	**7 369**	20 329
Louis Stassen	780	3 356	4 136	9 155	**13 291**	12 061
Total	1 560	8 963	10 523	10 137	**20 660**	32 390

Non-executive directors	Basic fee R'000	Board meetings R'000	Audit and risk committee meetings R'000	Remuneration committee meetings R'000	Transformation committee meetings R'000	**Total 2007 R'000**	Total 2006 R'000
Gavan Ryan	40	100	45	60	15	**260**	175
Winston Floquet	40	75	60	45		**220**	115
Shams Pather	40	75			40	**155**	105
	120	250	105	105	55	**635**	395

PREFERENCE DIVIDEND

On 24 November 2006, in accordance with the Articles of Association, a dividend of R148 558 (2006: R926 217) was paid to the holder of the convertible cumulative redeemable preference shares.

SPECIAL RESOLUTIONS

At the annual general meeting of the company held on 25 January 2007 a special resolution was passed, giving the board of directors the general authority to approve the purchase of its own ordinary shares.

This general authority is limited to a repurchase of up to 20% of the issued share capital of the company and is valid for the shorter of 15 months or until the date of the next annual general meeting.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The financial performance of the group for the year ended 30 September 2007 continues to be strongly cash generative and shareholders have again been rewarded with generous distributions. The final distribution relating to the year ended 30 September 2007 has been calculated as 75% of profits after tax increased to take account of the non-cash and non-dilutory impact of certain share-based payment charges.

The resultant final dividend for the 2007 financial year of R151 million (cash dividend of 47 cents per share) will be based on the actual shares in issue of 320 732 799.

GLOSSARY OF FINANCIAL REPORTING TERMS

This glossary of financial reporting terms is provided to ensure clarity of meaning and interpretation.

GROUP STRUCTURES

Associate	An entity, other than a subsidiary or joint venture, in which the group has significant influence over the financial and operating policies.
Company	A legal business entity registered in terms of the applicable legislation of that country.
Entity	Coronation Fund Managers Limited, a subsidiary or associate.
Group	Coronation Fund Managers Limited and its subsidiaries.
Operation	A component of the group that: – represents a separate major line of business or geographical area of operation; and – can be distinguished separately for financial and operating purposes.
Business unit	A distinguishable component of the group engaged in providing similar services that are different to those provided by other business units. The strategic business units are: – Institutional – Retail – International
Subsidiary	Any entity over which the group has the power to exercise control.

GENERAL ACCOUNTING TERMS

Acquisition date of a business	The date on which control in respect of subsidiaries and significant influence in respect of associates commences.
Commissioning date	The date that an item of equipment is brought into use.
Consolidated financial statements	The financial results of the group which comprise the financial results of Coronation Fund Managers Limited and its subsidiaries and its interest in associates.
Control	The ability, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefit from its activities. When assessing the ability to control an entity, the existence and effect of potential voting rights that are presently exercisable or convertible are taken into account.
Discount rate	The rate used for purposes of determining discounted cash flows defined as the yield at balance sheet date on AAA credit rated bonds (for entities outside South Africa) and relevant South African Government bonds (for South African entities) that have maturity dates approximating the term of the related cash flows. This pre-tax interest rate reflects the current market assessment of the time value of money. When determining the cash flows, to the extent that the risks specific to the asset or liability are taken into account in determining those cash flows, they are not included in determining the discount rate.
Disposal date	The date on which the control in respect of subsidiaries and significant influence in respect of associates ceases.
Fair value	The value for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.
Financial results	Comprise the financial position (assets, liabilities and equity), financial performance (revenue and expenses) and cash flows of the group or an entity within the group.
Functional currency	The currency of the primary economic environment in which the entity operates.
Long term	A period longer than twelve months from balance sheet date.
Presentation currency	The currency in which the financial statements are presented.

GLOSSARY OF FINANCIAL REPORTING TERMS

Recoverable amount	The amount that reflects the greater of the fair value less costs to sell and value in use that can be attributed to an asset as a result of its ongoing use by the entity. In determining the value in use, expected pre-tax future cash flows are discounted to their present values using the appropriate discount rate.
Related parties	The following entities or parties are considered related parties to the reporting entity: – a subsidiary, fellow subsidiary, associate, jointly controlled entity or an entity having joint control in relation to the reporting entity; – key management personnel and their close members of family and entities which they control, jointly control or over which they exercise significant influence; and – post-employment benefit plan for the benefit of employees of the entity or any related party.
Significant influence	The ability, directly or indirectly, to participate in, but not exercise control over, the financial and operating policy decisions of an entity.
FINANCIAL INSTRUMENT TERMS	
Financial assets available-for-sale	A non-derivative financial asset that is designated as available-for-sale or is not classified as: – a loan or receivable; – a held-to-maturity investment; or – a financial asset at fair value through profit or loss.
Cash and cash equivalents	Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.
Derivative instrument	A financial instrument: – whose value changes in response to movements in a specified interest rate, commodity price, instrument price, foreign exchange rate or similar variable, provided in the case of a non-financial variable that the variable is not specific to a party of the contract; – that requires minimal initial net investment; and – is settled at a future date.
Effective interest rate	The rate that discounts the expected future cash flows to the net carrying amount of the financial asset or financial liability.
Equity instrument	Any financial instrument (including investments) that evidences a residual interest in the assets of an enterprise after deducting all of its liabilities.
Financial asset	Cash or cash equivalents, a right to receive cash or cash equivalents, an equity instrument of another entity, a right to exchange a financial instrument under favourable conditions.
Financial guarantee contract	A contract that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of the debt instrument
Financial liability	A contractual obligation to pay cash or transfer other benefits or an obligation to exchange a financial instrument under unfavourable conditions.
Financial instruments classified as held for trading	Derivatives, instruments that are held with the intention of short-term disposal or held with the intention of generating short-term profits.
Financial assets and liabilities at fair value through profit or loss	Financial instruments held at fair value through profit or loss include all instruments classified as held for trading and those instruments designated as held at fair value through profit or loss.

Financial instruments issued by the group classified as financial liabilities	Financial instruments issued by the group are classified as liabilities if they contain a contractual obligation to transfer cash or another financial asset or to exchange financial assets or liabilities under potentially unfavourable conditions.
Financial instruments issued by the group classified as equity	Financial instruments issued by the group are classified as equity where they confer on the holder a residual interest in the group.
Held-to-maturity investments	Non-derivative financial assets, with a fixed maturity and fixed or determinable future payments, that the entity has the positive intent and ability to hold to maturity, other than those designated upon initial recognition as at fair value through profit or loss, those designated as available-for-sale and those that meet the definition of loans and receivables.
Loans and receivables	Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and exclude: – those that the group intends to trade in, which are classified as held for trading, and those that the group designates as at fair value through profit or loss; – those that the group designates as available-for-sale; and – those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which are classified as available-for-sale.
Monetary asset	Units of currency held or an asset which will be received in a fixed or determinable amount of money.
Monetary liability	A liability which will be settled in a fixed or easily determinable amount of money.
Transaction date	The date when the entity becomes a party to the contractual provisions of the instrument.

ACCOUNTING POLICIES

for the year ended 30 September 2007

Coronation is incorporated in South Africa. The consolidated financial statements of the company for the year ended 30 September 2007 comprise the company and its subsidiaries and the group's interest in associates. The financial statements were authorised for issue by the directors on 10 December 2007.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with IFRS and its interpretations adopted by the International Accounting Standards Board (IASB) together with the Companies Act of South Africa.

BASIS OF PREPARATION

The financial statements are presented in South African rand, which is the group's functional currency, rounded to the nearest thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at fair value: financial assets and liabilities at fair value through profit or loss and financial assets classified as available-for-sale.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The accounting policies have been applied consistently by group entities.

BASIS OF CONSOLIDATION

SUBSIDIARIES

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the case of the company, investments in subsidiaries are carried at fair value as financial assets available-for-sale.

SPECIAL PURPOSE ENTITIES

Special purpose entities (SPEs) established by the group are consolidated if, based on evaluation of the substance of its relationship with the group and the SPE's risk and rewards, the group concludes that it controls the SPE.

ASSOCIATES

The consolidated financial statements include the group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the group's share of losses exceeds its interest in an associate, the group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of an associate.

In the case of the company, investments in associates are carried at cost less impairments.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates are eliminated to the extent of the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

FOREIGN CURRENCY

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to rand at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to rand at foreign exchange rates ruling at the dates the fair value was determined.

FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to rand at foreign exchange rates ruling at the balance sheet date. The income and expenses of foreign operations are translated to rand at rates approximating foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of equity.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the future, are considered to form part of a net investment in a foreign operation.

NET INVESTMENT IN FOREIGN OPERATIONS

Foreign exchange differences arising from the translation of the net investment in foreign operations are taken to a foreign currency translation reserve. They are released into the income statement upon disposal.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised in the balance sheet when the group becomes a party to the contractual provisions of the instrument.

Financial instruments are initially recognised at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Purchase and sales transactions in respect of financial assets that require delivery of a financial instrument within the time frame established by market convention are recorded at trade date.

Where available, market prices provide the best evidence of fair value. Where market prices are not available, the fair value is determined by discounting the expected cash flows, using market interest rates taking into account the credit quality and duration of the investment.

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial instruments classified as held for trading or designated as at fair value through profit or loss are recorded at fair value on the balance sheet with changes in fair value recognised in profit or loss. Financial instruments designated as at fair value through profit or loss are designated as such on initial recognition of the instrument and remain in this classification until derecognition.

All investment contracts issued by the group are designated on initial recognition as at fair value through profit or loss. This designation significantly reduces a measurement inconsistency that would otherwise arise if these financial liabilities were not measured at fair value since the assets held to back the investment contract liabilities are also measured at fair value.

The fair value of linked investment contract liabilities is determined based on the fair value of the associated linked financial assets and is net of the taxation payable on investment gains. Changes in the fair value of these financial instruments are recognised in profit or loss in the period in which they arise. Contributions received from policyholders and benefit payments made to policyholders are not recognised in profit or loss but are accounted for as deposits. The taxation payable is separately disclosed as part of taxation in the income statement.

HELD-TO-MATURITY INVESTMENTS

Subsequent to initial recognition held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment losses.

LOANS AND RECEIVABLES

Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less impairment losses.

FINANCIAL ASSETS AVAILABLE-FOR-SALE

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value on the balance sheet, with unrealised gains and losses recognised in equity, except for impairment losses and foreign exchange gains and losses on available-for-sale monetary items which are recognised in profit or loss. Realised gains and losses are recognised in profit or loss in the period in which the asset is realised. If an available-for-sale financial asset is determined to be impaired, the respective cumulative losses previously recognised in equity are included in profit or loss in the period in which the impairment is identified.

Impairment losses on available-for-sale equity instruments are not reversed through profit or loss once recognised in profit or loss.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise balances held with banks that are at not held for investment purposes. Measurement is at fair value.

OTHER FINANCIAL LIABILITIES

Other financial liabilities are recorded at amortised cost applying the effective interest method.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

A financial asset, or a portion thereof, is derecognised when the group's contractual rights to cash flows have expired; or when the group has transferred its rights to cash flows relating to the financial assets, including the transfer of substantially all the risk and rewards associated with the financial assets or when control over the financial assets has passed.

A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled or expired.

DERIVATIVE INSTRUMENTS

The group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The group does not speculate in derivative financial instruments. Derivatives that do not qualify for hedge accounting are accounted for as financial assets at fair value through profit or loss and the group has not applied hedge accounting in the current or comparative period.

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset when there is both an intention to settle on a net basis or to realise the asset and settle the liability simultaneously and a legal right to offset exists.

ISSUED DEBT AND EQUITY FINANCIAL INSTRUMENTS

The components of compound issued financial instruments are accounted for separately, with the liability component separated first and any residual amount being allocated to the equity component.

Equity instruments issued by subsidiaries of Coronation and not held by the group are recorded as minority interests on the balance sheet.

Equity instruments are initially measured net of directly attributable issue costs.

Treasury shares represent issued equity of Coronation repurchased by a group company which have not been cancelled. Treasury shares are deducted from shareholders' equity and represent the purchase consideration, including directly attributable costs. Where treasury shares are subsequently sold or reissued, net proceeds received are included in shareholders' equity.

Dividends on ordinary shares are recognised as a deduction from equity in the period in which they are declared to the shareholders.

IMPAIRMENT OF FINANCIAL ASSETS

The company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets, excluding financial assets at fair value through profit or loss, is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have a negative effect on the estimated future cash flows of that asset.

ASSETS CARRIED AT AMORTISED COST

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced either directly or through use of an allowance account. The impairment loss is recognised in profit or loss.

The company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation, where relevant) and its current value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are recognised directly in equity.

Reversals of impairment losses on available-for-sale debt instruments are recognised in profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

EQUIPMENT

Equipment is measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the equipment is capitalised as part of the equipment.

Depreciation is provided on the depreciable amount of each component on a straight-line basis over the anticipated useful life of the asset. The depreciable amount related to each asset is determined as the difference between the cost and the residual value of the asset. The residual value is the estimated amount, net of disposal costs that the group would currently obtain from the disposal of an asset of similar age and condition as expected at the end of its useful life. The residual values, estimated useful lives and depreciation methods of equipment are reassessed at each balance sheet date.

The estimated depreciation rates for each class of equipment for the current and comparative periods are as follows:

– Computer equipment	33% – 50%
– Furniture and fittings	10% – 20%
– Office equipment	20%

Leasehold improvement depreciation rates are determined by reference to the appropriate useful life of its separate components, limited to the period of the operating lease.

Routine maintenance of assets are expensed as incurred. Subsequent expenditure is only capitalised if it is probable that additional future economic benefits associated with the item will flow to the group.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each balance sheet date the group assesses whether there is any indication that an asset (excluding deferred tax assets) may be impaired. The recoverable amount, being the higher of fair value less costs to sell and value in use, is determined for any asset for which an indication of impairment is identified. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash flows from continuing use that are largely independent of cash inflows of the assets or groups of assets (the 'cash-generating unit'). An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised as an expense in the income statement in the period in which they are identified. An impairment loss in respect of goodwill is not reversed. In respect of other assets, reversal of impairment losses is recognised in income in the period in which the reversal is identified, to the extent that the asset is not revalued to a carrying value higher than it would have been had no impairment loss been recognised for the asset in prior years.

LEASES

Leases in terms of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are operating leases.

Payments made under operating leases are recognised in the income statement on a straight line-basis over the term of the lease. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

INTANGIBLE ASSETS

GOODWILL

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries and associates. In respect of business acquisitions that have occurred since 1 October 2005, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous SA GAAP.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment. In respect of equity accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

OTHER INTANGIBLE ASSETS

Other intangible assets that are acquired by the group are stated at cost less accumulated amortisation and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in profit or loss as an expense as incurred.

SUBSEQUENT EXPENDITURE

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

AMORTISATION

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite, from the date they are available for use.

DERECOGNITION

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service. The accrual for employee entitlements to remuneration and annual leave represents the amount which the group has a present obligation to pay as a result of employees' services provided to the balance sheet date. These accruals have been calculated at undiscounted amounts based on current salary rates.

ACCOUNTING POLICIES

for the year ended 30 September 2007

DEFINED CONTRIBUTION PLANS

A defined contribution plan is a benefit plan under which an entity pays fixed contributions into a separate legal entity and will have no legal or constructive obligation to pay further amounts. Contributions to defined contribution plans are recognised as an expense in profit or loss as incurred.

SHARE-BASED PAYMENT TRANSACTIONS WITH EMPLOYEES

The group engages in equity-settled share-based payment transactions in respect of services received from employees.

The fair value of the services received in respect of equity-settled share-based payment transactions is determined by reference to the fair value of the shares or share options on the grant date to the employee. The cost of the share-based payment is recognised as an employee expense, with a corresponding increase in equity, over the vesting period of the grant. The amount recognised as an expense is adjusted to reflect the actual number of instruments that are expected to vest.

The grant date fair value measurement is based on option pricing models, taking into account the risk-free interest rate, volatility of the underlying equity instrument, expected dividends, share prices as at grant date and any market-based performance conditions attaching to the grant.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are liabilities of uncertain timing or amount, and are recognised if, as a result of a past event, the group has created a legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Contingent assets and contingent liabilities are not recognised.

REVENUE

Revenue from fund management activities comprises fund management fees, service fees and initial charges.

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is determined by reference to services rendered in terms of the relevant agreements.

Performance fee income is included in management fee income and is recognised as and when the group is unconditionally entitled to the revenue and no contingency with respect to future performance exists.

Revenue is measured at the fair value of the consideration received or receivable, net of value added tax and rebates.

FINANCIAL INCOME

Financial income comprises interest and dividend income, realised and unrealised profits and losses on disposal or revaluation of financial assets, realised and unrealised foreign exchange gains and losses and other sundry income.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payment is established.

EXPENSES

INTEREST EXPENSE

Interest expense comprises interest payable on borrowings calculated using the effective interest method.

INCOME TAX EXPENSE

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill not deductible for tax purposes; the initial recognition of assets or liabilities in a transaction that is not a business combination that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries and associates to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or different tax entities, but they intend to settle current tax assets and liabilities on the net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends – secondary tax on companies (STC) – are recognised at the same time as the liability to pay the related dividend is recognised. Deferred tax assets are recognised in respect of unutilised STC credits that are expected to reverse in the foreseeable future.

EARNINGS PER SHARE

The group presents basic, diluted and headline earnings per share data for its ordinary shares. Basic earnings per share is based on profit or loss attributable to ordinary shareholders and calculated on the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible cumulative redeemable preference shares and share options granted to employees.

SEGMENT REPORTING

A segment is a distinguishable component of the group that is engaged in providing services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

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.

ACCOUNTING POLICIES
for the year ended 30 September 2007

SHARE-BASED PAYMENT TRANSACTIONS

The group is extending the scope of IFRS 2 *Share-based Payment* (IFRS 2) to include the group's BEE 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 goods and services cannot be specifically identified, in accordance with IFRIC Interpretation 8 *Scope of IFRS 2*.

MANAGED FUNDS AND TRUST ACTIVITIES

Certain companies within the group operate unit trusts and hold and invest funds on behalf of clients. Assets and liabilities representing such activities are not reflected on the balance sheet, as these relate directly to clients. The value of these items are disclosed in the notes. Income from these activities is brought to account over the period to which the service relates.

KEY MANAGEMENT ASSUMPTIONS

The preparation of financial statements in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key areas in which judgement is applied include:

- The group is party to a multi-class open-ended investment company registered offshore. 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. This structure has not been consolidated.
- Valuation of the share-based payment expense where inputs are based on observable market inputs, adjusted for factors that specifically apply to the transaction and recognising market volatility (refer note 6).

NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

There are Standards and Interpretations in issue that are not yet effective. These include the following Standards and Interpretations that are applicable to the business of the group and may have an impact on future financial statements:

IFRS 7 *Financial Instruments: Disclosures* (IFRS 7) and amendments to IAS 1 *Presentation of Financial Statements* (IAS 1), which will be effective for the year ending 30 September 2008, require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amendments to IAS 1 will require additional disclosures with respect to the group's financial instruments and capital.

IFRS 8 *Operating Segments* (IFRS 8) introduces the 'management approach' to segment reporting. IFRS 8, which becomes mandatory for the group's 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the group's chief operating decision maker in order to assess each segment's performance and to allocate resources to them. Currently the group presents segment information in respect of its geographical and business segments (see note 1).

Revised IAS 23 *Borrowing Costs* (IAS 23) removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised IAS 23 will become mandatory for the group's 2009 financial statements and is not expected to impact on the group.

IFRIC 11 *IFRS 2 – Group and Treasury Share Transactions* (IFRIC 11) requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. IFRIC 11 will become mandatory for the group's 2008 financial statements, with retrospective application required. It is not expected to have any impact on the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

for the year ended 30 September 2007

	Note	2007 R'000	2006 R'000
Fund management activities			
Revenue	2	961 996	706 238
Financial income		45 914	36 054
Interest and dividend income	3	24 452	21 614
Other income	4	21 462	14 440
Operating expenses	5	(564 489)	(436 593)
Share-based payment expense	6	(40 212)	(51 384)
Other expenses		(524 277)	(385 209)
Interest expense		(13 049)	(13 005)
Share of profit of associate	11	1 334	1 799
Profit from fund management		431 706	294 493
Income attributable to policyholder linked assets and investment partnerships		49 149	43 168
Net fair value gains on policyholder and investment partnership financial instruments	13	54 956	48 982
Administration expenses borne by policyholders and investors in investment partnerships	14	(5 807)	(5 814)
Profit before tax		480 855	337 661
Income tax expense		(196 249)	(141 207)
Taxation on shareholder profits	7	(147 100)	(98 039)
Taxation on policyholder investment contracts	7	(49 149)	(43 168)
Profit for the year		284 606	196 454
Attributable to:			
– equity holders of the company		284 035	196 454
– minority interest		571	–
Profit for the year		284 606	196 454
Earnings per share (cents)			
– basic	8	81.4	51.9
– diluted	8	74.3	46.8

CONSOLIDATED BALANCE SHEET

as at 30 September 2007

	Note	2007 R'000	2006 R'000
Assets			
Intangible assets	9	1 097 309	1 087 772
Equipment	10	9 171	5 932
Investment in associate	11	1 960	11 021
Deferred tax asset	12	1 872	2 044
Investments backing policyholder funds and investments held through investment partnerships	13	18 482 686	15 782 142
Financial assets available-for-sale	15	66 804	87 327
Financial assets at fair value through profit or loss	15	31 154	64 804
Trade and other receivables		168 265	97 637
Cash and cash equivalents		119 134	253 590
Total assets		19 978 355	17 392 269
Liabilities			
Interest-bearing borrowing	16	125 765	139 533
Deferred tax liabilities	12	47 788	39 906
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	14	18 437 426	15 743 747
Income tax payable		108 702	78 955
Trade and other payables		245 914	140 092
Total liabilities		18 965 595	16 142 233
Net assets		1 012 760	1 250 036
Equity			
Share capital and premium	17	289 026	843 153
Accumulated earnings		600 066	316 892
Reserves		119 270	89 991
Total equity attributable to equity holders of the company		1 008 362	1 250 036
Minority interest		4 398	–
Total equity		1 012 760	1 250 036

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2007

R'000	Share capital	Share premium	Foreign currency translation reserve
Balance at 30 September 2005	39	1 172 511	(11 247)
Currency translation differences			22 444
Revaluation of financial assets available-for-sale			
– Revaluation gains taken to equity			
– Transferred to profit or loss on disposal			
Net income recognised directly in equity			22 444
Profit for the year			
Total recognised income and expense for the year			22 444
Share-based payment reserve			
Dividends paid			
Capital distribution		(138 197)	
Shares issued		8 967	
Shares repurchased and cancelled	(3)	(200 164)	
Acquisition of minority interest			
Balance at 30 September 2006	36	843 117	11 197
Currency translation differences			(7 006)
Revaluation of financial assets available-for-sale			
– Revaluation gains taken to equity			
– Transferred to profit or loss on disposal			
Net income recognised directly in equity			(7 006)
Profit for the year			
Total recognised income and expense for the year			(7 006)
Share-based payment reserve			
Dividends paid			
Capital distribution		(256 514)	
Shares issued		1 963	
Shares repurchased and cancelled	(4)	(299 572)	
Minority interest on conversion of associate to subsidiary			
Balance at 30 September 2007	32	288 994	4 191

Accumulated earnings	Share-based payment reserve	Revaluation reserve	Issued capital and reserves attributable to equity holders of the company	Minority interest	Total equity
121 657	21 607	3 289	1 307 856	586	1 308 442
			22 444		22 444
		2 514	2 514		2 514
		7 430	7 430		7 430
		(4 916)	(4 916)		(4 916)
		2 514	24 958		24 958
196 454			196 454		196 454
196 454		2 514	221 412		221 412
	51 384		51 384		51 384
(1 219)			(1 219)		(1 219)
			(138 197)		(138 197)
			8 967		8 967
			(200 167)		(200 167)
				(586)	(586)
316 892	72 991	5 803	1 250 036		1 250 036
			(7 006)		(7 006)
		(3 927)	(3 927)		(3 927)
		2 971	2 971		2 971
		(6 898)	(6 898)		(6 898)
		(3 927)	(10 933)		(10 933)
284 035			284 035	571	284 606
284 035		(3 927)	273 102	571	273 673
	40 212		40 212		40 212
(861)			(861)		(861)
			(256 514)		(256 514)
			1 963		1 963
			(299 576)		(299 576)
				3 827	3 827
600 066	113 203	1 876	1 008 362	4 398	1 012 760

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2007

	Note	2007 R'000	2006 R'000
Cash flows from operating activities			
Profit for the year		284 606	196 454
Income tax expense		196 249	141 207
Non-cash and other adjustments	22.1	9 678	11 397
Operating profit before changes in working capital		490 533	349 058
Working capital changes		35 540	45 352
(Increase)/decrease in trade and other receivables		(67 953)	12 711
Increase in trade and other payables		103 493	32 641
Cash generated from operations		526 073	394 410
Interest paid		(13 167)	(13 874)
Income taxes paid		(158 448)	(69 323)
Net cash from operating activities		354 458	311 213
Cash flows from investing activities			
Proceeds on disposal of investment in subsidiary		56	–
Investment income		24 452	21 614
Acquisition of equipment		(7 866)	(3 636)
Conversion of associate to subsidiary	22.2	3 832	–
Acquisition of interest in associate	11	(1 960)	(9 222)
Proceeds on disposal of other financial assets		68 334	4 508
Net cash from investing activities		86 848	13 264
Cash flows from financing activities			
Repayment of interest-bearing borrowing		(13 768)	(8 467)
Shares repurchased and cancelled		(299 576)	(200 167)
Shares issued		1 963	8 967
Capital distribution		(256 514)	(138 197)
Dividends paid		(861)	(1 219)
Net cash used in financing activities		(568 756)	(339 083)
Decrease in cash and cash equivalents		(127 450)	(14 606)
Cash and cash equivalents at beginning of year		253 590	245 752
Exchange rate adjustments		(7 006)	22 444
Cash and cash equivalents at end of year		119 134	253 590

1 SEGMENT INFORMATION

Segment information is presented in respect of the group's geographical and business segments. The primary format, geographical segments, is based on the group's management and internal reporting structure.

Intersegment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

GEOGRAPHICAL SEGMENTS

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the investment manager. Segment assets are based on the geographical location of the assets.

BUSINESS SEGMENTS

The group comprises the following main secondary business segments:
– Institutional
– Retail
– International

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2007

	Africa		International		Group	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000	2007 R'000	2006 R'000
1 SEGMENT INFORMATION (continued)						
SEGMENT REPORT						
for the year ended 30 September 2007						
Fund management						
Segment revenue	880 241	632 833	81 755	73 405	961 996	706 238
Segment operating expenses	(495 918)	(372 776)	(68 571)	(63 817)	(564 489)	(436 593)
Share-based payment expense	(40 212)	(51 384)	–	–	(40 212)	(51 384)
Other expenses	(455 706)	(321 392)	(68 571)	(63 817)	(524 277)	(385 209)
Segment result	384 323	260 057	13 184	9 588	397 507	269 645
Segment financial income	35 655	27 444	10 259	8 610	45 914	36 054
Interest and dividend income	24 032	21 007	420	607	24 452	21 614
Other income	11 623	6 437	9 839	8 003	21 462	14 440
Segment interest expense	(13 049)	(13 000)	–	(5)	(13 049)	(13 005)
Segment share of profit of associate	1 334	1 799	–	–	1 334	1 799
Segmentincome from fund management	408 263	276 300	23 443	18 193	431 706	294 493
Income attributable to policyholder linked assets and investment partnerships					49 149	43 168
Net fair value gains on policyholder and investment partnership financial instruments					54 956	48 982
Administration expenses borne by policyholders and investment in investment partnerships					(5 807)	(5 814)
Profit before tax					480 855	337 661
Income tax expense					(196 249)	(141 207)
Taxation on shareholder profits					(147 100)	(98 039)
Taxation on policyholder investors contracts					(49 149)	(43 168)
Profit for the year					284 606	196 454
Attributable to:						
– equity holders of the company					284 035	196 454
– minority interest					571	–
Profit for the year					284 606	196 454

	Africa		International		Group	
	2007	2006	**2007**	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000	**R'000**	R'000
1 SEGMENT INFORMATION (continued)						
SEGMENT REPORT (continued)						
for the year ended 30 September 2007						
Segment assets	**276 447**	395 633	**118 081**	113 657	**394 528**	509 290
Intangible assets					**1 097 309**	1 087 772
Investment in associate					**1 960**	11 021
Deferred tax asset					**1 872**	2 044
Investments backing policyholder funds and investments held through investment partnerships					**18 482 686**	15 782 142
Total assets					**19 978 355**	17 392 269
Segment liabilities	**342 121**	260 266	**29 558**	19 359	**371 679**	279 625
Deferred tax liabilities					**47 788**	39 906
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships					**18 437 426**	15 743 747
Income tax payable					**108 702**	78 955
Total liabilities					**18 965 595**	16 142 233
Capital expenditure	**6 030**	2 468	**1 997**	752	**8 027**	3 220
Depreciation	**3 304**	1 907	**1 237**	1 349	**4 541**	3 256

	Segment revenue		Segment assets	
	2007	2006	**2007**	2006
	R'000	R'000	**R'000**	R'000
Business segments				
Institutional				
– South Africa	**455 905**	361 664	**164 512**	251 675
– Southern Africa other	**17 473**	–	**17 581**	980
Retail	**406 863**	271 169	**63 200**	78 174
International	**81 755**	73 405	**118 081**	113 657
Group	**961 996**	706 238	**363 374**	444 486

		2007 R'000	2006 R'000
2	REVENUE		
	Management fees	688 898	435 069
	Service fees	264 532	259 588
	Initial charges	8 566	11 581
		961 996	706 238
3	INTEREST AND DIVIDEND INCOME		
	Interest income	20 173	19 001
	Dividend income	4 279	2 613
		24 452	21 614
4	OTHER INCOME		
	Profit on disposal of investment in subsidiary	56	–
	Profit on disposal of financial assets	7 138	2 770
	(Loss)/profit on disposal of equipment	(86)	13
	Realised and unrealised foreign exchange gains	4 271	3 817
	Revaluation of financial assets at fair value through profit or loss	8 365	8 932
	Other sundry gains/(losses)	1 718	(1 092)
		21 462	14 440
5	OPERATING EXPENSES		
	are stated after taking into account:		
	Auditor's remuneration		
	Audit fees		
	– current year	1 623	1 098
	– current year (borne by policyholders and investors in investment partnerships)	253	225
	– prior year	1 784	980
	Fees for other services	772	842
	Distribution expenses	99 016	61 606
	Fund administration services	40 053	31 680
	Information technology and communication	22 772	18 383
	Marketing expenses	25 513	27 424
	Operating lease payments	8 591	7 298
	Personnel expenses (including directors' emoluments)		
	– salaries and incentive compensation	265 579	181 399
	– provident fund contributions	10 485	8 393
	– social security costs	3 197	3 419
	– restraint of trade payments	5 094	2 550
	– share-based payment expense	40 212	51 384

Details of the directors' remuneration and their interests are disclosed in the directors' report on pages 31 and 32.

CORONATION RETIREMENT FUND

All staff are members of a defined contribution provident fund, which is governed by the Pension Funds Act, No. 24 of 1956, as amended. No valuation is performed as the liability of the fund cannot exceed its assets. Other than ongoing contributions charged against income as incurred, the group has no further retirement benefit obligations.

6 SHARE-BASED PAYMENT EXPENSE

SHARE OPTIONS

On 18 December 2003, share options were granted to eligible employees. The scheme provides for the grant to employees of options of a maximum of 10% of Coronation shares in issue. The options become unconditional in equal tranches over a three-year period commencing 1 January 2006, if certain performance targets are met. Should the option holder resign from the group prior to the vesting dates, the shares for options will not be issued, payment will therefore not be required, and the options will be forfeited.

On 1 February 2005, Coronation Investments and Trading Limited offered options to Coronation employees to acquire Coronation shares. The options become unconditional in equal tranches over a three-year period commencing 1 February 2006. Should the option holder resign from the group prior to the exercise dates, payment will not be required, and the options will be forfeited. This transaction will have no effect on the number of shares in issue.

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 and have been treated as a modification in terms of IFRS 2. The conversion of these shares was dependent on the achievement of predetermined earnings per share and share price growth targets. The resolution of 11 November 2005 had the effect of reducing the earnings per share and share price growth targets in respect of 4 560 000 shares.

On 24 November 2006, 4 560 000 of the 7 600 000 preference shares were converted into ordinary shares and the balance of 3 040 000 preference shares was redeemed.

The fair value of options granted was estimated at the date of the grant or at the date on which a significant modification took place, using an appropriate valuation model.

The inputs into the models were as follows:

	18 December 2003	1 February 2005	Preference shares
– Assumed employee turnover rate per annum	1%	1%	1%
– Expected volatility	30.0%	39.3%	30.0%
– Risk-free interest rate	8.8% – 9.2%	7.2% – 7.5%	8.57% – 8.82%
– Dividend yield	4.5%	6.5%	4.5%
– Expected life	3.5 – 4.5 years	3 – 5 years	3 – 5 years
– Subscription price (cents per share)	342	150	172
– Weighted average fair value at grant date (cents per share)	340	402	460
– Weighted average share price on options exercised during the year (cents per share)	766	820	–

	2007 Number	2006 Number
6 SHARE-BASED PAYMENT EXPENSE (continued)		
SHARE OPTIONS (continued)		
Details of options outstanding:		
18 December 2003		
Outstanding at beginning of year	5 741 676	8 600 000
Exercised during the year	(2 099 990)	(2 618 324)
Granted during the year	–	60 000
Forfeited during the year	–	(300 000)
Outstanding at end of year	3 641 686	5 741 676
1 February 2005		
Outstanding at beginning of year	715 000	8 555 000
Exercised during the year	(595 000)	(5 100 000)
Forfeited during the year	–	(2 740 000)
Outstanding at end of year	120 000	715 000
Preference share scheme		
Outstanding at beginning of year	7 600 00	7 600 000
Converted during the year	(4 560 000)	–
Redeemed during the year	(3 040 000)	–
Outstanding at end of year	–	7 600 000

SHARE TRANSACTIONS

Coronation Investments and Trading Limited offered Coronation shares to employees of the group. The sale of shares is restricted while an employee is employed by Coronation. The balance can be sold one year after the employee leaves the employment of Coronation. The compensation benefit which is required to be spread over the vesting period is approximated by the intrinsic value of the offer, being the difference between the market share price and the offer price on grant date.

1 February 2005	
– Assumed employee turnover rate per annum	1%
– Number of shares	18 485 000
– Vesting period	31 January 2008 to 31 January 2010
– Closing share price on grant date (cents per share)	402
– Offer price (cents per share)	150
– Restriction on sale while employed	one third
1 April 2005	
– Assumed employee turnover rate per annum	1%
– Number of shares	13 600 000
– Vesting period	15 April 2008 to 15 April 2010
– Closing share price on grant date (cents per share)	395
– Offer price (cents per share)	150
– Restriction on sale while employed	13 600 000

6 SHARE-BASED PAYMENT EXPENSE (continued)

SHARE TRANSACTIONS (continued)

5 September 2005

– Assumed employee turnover rate per annum	1%
– Number of shares	6 490 746
– Vesting period	1 February 2007 to 1 February 2009
– Closing share price on grant date (cents per share)	481
– Offer price (cents per share)	405
– Restriction on sale while employed	N/A

7 September 2005

– Assumed employee turnover rate per annum	1%
– Number of shares	11 933 779
– Vesting period	1 February 2007 to 1 February 2009
– Closing share price on grant date (cents per share)	501
– Offer price (cents per share)	405
– Restriction on sale while employed	N/A

Details of shares held during the year	2007 Number	2006 Number
At beginning of year	50 990 400	50 695 000
Granted during the year	–	800 000
Forfeited during the year	(28 000)	(504 600)
Exercised during the year	(452 875)	–
At end of year	50 509 525	50 990 400

The model outputs and the expense recognised are in respect of complete service adjusted for non-market vesting conditions and actual employee turnover. Actual experience is in line with the revised assumption of a 1% employee turnover rate.

BEE TRANSACTION

Coronation established the Imvula Trust to facilitate its BEE transactions. On 1 April 2005, the Imvula Trust acquired 10% of Coronation Investment Management (Pty) Limited from Coronation. The acquisition consideration amounted to R148 million and was funded by the issue of redeemable preference shares to a third-party financier. This consideration was based on a price per Coronation share of R3.85. The funding is guaranteed by Coronation.

A board of trustees was established to nominate beneficiaries who will, on fulfilment of certain conditions, have an interest in the underlying shares held by the Imvula Trust. Performance and service conditions impact on the vesting period of the options, which ranges from three to five years.

The fair value was estimated at the date of the sale using an option-pricing valuation model. The inputs into the model were as follows:

– Assumed employee forfeiture rate per annum	1%
– Dividend yield	6.5%
– Fair value at grant date (cents per share)	385

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2007

	2007 R'000	2006 R'000
6 SHARE-BASED PAYMENT EXPENSE (continued)		
EXPENSE CHARGED TO PROFIT OR LOSS		
December 2003 options	637	1 968
Preference share transaction	–	12 695
Coronation Investments and Trading Limited transactions	30 606	30 844
BEE transaction	8 969	5 877
Total expense	40 212	51 384

The share-based payment expense for 2008 is estimated to be R27 million, based on applying consistent assumptions to those reflected above.

	2007 R'000	2006 R'000
7 INCOME TAX EXPENSE		
TAXATION ON SHAREHOLDER PROFITS		
Current tax		
South Africa		
– current tax on income for the year	126 977	94 327
– adjustments in respect of prior years	4 709	(3 563)
International		
– current tax on income for the year	7 167	2 521
– adjustments in respect of prior years	80	(1 015)
	138 933	92 270
Secondary tax on companies	2 964	2 325
Total current tax	141 897	94 595
Deferred tax		
South Africa	2 588	3 444
International	2 615	–
Total deferred tax	5 203	3 444
Taxation on shareholder profits	147 100	98 039
Taxation on policyholder investment contracts	49 149	43 168
Income tax expense	196 249	141 207
The rates of corporation tax for the relevant years are:		
South Africa	29%	29%
International (average)	26%	21%
Profit from fund management before tax	431 706	294 493
Taxation on shareholder profits	147 100	98 039
Effective tax rate	34%	33%

	2007 R'000	2006 R'000
7 INCOME TAX EXPENSE (continued)		
RECONCILIATION OF TAXATION ON SHAREHOLDER PROFITS		
The tax charge on profit from fund management is different to the standard rate as detailed below:		
Tax on profit from fund management before tax, at SA rate of 29%	125 195	85 403
Effect of tax rates in foreign jurisdictions	(1 529)	(2 755)
Share of profit of associate	(387)	(522)
Share-based payment expense	11 661	14 901
Secondary tax on companies	2 964	2 325
Non-deductible expenses	6 696	6 423
Non-taxable capital profit	(1 048)	(1 229)
Tax exempt income	(1 241)	(758)
Effect of tax losses utilised	–	(1 171)
Under/(overprovided) in prior years	4 789	(4 578)
Taxation on shareholder profits	147 100	98 039
TAXATION ON POLICYHOLDER INVESTMENT CONTRACTS		
Current tax		
South Africa		
– current tax on income for the year	42 284	22 048
Deferred tax		
South Africa	6 865	21 120
Taxation on policyholder investment contracts	49 149	43 168
Income tax expense	196 249	141 207

	2007	2006
8 EARNINGS PER SHARE		
BASIC EARNINGS PER SHARE	Cents	Cents
Basic earnings per share calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year	81.4	51.9
	Number	Number
Issued ordinary shares at beginning of year	349 577 402	382 274 930
Effect of shares issued	4 991 519	1 176 592
Effect of shares repurchased and cancelled	(5 675 036)	(6 780 979)
Weighted average number of ordinary shares in issue during the year	348 893 885	376 670 543
Weighted average number of shares resulting from future dilutive staff share options	2 002 495	2 191 062
Weighted average number of shares resulting from dilutive ordinary shares arising from the black economic empowerment transaction	34 399 661	38 022 947
Weighted average number of shares resulting from dilutive convertible instruments converted on 24 November 2006	1 145 205	7 599 977
Adjusted weighted average number of ordinary shares potentially in issue	386 441 246	424 484 529
	R'000	R'000
Earnings attributable to shareholders	284 606	196 454
Minority interest	(571)	–
Dividend on convertible cumulative redeemable preference shares	(149)	(926)
Earnings attributable to ordinary shareholders	283 886	195 528
DILUTED EARNINGS PER SHARE	Cents	Cents
Diluted earnings per share calculated by dividing the earnings attributable to ordinary shareholders, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of ordinary shares potentially in issue	74.3	46.8
	R'000	R'000
Earnings attributable to equity holders of the company	284 035	196 454
Secondary tax on companies	2 964	2 325
Diluted earnings attributable to ordinary shareholders	286 999	198 779

8 EARNINGS PER SHARE (continued)

HEADLINE EARNINGS PER SHARE

Headline earnings per share has been calculated in accordance with circular 8/2007 issued by the South African Institute of Chartered Accountants.

	Profit before tax R'000	Tax R'000	Minority share-holders' interest R'000	Preference share dividends R'000	Earnings attributable to ordinary shareholders R'000	Per share Cents
2007						
Per the financial statements	480 855	(196 249)	(571)	(149)	283 886	81.4
Adjustments:						
Loss on disposal of equipment	86	(12)	(18)	–	56	–
Profit on disposal of financial assets available-for-sale	(6 898)	874	–	–	(6 024)	(1.8)
Profit on disposal of investment in subsidiary	(56)	8	–	–	(48)	–
Headline earnings	473 987	(195 379)	(589)	(149)	277 870	79.6
Diluted headline earnings per share						72.7
2006						
Per the financial statements	337 661	(141 207)	–	(926)	195 528	51.9
Adjustments:						
Profit on disposal of equipment	(15)	2	–	–	(13)	–
Headline earnings	337 646	(141 205)	–	(926)	195 515	51.9
Diluted headline earnings per share						46.8

	2007	2006
Distributions per share	Cents	Cents
Capital distribution		
– interim	20.0	–
– final payable	–	53.0
Dividend distribution		
– final payable	47.0	–
Total distribution	67.0	53.0

	2007 R'000	2006 R'000
9 INTANGIBLE ASSETS		
GOODWILL		
Cost less accumulated amortisation		
At beginning of year	1 087 772	1 087 772
Acquisition of subsidiary	5 537	–
At end of year	1 093 309	1 087 772
TRADEMARK		
Cost less accumulated amortisation		
Acquisition of subsidiary	4 000	–
At end of year	4 000	–
Total intangible assets	1 097 309	1 087 772

For the purposes of impairment testing, goodwill is considered in aggregate based on the cash-generating units of the group's fund management operations being Coronation and Namibia Asset Management Limited. The impairment tests were based on fair value less costs to sell, which is evidenced by way of reference to the traded share prices and the cash-generating ability of Coronation and Namibia Asset Management Limited at balance sheet date.

2007	Computer equipment R'000	Furniture and fittings R'000	Office equipment R'000	Leasehold improvements R'000	Total R'000
10 EQUIPMENT					
Cost					
At beginning of year	10 622	2 996	2 217	1 293	17 128
Additions	6 368	107	108	1 444	8 027
Disposals	(273)	(5)	(86)	(1 150)	(1 514)
Exchange adjustments	(152)	(43)	(53)	(112)	(360)
At end of year	16 565	3 055	2 186	1 475	23 281
Accumulated depreciation					
At beginning of year	(6 607)	(2 070)	(1 323)	(1 196)	(11 196)
Depreciation	(3 660)	(321)	(367)	(193)	(4 541)
Disposals	1 325	–	64	–	1 389
Exchange adjustments	90	36	40	72	238
At end of year	(8 852)	(2 355)	(1 586)	(1 317)	(14 110)
Net book value	7 713	700	600	158	9 171

2006	Computer equipment R'000	Furniture and fittings R'000	Office equipment R'000	Leasehold improvements R'000	Total R'000
Cost					
At beginning of year	7 229	2 324	1 867	994	12 414
Additions	2 716	425	64	15	3 220
Disposals	(162)	–	(26)	–	(188)
Exchange adjustments	839	247	312	284	1 682
At end of year	10 622	2 996	2 217	1 293	17 128
Accumulated depreciation					
At beginning of year	(4 043)	(1 451)	(778)	(603)	(6 875)
Depreciation	(2 144)	(413)	(350)	(349)	(3 256)
Disposals	140	–	15	–	155
Exchange adjustments	(560)	(206)	(210)	(244)	(1 220)
At end of year	(6 607)	(2 070)	(1 323)	(1 196)	(11 196)
Carrying value	4 015	926	894	97	5 932

	2007 R'000	2006 R'000
11 INVESTMENT IN ASSOCIATE		
Analysis of the movement in our share of net assets		
At beginning of year	11 021	–
Acquisition	1 960	9 222
Share of profit of associate	1 334	1 799
Reclassification of associate to subsidiary	(12 355)	–
At end of year	1 960	11 021
Market value – listed associate	–	12 005
Directors' valuation – unlisted associate	1 960	–

Summary financial information of associate:

2007	Country	Ownership %	Assets R'000	Liabilities R'000	Equity R'000	Revenues R'000	Profit R'000
Professional Provident Society Investments (Pty) Limited	South Africa	49	1 302	2 219	(917)	805	(2 793)

2006	Country	Ownership %	Assets N$'000	Liabilities N$'000	Equity N$'000	Revenues N$'000	Profit N$'000
Namibia Asset Management Limited	Namibia	48.05	10 784	3 161	7 623	19 852	3 744

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.

As at 30 September 2007, the group has future loan funding commitments of R3.1 million to Professional Provident Society Investments (Pty) Limited.

12 DEFERRED TAX

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000	2007 R'000	2006 R'000
Employee benefits	74	2 044	–	–	74	2 044
Tax loss	1 590	–	–	–	1 590	–
Equipment	208	–	–	–	208	–
Unrealised fair value adjustments on financial assets						
– shareholders	–	–	(2 528)	(1 511)	(2 528)	(1 511)
– policyholders	–	–	(45 260)	(38 395)	(45 260)	(38 395)
Net deferred tax assets/(liabilities)	1 872	2 044	(47 788)	(39 906)	(45 916)	(37 862)

	Balance 2006 R'000	Arising on acquisition of subsidiary R'000	Recognised in income R'000	Recognised in equity R'000	Balance 2007 R'000
12 DEFERRED TAX (continued)					
Movement in temporary differences during the year:					
Employee benefits	2 044	39	(2 009)	–	**74**
Tax loss	–	4 323	(2 733)	–	**1 590**
Equipment	–	(75)	283	–	**208**
Unrealised fair value adjustments on financial assets	(39 906)	–	(7 609)	(273)	**(47 788)**
	(37 862)	4 287	(12 068)	(273)	**(45 916)**

2006	Balance 2005 R'000	Recognised in income R'000	Recognised in equity R'000	Balance 2006 R'000
Employee benefits	5 466	(3 422)	–	2 044
Unrealised fair value adjustments on financial assets	(18 764)	(21 142)	–	(39 906)
	(13 298)	(24 564)	–	(37 862)

	2007 R'000	2006 R'000
13 INVESTMENTS BACKING POLICYHOLDER FUNDS AND INVESTMENTS HELD THROUGH INVESTMENT PARTNERSHIPS		
Netfair value gains on policyholder and investment partnership financial instruments		
Investment income	1 060 791	855 808
Realised and unrealised gains on financial assets	2 996 119	1 620 304
Increase in liabilities to policyholders and holders of redeemable interests in investment partnerships	(4 001 954)	(2 427 130)
	54 956	48 982

	2007 R'000	2006 R'000
13 INVESTMENTS BACKING POLICYHOLDER FUNDS AND INVESTMENTS HELD THROUGH INVESTMENT PARTNERSHIPS (continued)		
Equities	9 178 382	7 974 320
Mining	1 519 608	1 258 645
Banks, insurance and financial services	1 689 865	1 110 364
Industrial, retail and other sectors	5 910 553	5 501 993
Unlisted investments	58 356	103 318
Derivative financial instruments	27 383	28 753
Property	450 394	502 048
Interest-bearing stocks, debentures and other loans	2 638 240	2 978 808
Deposits at financial institutions	3 629 892	2 749 170
Domestic unit trusts	90 387	57 078
Mutual funds	1 362 234	1 335 201
	17 376 912	15 625 378
Listed investments at market value	17 318 556	15 522 060
Unlisted investments at directors' valuation	58 356	103 318
	17 376 912	15 625 378
Investments at book value	16 724 569	15 618 664
Unrealised investment gains	652 343	6 714
Partnership trade receivables	1 105 774	156 764
	18 482 686	15 782 142
14 POLICYHOLDER INVESTMENT CONTRACT LIABILITIES AND LIABILITIES TO HOLDERS OF INTERESTS IN INVESTMENT PARTNERSHIPS		
Movement in financial liability:		
Balance at beginning of year	15 743 747	13 607 747
Contributions and investment income	6 864 534	6 952 036
Contributions from policyholders and investors	5 803 743	6 096 228
Investment income	1 060 791	855 808
Withdrawals and deductions	(8 348 484)	(6 606 267)
Withdrawals by policyholders and investors	(8 293 528)	(6 557 285)
Operating expenses	(5 807)	(5 814)
Taxation on policyholder investment contracts	(49 149)	(43 168)
Realised and unrealised net fair value gains on investments designated at fair value through profit or loss backing policyholder funds and holders of interest in investment partnerships	2 996 119	1 620 304
Trade payables	1 011 010	47 771
Short positions	170 500	122 156
Balance at end of year	18 437 426	15 743 747
Comprising:		
Liability to policyholders in respect of investment contracts	16 401 049	15 171 857
Liability to holders of redeemable interests in investment partnerships	2 036 377	571 890
Deferred tax liabilities	45 260	38 395
	18 482 686	15 782 142

	2007 R'000	2006 R'000
15 FINANCIAL ASSETS		
Financial assets available-for-sale		
– Mutual funds and unit trusts	66 804	87 201
– Ordinary shares (unlisted)	–	1
– Ordinary shares (listed)	–	125
	66 804	87 327
Financial assets at fair value through profit or loss		
– Mutual funds and unit trusts	31 154	64 804
	97 958	152 131
Details regarding financial investments required in terms of the Companies Act are kept at the company's registered office and this information will be made available to shareholders on written request.		
16 INTEREST-BEARING BORROWING	125 765	139 533

The borrowing is in respect of the group's BEE transaction.

The terms of the borrowing are as follows:
74 000 (2006: 74 000) cumulative redeemable fixed-rate preference shares of R1 000 per share at a rate of 9.12% per annum.

51 765 (2006: 65 533) cumulative redeemable floating-rate preference shares of R1 000 per share at a rate of 71% of prime.

These dividends are payable in May and November of each year. The preference shares are redeemable at the option of the company but by no later than April 2015.

In terms of the company's Articles of Association, its borrowing powers are unlimited.

SUBSIDIARIES

Coronation Life Assurance Company Limited is restricted in its ability to borrow in that borrowings require approval of the Registrar of Insurance, in terms of the South African Long-term Insurance Act, No. 52 of 1998.

	2007 R'000	2006 R'000
17 SHARE CAPITAL		
AUTHORISED		
750 000 000 (2006: 750 000 000) ordinary shares of 0.01 (2006: 0.01) cent per share	75	75
Nil (2006: 7 600 000) convertible cumulative redeemable preference shares of 0.01 (2006: 0.01) cent per share	–	1
	75	76
ISSUED, ALLOTTED AND FULLY PAID	Number	Number
Number of ordinary shares		
At beginning of year	349 577 402	382 274 930
Issued during the year	6 659 990	2 618 324
Repurchased and cancelled during the year	(35 504 593)	(35 315 852)
At end of year	320 732 799	349 577 402
	R'000	R'000
Nominal value of ordinary shares		
At beginning of year	35	38
Issued during the year	1	–
Repurchased and cancelled during the year	(4)	(3)
At end of year	32	35
	Number	Number
Number of convertible redeemable preference shares		
At beginning of year	7 600 000	7 600 000
Converted to ordinary shares during the year	(4 560 000)	
Redeemed during the year	(3 040 000)	
At end of year	–	7 600 000
	R'000	R'000
Nominal value of convertible redeemable preference shares		
At beginning of year	1	1
Conversion and redemption during the year	(1)	–
At end of year	–	1

CONVERTIBLE CUMULATIVE REDEEMABLE PREFERENCE SHARES

The terms and conditions of the convertible cumulative redeemable preference shares are set out in the company's Memorandum and Articles of Association. These shares ranked pari passu with the ordinary shares as to voting rights.

4 560 000 of the preference shares were converted to ordinary shares on 24 November 2006. The remainder of the preference shares were redeemed on 24 November 2006.

UNISSUED SHARES

Unissued shares are under the control of the directors until the forthcoming annual general meeting.

18 FINANCIAL RISK DISCLOSURES

The group is exposed to market risk, credit risk, liquidity risk and currency risk through a combination of the nature of its operations, the financial instruments of which it is a party to and the location of its operations.

Risk management and control are integral to the governance of the group as more fully explained on pages 24 and 25.

The market and credit risk associated with the financial assets held to back investment contract liabilities issued by a group company is borne in its entirety by policyholders. The liquidity risk associated with the company being contractually obligated to repay policyholders on demand, is managed through the investment composition of assets included in the policyholder portfolios and by contract with the policyholders. Such contracts mitigate the liquidity risk faced by the company and pass this on to policyholders in the event that substantial withdrawals require large-scale disinvestment of the assets in these portfolios. The investment composition of these portfolios at 30 September is provided in note 13.

The assets held through limited liability investment partnerships which the group is deemed to control and which are therefore consolidated, are held to back the investors' interests in these partnerships. The financial assets within these investment partnerships are subject to a variety of financial risks all of which are borne by the investors into these partnerships. Fluctuations in the values of these assets directly impact the carrying value of the group's financial liabilities to the holders of redeemable interests in these partnerships. By virtue of the fact that these investment partnerships are permitted in terms of their investment mandates to use leverage in their investment strategies and the fact that certain companies in the group are the general partner to these partnerships, exposes the group to the residual risk of any shortfall in the net assets of the partnerships (refer note 13). This risk is considered remote, and to result in financial loss to the group would require the limited partners or investors into these partnerships to lose all of the capital they have contributed, together with investment returns earned.

Since the group's exposure to financial risk arising from these financial assets and liabilities is negligible, these financial instruments are excluded from the analysis presented below.

CREDIT RISK

Financial assets which are subject to credit risk consist principally of cash, receivables and the group's interest in mutual funds and unit trusts. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the group.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

18 FINANCIAL RISK DISCLOSURES (continued)

INTEREST RATE RISK

The following table provides an analysis of the financial assets and liabilities of the group and indicates those categories that are interest sensitive and their contractual maturities.

R'000	Total	One year or less	One to five years	Due after five years	Non-interest bearing
2007					
Assets					
Financial assets available-for-sale	66 804	–	–	–	66 804
Financial assets at fair value through profit or loss	31 154	–	–	–	31 154
Trade and other receivables	168 265	–	–	–	168 265
Cash and cash equivalents	119 134	119 134	–	–	–
	385 357	119 134	–	–	266 223
Liabilities					
Interest-bearing borrowing	125 765	–	–	125 765	–
Trade and other payables	245 914	–	–	–	245 914
	371 679	–	–	125 765	245 914
2006					
Assets					
Financial assets available-for-sale	87 327	–	–	–	87 327
Financial assets at fair value through profit or loss	64 804	–	–	–	64 804
Trade and other receivables	97 637	–	–	–	97 637
Cash and cash equivalents	253 590	253 590	–	–	–
	503 358	253 590	–	–	249 768
Liabilities					
Interest-bearing borrowing	139 533	–	–	139 533	–
Trade and other payables	140 092	–	–	–	140 092
	279 625	–	–	139 533	140 092

Cash and cash equivalents earn interest at call rates.

MARKET RISK

The revenues and profit generation of the group are linked to the value of assets under management. Movements in equity markets and interest rates, currency exchange rates and commodity prices that adversely affect the value of assets under management will impact the group's revenues and reported profits. The group manages this risk through its structured investment process. The value of assets under management at balance sheet date is as follows:

Assets under management	2007 R'bn	2006 R'bn
Assets under management – by geographical region		
South Africa	121.8	92.3
International	11.9	9.1
	133.7	101.4
Assets under management – by business segment		
Institutional	96.1	74.5
Retail	25.7	17.8
International	11.9	9.1
	133.7	101.4

In addition to the assets managed by Coronation, Namibia Asset Management Limited manages N$4 billion worth of assets.

18 FINANCIAL RISK DISCLOSURES (continued)

Foreign currency risk

In respect of other monetary assets and liabilities held in currencies other than the rand, the group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates, where necessary, to address short-term imbalances.

The following currency profile analyses the group's financial assets and liabilities according to the currencies in which they are held at 30 September. The totals are then expressed in the equivalent rand amount (in thousands).

2007

Currency	ZAR	NAMD	PULA	EUR	GBP	USD	Total
Exchange rate	1.0000	1.0000	1.1140	9.8557	14.0336	6.8776	
Assets							
Financial assets available-for-sale	14 201	3 976	–	–	48 627	–	66 804
Financial assets at fair value through profit or loss	31 154	–	–	–	–	–	31 154
Trade and other receivables	130 030	6 353	2	38	3 164	28 678	168 265
Cash and cash equivalents	79 629	6 289	492	1 151	6 879	24 694	119 134
	255 014	16 618	494	1 189	58 670	53 372	385 357
Liabilities							
Interest-bearing borrowing	125 765	–	–	–	–	–	125 765
Trade and other payables	204 870	4 323	77	953	6 143	29 548	245 914
	330 635	4 323	77	953	6 143	29 548	371 679

2006

Currency	ZAR	PULA	EUR	GBP	USD	Total
Exchange rate	1.0000	1.1285	9.8557	14.5596	7.7763	
Assets						
Financial assets available-for-sale	9 956	–	23 280	3 570	50 521	87 327
Financial assets at fair value through profit or loss	64 804	–	–	–	–	64 804
Trade and other receivables	85 459	2	488	4 221	7 467	97 637
Cash and cash equivalents	229 910	656	999	5 900	16 125	253 590
	390 129	658	24 767	13 691	74 113	503 358
Liabilities						
Interest-bearing borrowing	139 533	–	–	–	–	139 533
Trade and other payables	120 569	47	729	10 569	8 178	140 092
	260 102	47	729	10 569	8 178	279 625

	2007 R'000	2006 R'000
19 COMMITMENTS AND CONTINGENT LIABILITIES		
OPERATING LEASE COMMITMENTS		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	5 846	8 946
Between one and five years	50 614	14 067
More than five years	29 452	6 719

At 30 September 2007, the group was obligated under a number of operating leases for properties, computer equipment and office equipment for which the future minimum lease payments extend over a number of years. The annual escalation clauses range between 8% and 11% per annum.

GUARANTEES

Coronation Investment Management (Pty) Limited and Coronation Asset Management (Pty) Limited are the disclosed partners in the Coronation Granite Fixed Income, Coronation Multi-Strategy Arbitrage, Coronation pH7 and Coronation Presidio Limited Liability partnerships. As the disclosed partners they are liable to third parties for all liabilities of the partnerships over and above the capital contributions, and future income which accrues to the partners as well as the retained and current profits and assets of the partnerships. The other partners have no liability for further contributions, or to incur any liability to any third party over and above their contributions. A register of guarantees is kept at the registered office of the company.

All portfolio risk inherent within the investment partnerships is managed within the general risk parameters and controls as set out in the Risk Management and Control section of this annual report.

OTHER COMMITMENTS

The group has committed to the provision of loan funding totalling R3.1 million to its associate, Professional Provident Society Investments (Pty) Limited, as disclosed in note 11.

20 RELATED PARTIES

IDENTITY OF RELATED PARTIES

The group has related-party relationships with its subsidiaries, associates and with its key management personnel.

Transactions with key management personnel

Key management personnel is defined as the board of directors and executive committee of Coronation. There were no material transactions with key management personnel or their families during the current or previous year other than normal remuneration for employee services and personal investments.

KEY MANAGEMENT COMPENSATION

	2007 R'000	2006 R'000
Short-term remuneration	25 926	15 794
Long-term remuneration	–	1 750
Share-based payment	18 423	30 185
Total	44 349	47 729

OTHER RELATED-PARTY TRANSACTIONS AND BALANCES AT YEAR END

Directors' interest in share capital and directors' emoluments (refer directors' report).
Loans from related parties (refer note 21).
Share transactions with employees and Coronation Investments and Trading Limited (refer note 6).

21 PRINCIPAL SUBSIDIARY AND ASSOCIATE COMPANIES

Company (% of equity capital held)	Country of incorporation	Functional currency	Issued share capital	Indebtedness by/(to) 2007 R'000	Indebtedness by/(to) 2006 R'000
Coronation Fund Managers Limited					
100 Coronation Investment Management (Pty) Limited (Holding company of operating subsidiaries)	South Africa	ZAR	100	–	(24 838)
100 Coronation Asset Management (Pty) Limited (Investment management company)	South Africa	ZAR	250 000	(252 602)	16 538
100 Coronation Management Company Limited (Collective investment schemes management company)	South Africa	ZAR	2 000 000	–	–
100 Coronation Life Assurance Company Limited (Long-term insurance company)	South Africa	ZAR	300	–	–
100 CFM (Isle of Man) Limited (Holding company of the international subsidiaries)	British Virgin Islands	USD	20 000	–	–
100 Coronation International Limited (Investment management company)	United Kingdom	GBP	1 000 000	–	–
100 Coronation Fund Managers (Ireland) Limited (Collective investment schemes management company)	Ireland	USD	136 538	–	–
100 Coronation Investment Services (Pty) Limited (Investment management company)	South Africa	ZAR	10	–	–
51 Coronation Fund Managers (Botswana) (Pty) Limited (Investment management company) (2006: 100%)	Botswana	PULA	1 000	–	–
54.9 Namibia Asset Management Limited (Investment management company)	Namibia	NAD	20 000	–	–
49 Professional Provident Society Investments (Pty) Limited (Investment management company)	South Africa	ZAR	200	–	–

The group has no equity interest in the following entities, which are consolidated based on control:
– Imvula Trust
– Imvula Capital (Pty) Limited
– Coronation Granite Fixed Income Fund
– Coronation Multi-Strategy Arbitrage Fund
– Coronation pH7 Fund
– Coronation Presidio Fund

	2007 R'000	2006 R'000
21 PRINCIPAL SUBSIDIARY AND ASSOCIATE COMPANIES (continued)		
The interest of the company in its subsidiaries' aggregate profits and losses after taxation is as follows:		
Profit	280 141	191 272
Losses	(3 131)	(367)
Total	277 010	190 905

22 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

22.1 NON-CASH AND OTHER ADJUSTMENTS

	2007 R'000	2006 R'000
Deferred tax – policyholder funds	(6 865)	(21 120)
Depreciation	4 541	3 256
Interest expense	13 049	13 005
Investment income	(24 452)	(21 614)
Profit on disposal of investment in subsidiary	(56)	–
Profit on disposal of financial assets	(7 138)	(2 770)
Loss/(profit) on disposal of equipment	86	(13)
Share of profit of associate	(1 334)	(1 799)
Share-based payment expense	40 212	51 384
Revaluation of financial assets at fair value through profit or loss	(8 365)	(8 932)
Total	9 678	11 397

22 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

22.2 INVESTING ACTIVITIES

Conversion of associate to subsidiary

Namibia Asset Management Limited was previously accounted for as an associate of Coronation. However, on 1 February 2007, a major shareholder of the entity sold a portion of its shareholding to a staff trust which is controlled by Coronation, thereby resulting in control of the entity by Coronation as of that date. Namibia Asset Management Limited has therefore been accounted for as a subsidiary as of 1 February 2007. No cash has therefore been paid by Coronation in respect of this conversion from associate to subsidiary.

	Fair value on acquisition R'000
Assets	
Equipment	500
Investments	2 000
Deferred taxation	4 287
Trade and other receivables	2 639
Cash at bank	3 885
Liabilities	
Intercompany loans	(6 622)
Accounts payable	(2 447)
Bank overdraft	(53)
	4 189
Trademark recognised on conversion to subsidiary	4 000
Net asset value at conversion of associate to subsidiary	8 189
Associate proportion at 48.05%	3 935
Dividend received on associate investment	2 883
Goodwill on acquisition of associate now recognised on conversion to subsidiary	5 537
Carrying amount of investment in associate converted to subsidiary	12 355

Included in the group profit for the period is R3.3 million attributable to the additional business generated by Namibia Asset Management Limited.

Had this associate been converted to a subsidiary at 1 October 2006, revenue and profit of R17.9 million and R6 million would have been included in the group's revenue and profit respectively.

As no cash was paid for this conversion from associate to subsidiary, the result of this conversion is a cash inflow to the group of R3.8 million.

COMPANY INCOME STATEMENT

for the year ended 30 September 2007

	Note	2007 R'000	2006 R'000
Financial income		283 001	326 151
Dividend income			
– subsidiaries		270 800	318 370
– other		763	583
Interest income		2 989	1 494
Other income		8 449	5 704
Operating expenses		(1 108)	(772)
Interest expense		(27 201)	(23 259)
– Imvula Trust		(27 080)	(23 209)
– other		(121)	(50)
Income before tax		254 692	302 120
Income tax expense	b	(3 376)	(1 409)
Profit for the year		251 316	300 711

COMPANY BALANCE SHEET
for the year ended 30 September 2007

	Note	2007 R'000	2006 R'000
Assets			
Investment in subsidiary	c	2 780 753	2 097 466
Investment in associate	c	1 960	–
Financial assets at fair value through profit or loss	d	31 154	64 804
Loan to group company	g	–	16 536
Cash and cash equivalents		1 398	25 313
Total assets		2 815 265	2 204 119
Liabilities			
Liability to Imvula Trust	e	147 176	147 176
Deferred tax liabilities	f	2 066	1 510
Loan from group company	g	252 602	24 838
Income tax payable		2 798	414
Trade and other payables		272	159
Total liabilities		404 914	174 097
Net assets		2 410 351	2 030 022
Equity			
Share capital and premium		789 805	1 343 932
Accumulated earnings		596 343	345 176
Revaluation reserve		1 024 203	340 914
Total equity		2 410 351	2 030 022

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2007

R'000	Share capital	Share premium	Accumulated earnings	Revaluation reserve	Total equity
Balance at 30 September 2005	39	1 673 290	45 391	345 960	2 064 680
Revaluation of available-for-sale financial assets				(5 046)	(5 046)
Profit for the year			300 711		300 711
Dividends paid			(926)		(926)
Capital distribution		(138 197)			(138 197)
Shares issued		8 967			8 967
Shares repurchased and cancelled	(3)	(200 164)			(200 167)
Balance at 30 September 2006	36	1 343 896	345 176	340 914	2 030 022
Revaluation of available-for-sale financial assets				683 289	683 289
Profit for the year			251 316		251 316
Dividends paid			(149)		(149)
Capital distribution		(256 514)			(256 514)
Shares issued		1 963			1 963
Shares repurchased and cancelled	(4)	(299 572)			(299 576)
Balance at 30 September 2007	32	789 773	596 343	1 024 203	2 410 351

COMPANY STATEMENT OF CASH FLOWS

for the year ended 30 September 2007

	2007 R'000	2006 R'000
Cash flows from operating activities		
Profit for the year	251 316	300 711
Income tax expense	3 376	1 409
Interest paid	27 201	23 259
Interest received	(2 989)	(1 494)
Non-cash adjustments	(8 449)	(5 704)
Operating profit before changes in working capital	270 455	318 181
Working capital changes	244 413	60 712
Decrease in loan to group company	16 536	35 715
Increase in trade payables and loan from group company	227 877	24 997
Cash generated from operations	514 868	378 893
Interest paid	(27 201)	(23 259)
Interest received	2 989	1 494
Income taxes paid	(435)	(353)
Net cash from operating activities	490 221	356 775
Cash flows from/(used in) investing activities	40 140	(1 920)
Disposal/(acquisition) of financial assets	42 100	(1 920)
Acquisition of associate	(1 960)	–
Cash flows used in financing activities	(554 276)	(330 323)
Shares repurchased and cancelled	(299 576)	(200 167)
Shares issued	1 963	8 967
Capital distribution	(256 514)	(138 197)
Dividends paid	(149)	(926)
Net (decrease)/increase in cash and cash equivalents	(23 915)	24 532
Cash and cash equivalents at beginning of year	25 313	781
Cash and cash equivalents at end of year	1 398	25 313

a ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with IFRS and its interpretations adopted by the IASB together with the Companies Act of South Africa.

BASIS OF PREPARATION

The financial statements are presented in South African rand, rounded to the nearest thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at fair value: financial assets designated at fair value through profit or loss and financial assets classified as available-for-sale.

The accounting policies set out on pages 36 to 45 have been applied consistently to all periods presented in these financial statements.

b INCOME TAX EXPENSE

	2007 R'000	2006 R'000
Current tax		
South Africa		
– current tax on income for the year	2 779	297
– adjustments in respect of prior years	22	169
	2 801	466
Secondary tax on companies	19	116
Total current tax	2 820	582
Deferred tax		
South Africa	556	827
Total income tax expense	3 376	1 409
The standard rate of corporation tax for the year is:	29%	29%
Profit before tax	254 692	302 120
Tax on profit	3 376	1 409
Effective tax rate	1%	0%
The tax charge for the year is different to the standard rate as detailed below:		
Tax on profit before tax, at SA rate of 29%	73 861	87 615
Secondary tax on companies	19	116
Non-deductible expenses	8 764	8 127
Tax exempt revenues	(79 290)	(94 151)
Effect of tax losses utilised	–	(467)
Underprovided in prior years	22	169
Total income tax expense for the year	3 376	1 409

		2007 R'000	2006 R'000
c	INVESTMENT IN GROUP COMPANIES		
	INVESTMENT IN SUBSIDIARY		
	Unlisted shares		
	– at cost	1 756 552	1 756 552
	– revaluation adjustment	1 024 201	340 914
	Investment in subsidiary at market value	2 780 753	2 097 466
	INVESTMENT IN ASSOCIATE		
	Unlisted shares		
	– at cost	1 960	–
d	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
	Mutual funds and unit trusts	31 154	64 804

Details regarding financial investments required in terms of the Companies Act are kept at the company's registered office and this information is available to shareholders on written request.

e LIABILITY TO THE IMVULA TRUST

	2007 R'000	2006 R'000
The Imvula Trust	147 176	147 176

The liability to the Imvula Trust is the result of the company's participation in the group's BEE transaction. This liability will be settled through the delivery of Coronation Investment Management (Pty) Limited shares or the issue of Coronation shares at the election of the company. The liability will be settled by no later than 10 years from the effective date of the BEE transaction (1 April 2005). The liability attracts interest equivalent to 10% of dividends declared by Coronation Investment Management (Pty) Limited.

f DEFERRED TAX

Deferred tax liabilities are attributable to the following:

	Liabilities 2007 R'000	Liabilities 2006 R'000
Unrealised fair value adjustments on financial assets	**2 066**	1 510

Movement in temporary differences during the year:

	Balance 2006 R'000	Recognised in income R'000	Balance 2007 R'000
Unrealised fair value adjustments on financial assets	1 510	556	**2 066**

g LOAN TO AND FROM GROUP COMPANIES

These loans are unsecured, not subject to interest and payable or repayable on demand.

h SHARE CAPITAL

The company's share capital is detailed in note 17 of the group accounts.

i COMMITMENTS

The company's commitment in terms of the BEE transaction is detailed in note 6 of the group accounts.

ANALYSIS OF SHAREHOLDERS
for the year ended 30 September 2007

DISTRIBUTION OF SHAREHOLDERS	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	1 086	30.47	601 657	0.19
1 001 – 10 000 shares	1 744	48.93	7 411 032	2.31
10 001 – 100 000 shares	524	14.71	15 320 139	4.78
100 001 – 1 000 000 shares	159	4.46	55 676 718	17.36
1 000 001 shares and over	51	1.43	241 723 253	75.36
	3 564	100.00	320 732 799	100.00

DISTRIBUTION OF SHAREHOLDERS	Number of shareholders	%	Number of shares	%
Banks	41	1.15	8 346 665	2.60
Close corporations	51	1.43	5 016 983	1.57
Endowment funds	16	0.45	1 710 411	0.53
Individuals	2 654	74.47	49 093 775	15.31
Insurance companies	11	0.31	2 737 769	0.85
Investment companies	5	0.14	863 527	0.27
Mutual funds	72	2.02	82 374 288	25.68
Nominees and trusts	489	13.72	59 303 690	18.49
Other corporations	56	1.57	11 400 384	3.56
Pension funds	81	2.27	41 317 722	12.88
Private companies	73	2.05	5 688 652	1.77
Public companies	15	0.42	52 878 933	16.49
	3 564	100.00	320 732 799	100.00

PUBLIC/NON-PUBLIC SHAREHOLDERS	Number of shareholders	%	Number of shares	%
Non-public shareholders	100	2.80	128 593 859	40.10
Directors	8	0.22	38 579 583	12.03
Strategic holdings (more than 10%)	1	0.03	52 627 989	16.41
Shares held by staff	91	2.55	37 386 287	11.66
Public shareholders	3 464	97.20	192 138 940	59.90
	3 564	100.00	320 732 799	100.00

GEOGRAPHICAL OWNERSHIP	Number of shareholders	%	Number of shares	%
South Africa	3 368	94.50	296 773 060	92.53
International	196	5.50	23 959 739	7.47
	3 564	100.00	320 732 799	100.00

SHAREHOLDERS WITH BENEFICIAL INTEREST OF 5% OR MORE IN SHARES	Number of shares	%
Coronation Investments and Trading Limited	52 627 989	16.41
Louis Stassen	16 141 495	5.03

MAJOR INSTITUTIONAL MANAGER	Number of shares	%
Allan Gray Limited	42 593 691	13.28

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 34th annual general meeting of Coronation Fund Managers Limited will be held in the boardroom of the offices of Coronation Fund Managers Limited at Coronation House, Boundary Terraces, 1 Mariendahl Lane, Newlands, Cape Town, on Thursday, 24 January 2008, at 10:00 for the following purposes:

ORDINARY RESOLUTIONS

1 To receive and consider the audited annual financial statements of the company for the year ended 30 September 2007.

2 a) To re-elect Mr Shams Pather who retires by rotation in accordance with the provisions of the company's Articles of Association, who is eligible and available for re-election.

b) To re-elect Mr Gavan Ryan who retires by rotation in accordance with the provisions of the company's Articles of Association, who is eligible and available for re-election.

c) To re-elect Mr Winston Floquet who retires by rotation in accordance with the provisions of the company's Articles of Association, who is eligible and available for re-election.

A profile in respect of each director offering himself for election is contained on page 17 of the financial report of which this notice of annual general meeting forms part.

3 To confirm the appointment of Dr Hugo Nelson as director of the company.

4 To authorise the directors to determine the remuneration of the company's auditors.

5 To reappoint KPMG Inc. as the company's auditors.

6 To authorise the directors by way of specific authority to allot and issue sufficient portion of the unissued ordinary shares of 0.01 cent each in the capital of the company in order to fulfil obligations arising from the staff share option scheme, subject to sections 221 and 222 of the Companies Act No. 61 of 1973 (the Companies Act), as amended, and the Listings Requirements of the JSE Limited (JSE), the aforesaid authority to remain in force until the next annual general meeting of the company.

7 To authorise the directors by way of a specific authority in terms of section 221(2) of the Companies Act, as amended, to, in the event of the company exercising its call option to acquire from the Imvula Trust its 10% shareholding in Coronation Investment Management (Pty) Limited (CIM), allot and issue a sufficient number of ordinary shares of 0.01 cent each in the share capital of the company in discharge of the purchase price payable to the Imvula Trust, subject to the Listings Requirements of the JSE. The required number of ordinary shares shall be determined with reference to the value of the 10% stake in CIM and prevailing market price of the ordinary shares in the company at the relevant time.

8 To authorise the directors by way of a general authority to make payments to shareholders from time to time in terms of section 90 of the Companies Act, as amended, and in terms of the Listings Requirements of the JSE in such amount and in such form as the directors may in their discretion from time to time determine, provided that:

- This general authority shall be valid only until the company's next annual general meeting or for 15 months from the date of this resolution, whichever period is shorter.
- Such payment may not, in the aggregate exceed 20% of the company's issued share capital, including reserves, but excluding minority interests and revaluations of assets and intangible assets that are not supported by a valuation of an independent professional expert to the JSE prepared within the last six months, in any one financial year, measured as at the beginning of such financial year.
- Such payments shall be made pro rata to all shareholders.
- Announcements will be published on SENS and in the press setting out the financial effects of the general payment prior to such payment being effected and complying with Schedule 24 of the Listings Requirements of the JSE.

The directors of the company may utilise this authority in terms of this ordinary resolution number 8 in order to make payment to shareholders, in lieu of a dividend by way of a general payment from the company's share capital or share premium.

SPECIAL RESOLUTION

1 That the board of directors of the company be hereby authorised, by way of a renewable general authority, to approve the purchase of its own ordinary shares or to approve the purchase of ordinary shares in the company by any subsidiary of the company at such price, and in such

manner and subject to such terms and conditions as the directors may deem fit, provided that:

- This general authority shall be valid until the company's next annual general meeting or for 15 months from the date of this resolution, whichever period is shorter.
- The ordinary shares be purchased through the order book of the JSE trading system and done without any prior understanding or arrangement between the company and/or the relevant subsidiary and the counterparty.
- An announcement complying with 11.27 of the Listings Requirements of the JSE be published by the company (i) when the company and/or its subsidiaries have cumulatively repurchased 3% of the ordinary shares in issue as at the time the general authority was given (the initial number); and (ii) for each 3% in aggregate of the initial number of ordinary shares acquired by the company and/or its subsidiaries.
- The general repurchase by the company of its own ordinary shares shall not in the aggregate in any one financial year exceed 20% of the company's issued share capital of that class, provided that the acquisition of ordinary shares as treasury stock by a subsidiary of the company shall not exceed 10% in the aggregate of the number of issued shares in the company.
- Repurchases are not to be made at a price more than 10% above the weighted average of the market value for the ordinary shares for the five business days immediately preceding the date upon which the transaction is effected.
- At any point in time, the company may only appoint one agent to effect any repurchase on the company's behalf or on behalf of any of its subsidiaries.
- The company will, after a repurchase, still comply with the provisions of the Listings Requirements of the JSE regarding shareholder spread.
- The company and its subsidiaries will not repurchase ordinary shares during a prohibited period (as defined in the Listings Requirements of the JSE).
- Such repurchase shall be subject to compliance with the Companies Act, the company's Articles of Association and the Listings Requirements of the JSE.

REASONS FOR AND EFFECT OF SPECIAL RESOLUTION AND STATEMENT REQUIRED IN TERMS OF PARAGRAPH 11.26 OF THE LISTINGS REQUIREMENTS OF THE JSE

The reason for the special resolution is to grant the board of directors of the company the general authority to contract the company and/or any of its subsidiaries to acquire the shares in the company, should the directors consider it appropriate in the circumstances.

The effect of the special resolution is that the board of directors will be granted the general authority, subject to the provisions set out in the resolution, to acquire shares in the company, should they deem it appropriate in the circumstances and should the company comply with the relevant statutes and authority applicable thereto.

The board of directors, as at the date of this notice of annual general meeting, has no definite intention of repurchasing shares. It is, however, proposed that the directors believe it to be in the best interests of the company that shareholders pass this resolution.

The board of directors shall not make any payment in whatever form to acquire any shares issued by the company as contemplated in special resolution number 1 nor shall it make any general payment as contemplated in ordinary resolution number 8, if, after the directors have considered the effects of any repurchases or payments, there are reasonable grounds for believing that:

- The company and the group are, or will at any time during the period of 12 months after the date of this notice of annual general meeting, be unable, in the ordinary course of business, to repay their debts as they become due.
- The company's consolidated assets, valued according to IFRS, will not be more than their consolidated liabilities for a period of 12 months after the date of this notice of annual general meeting.
- The ordinary share capital and reserves of the company and the group will not be adequate for ordinary business purposes for a period of 12 months after the date of this notice of annual general meeting.
- The company and group will not have sufficient working capital to meet its needs for a period of 12 months after the date of this notice of annual general meeting.

Any repurchases shall comply with the limitations set out in the special resolution and the requirements of paragraph 5.72 of the Listings Requirements of the JSE.

The shareholders are referred to the sections of the annual report listed below to which this notice of annual general meeting is attached for general information regarding:

- The company's directors (page 17)
- Major shareholders (page 82 and 83)
- Directors' interests in securities (page 31)
- Share capital (page 67)

- The directors, whose names are set out on page 17 of the financial report, collectively and individually accept full responsibility for the accuracy of the information contained in this special resolution and certify that to the best of their knowledge and belief that there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable queries in this regard and that the notice of the annual general meeting contains all information required by law and the Listings Requirements of the JSE.
- There are no legal or arbitration proceedings (including such proceedings that are pending or threatened of which the company is aware) which may have or have had in the previous 12 months, a material effect on the group's financial position.

VOTING AND PROXIES

Members who have not dematerialised their shares or have dematerialised their shares, but with own name registration (entitled members) may appoint one or more proxies to attend, speak and vote or abstain from voting in such members' stead. A form of proxy is attached for the use of those entitled members who wish to be so represented.

Members who have already dematerialised their shares (other than those with 'own name' registration) are required to inform their duly appointed Central Security Depository Participant (CSDP) or broker, as the case may be, of their intention to attend the annual general meeting and request that their duly appointed CSDP or broker, as the case may be, issue them with the necessary authorisation to attend or provide their duly appointed CSDP or broker, as the case may be, with their voting instruction should they not wish to attend the annual general meeting in person, but wish to be represented thereat.

For the convenience of dematerialised members whose shares are not registered in their own name, and who are unable to attend the meeting but wish to be represented thereat, kindly complete the enclosed proxy form and return it to the transfer secretaries in Johannesburg. The attention of the members is drawn to the fact that, if it is to be effective, the completed proxy form is to reach the company's transfer secretaries in Johannesburg at least 48 hours before the time appointed for the meeting (which period excludes Saturdays, Sundays and public holidays).

By order of the board

John Snalam
Company secretary
14 December 2007

Registered office
Coronation House
Boundary Terraces
1 Mariendahl Lane
Newlands 7700
Cape Town
South Africa

CORONATION
FUND MANAGERS

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

FORM OF PROXY

Thirty-fourth annual general meeting of members

To be completed by certificated shareholders and dematerialised shareholders with 'own name' registration only.

I/We ______________________________

of (address) ______________________________

being a member of the abovementioned company and holding ______________________________

ordinary shares entitling me/us to ______________________________ votes (1 per share)

do hereby appoint ____________________ of ____________________ or failing him/her,

____________________ of ____________________ or failing him/her,

the chairman of the meeting,

as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held in the boardroom of the offices of the company at Coronation House, Boundary Terraces, 1 Mariendahl Lane, Newlands, Cape Town, on Thursday, 24 January 2008, at 10:00 and any adjournment thereof.

Dated this ____________________ day of ____________________ 20 ______

Signature/s ______________________________

	Mark with an X whichever is applicable.		
I/We desire to vote as follows:	Vote for	Vote against	Abstain
Ordinary resolutions			
1 To receive and consider the audited annual financial statements of the company for the year ended 30 September 2007			
2 a) To re-elect retiring director Mr Shams Pather who is eligible and available for re-election b) To re-elect retiring director Mr Gavan Ryan who is eligible and available for re-election c) To re-elect retiring director Mr Winston Floquet who is eligible and available for re-election			
3 To confirm the appointment of Dr Hugo Nelson as a director			
4 To authorise the directors to determine the remuneration of the company's auditors			
5 To reappoint KPMG Inc. as the company's auditors			
6 To provide the directors with a specific authority to issue shares in respect of the staff share incentive scheme			
7 To provide the directors with a specific authority to issue shares in respect of the purchase price payable to the Imvula Trust			
8 To provide the directors with a general authority to make payments in such form as the directors may in their discretion determine from time to time			
Special resolution			
1 To provide the directors with a general authority to repurchase up to 20% of the company's issued share capital			

Unless otherwise directed, the proxy will vote or abstain, as he or she thinks fit in respect of the member's total holding.

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak, act and, on poll, vote in his or her stead. The proxy so appointed need not be a member of the company.

MEMBERS HOLDING CERTIFICATED SHARES OR DEMATERIALISED SHARES REGISTERED IN THEIR OWN NAME

1 Only members who hold certificated shares and members who have dematerialised their shares with 'own name' registration may use this proxy form.

2 Each member is entitled to appoint one or more proxies (none of whom needs be a member of the company) to attend, speak and, on a poll, vote in place of that member at the annual general meeting, by inserting the name of the proxy or the names of two alternate proxies of the member's choice in the space provided, with or without deleting 'the chairman of the meeting'. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as the proxy to the exclusion of those whose names follow.

3 A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box/es provided. Failure to comply with the above will be deemed to authorise the chairman of the meeting, if he is the authorised proxy, to vote in favour of the resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting, as he deems fit, in respect of all the member's votes exercisable thereat.

4 A member or his proxy is not obliged to vote in respect of all the shares held or represented by him, but the total number of votes for or against the resolutions in respect of which any abstention is recorded may not exceed the total number of votes to which the member or his proxy is entitled.

5 Forms of proxy must be lodged and/or posted to the company's transfer secretaries (Computershare Investor Services 2004 (Pty) Limited) at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown 2107), to be received by the transfer secretaries by not later than 10:00 on Tuesday, 22 January 2008.

6 The completion and return of this form of proxy in accordance with point 5 above will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.

7 A minor must be assisted by the minor's parent or guardian, unless the relevant documents establishing the minor's capacity are produced or have been registered by the company.

8 Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).

9 This proxy form must be signed by all joint members. If more than one of those members are present at the annual general meeting either in person or by proxy, the person whose name stands first in the register shall alone be entitled to vote.

10 Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer office or waived by the chairman of the annual general meeting.

11 The chairman of the annual general meeting may reject or accept any proxy form which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.

MEMBERS HOLDING DEMATERIALISED SHARES

12 Members who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker (except those members who have elected to dematerialise their shares with 'own name' registration) and all beneficial members holding their shares (dematerialised or certificated) through a nominee should provide such CSDP, broker or nominee with their voting instructions in sufficient time to allow them to advise the transfer secretaries of the company of their voting instructions before the closing time with point 5 above.

13 All such members wishing to attend the meeting in person may do so only by requesting their CSDP, broker or nominee to issue the member with a letter of representation in terms of the custody agreement. Such letter of representation must also be lodged with the transfer secretaries before the closing time with point 5 above.

SHAREHOLDERS' DIARY

Annual general meeting	Thursday, 24 January 2008 at 10:00

CORPORATE INFORMATION

Share code: Ordinary shares: CML

ISIN number: ZAE000047353

BOARD OF DIRECTORS

Gavan Ryan (chairman)
Thys du Toit
Winston Floquet
Hugo Nelson (chief executive officer) — Appointed 8 November 2007
Shams Pather
Louis Stassen

TRANSFER SECRETARIES

Computershare Investor Services 2005 (Pty) Limited
70 Marshall Street
Johannesburg 2001

Postal address
PO Box 61051
Marshalltown 2107

COMPANY SECRETARY

John Snalam

REGISTERED ADDRESS

Coronation House
Boundary Terraces
1 Mariendahl Lane
Newlands 7700
Cape Town

Postal address
PO Box 993
Cape Town 8000

AUDITORS

KPMG Inc.
MSC House
1 Mediterranean Street
Foreshore
Cape Town 8001

Postal address
PO Box 4609
Cape Town 8000

CAPE TOWN Coronation House, Boundary Terraces, 1 Mariendahl Lane, Newlands 7700, South Africa
PO Box 993, Cape Town 8000 Telephone: +27 (0)21 680 2000 Fax: +27 (0)21 680 2100

JOHANNESBURG First Floor, 3 Melrose Boulevard, Melrose Arch 2196, South Africa
PO Box 652643, Benmore 2010 Telephone: +27 (0)11 566 5500 Fax: +27 (0)11 566 5507

PRETORIA The Boardwalk Office Park, First Floor, Block 4, Boardwalk Boulevard, Faerie Glen, Pretoria 0043, South Africa
Postnet Suite 502, Private Bag X18, Lynnwood Ridge 0040 Telephone: +27 (0)12 991 6309 Fax: +27 (0)12 991 6079

GABORONE SAMDEF House, Second Floor, Lot 111/B Kgale View, Gaborone International Finance Park, Gaborone, Botswana
Postnet Kgaleview, Private Bag 149, Suite 277, Gaborone, Botswana Telephone: +267 (0)390 0152/202/257 Fax: +267 (0)390 0267

LONDON Panton House, Second Floor, 25 Haymarket, London, SW1Y 4EN United Kingdom
Telephone: +44 (0)207 389 8840 Fax: +44 (0)207 389 8899

DUBLIN 11 Central Hotel Chambers, Dame Court, Dublin 2, Ireland Telephone: +353 (0)1 674 5413 Fax: +353 (0)1 674 5411