CORONATION
FUND MANAGERS

Annual Report

2008

Contents

Corporate structure

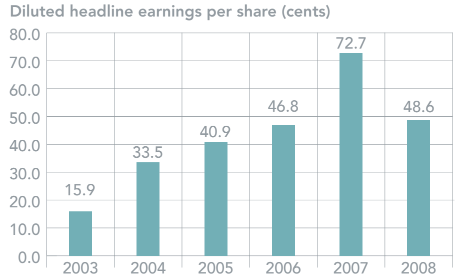
At a glance

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

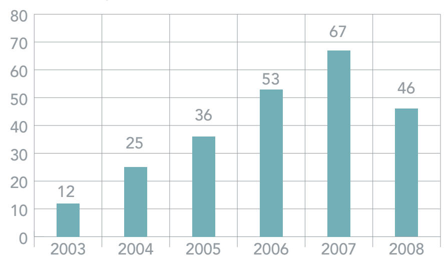
We are an independent investment business focused on the long term, with a strong culture of staff ownership and entrepreneurial flair. Our people are independent thinkers with shared values and the ability to achieve with passion and energy. With a singular focus on fund management, we strive to be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

- Founded in 1993
- Only separately listed asset manager on the JSE Limited
- 31% of our business is staff-owned
- 10% of our business is owned by black staff through the Imvula Trust
- Recipient of the ABSIP Eric Molobi Most Progressive Company Award
- 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 – 2002, 2004 and 2005
- 41 Standard & Poor's/Financial Mail Investment Performance Awards for individual fund performances
- A client-centred business

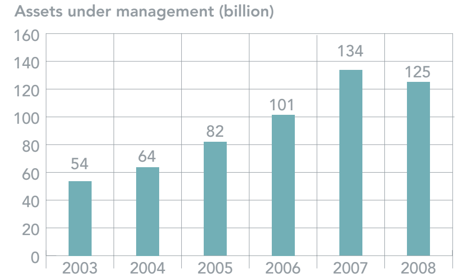
Diluted headline earnings per share (cents)



Distribution per share (cents)



Assets under management (billion)



Product range

Institutional Segregated & Pooled Portfolios

Equity	Houseview Equity Aggressive Equity Core Equity
Fixed Income	Core Cash Cash Plus Medical Aid Cash Core Bond Active Bond Strategic Bond Siyakha Bond
Balanced	Global Houseview Domestic Houseview Managed I Managed II
Absolute	Global Absolute Domestic Absolute Absolute Bond Capital Preserver Medical Aid Absolute
International	Global Bond Global Cash Global Equity Global Multi-Strategy Global Equity Alternative Strategy Latitude Relative Value
Africa	Africa Africa Frontiers
Global Emerging Markets	GEM GEM Opportunities
Hedge Funds	Granite Presidio Multi-Strategy GEM Opportunities
Private Equity	Coronation Peotona

Unit Trusts

Managed	Absolute Balanced Defensive Balanced Plus Capital Plus SA Capital Plus Market Plus
Fixed Income & Other High Yielding	Income Strategic Income Bond Property Equity Money Market Cash Plus Preference Share
Equity General	Equity Top 20 Smaller Companies
Equity Sector	Financial Industrial Resources
Equity Protected	Dynamic Protector
International	International Active Optimum Latitude
Global Emerging Markets	GEM Flexible

Financial highlights

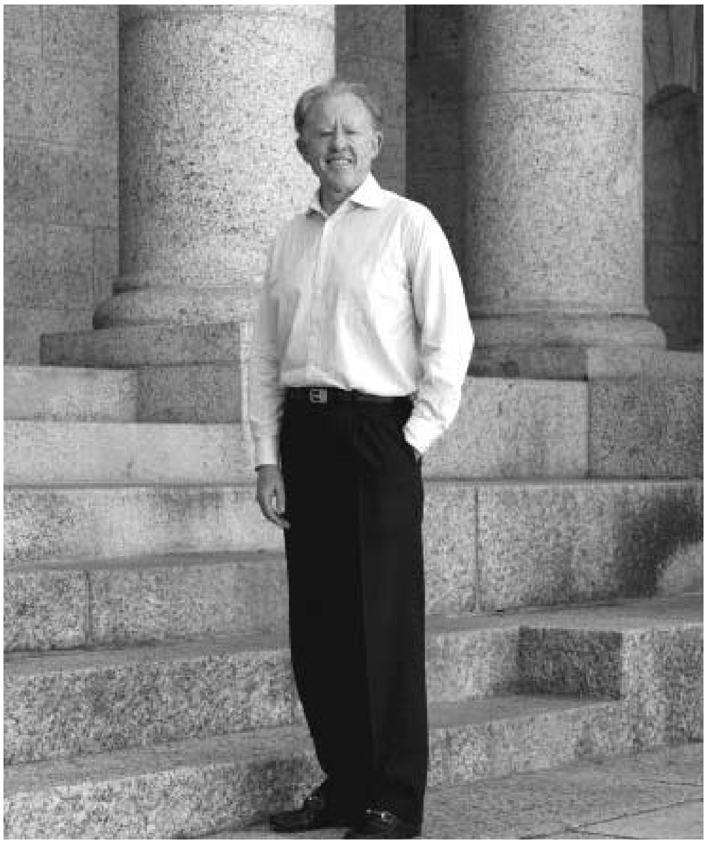
for the year ended 30 September 2008

	2008	2007	2006	2005	2004
Clients					
Assets under management					
Opening market value (Rbn)	**134.0**	101.4	81.9	63.8	61.6
Net flows (Rbn)	**(3.9)**	1.5	1.9	(4.6)	(0.3)
Capital (depreciation)/appreciation (Rbn)	**(5.1)**	31.1	17.6	22.7	2.5
Closing market value (Rbn)	**125.0**	134.0	101.4	81.9	63.8
Shareholders					
Shareholders' equity (Rm)	**995**	1 013	1 250	1 308	226
Shares in issue (thousand)	**315 774**	320 733	349 577	382 275	382 275
Weighted average shares in issue (thousand)	**321 081**	348 894	376 671	382 275	382 275
Net asset value per share (cents)	**315.0**	315.8	357.0	342.0	59.0
Headline earnings per share (cents)	**52.9**	79.6	51.9	42.9	33.9
Diluted headline earnings per share (cents)	**48.6**	72.7	46.8	40.9	33.5
Capital distribution per share (cents)	**–**	20.0	53.0	60.0	–
Dividend distribution per share (cents)	**46.0**	47.0	–	1.0	25.0
Financial summary					
Total revenue (Rm)	**818**	1 008	742	619	389
Fee revenue (Rm)	**804**	962	706	588	370
Financial income (Rm)	**14**	46	36	31	19
Operating expenses (Rm)	**525**	564	437	361	219
Profit from fund management activities (Rm)	**277**	432	294	253	168
Cost-to-income ratio (excluding IFRS 2) (%)	**62.1**	53.2	53.5	53.2	56.8
Cash flow from operating activities (Rm)	**97**	354	311	161	53
Market information					
Volume of shares traded (million)	**122**	121	118.3	56.9	71.8
Value of shares traded (Rm)	**762**	992	691	250	253
Closing share price (cents)	**575**	867	600	550	350
Number of employees	**183**	169	155	140	138

fortune may favour the brave,

perfection is the result of patience and focus

Chairman's statement



Gavan Ryan

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

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

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

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

Ownership

As a fund management business we encourage entrepreneurial flair and ownership of the company. This is reflected in our 31% staff ownership, which was achieved through the continuation of our share buy-back programme and subsequent cancellation of shares. The 10% shareholding held by our equity empowerment partner, the Imvula Trust, forms part of this total.

Transformation

Transformation remains a key element of our long-term business strategy. Under the chairmanship of non-executive director Shams Pather we continue to achieve significant milestones in our journey of achieving sustainable broad-based black economic empowerment.

The Imvula Trust is now in its fourth year of existence, and the Coronation Business Support Programme, which provides operational and strategic support for black stockbroking teams, continues to create true opportunity and transformation. All the projects in which we are involved share the same fundamental characteristics – dedicated to the development of human and intellectual capital and sustainable.

Coronation is proud to be a verified level 4 contributor as measured by the Department of Trade and Industry's Codes of Good Practice on Black Economic Empowerment.

Corporate governance

Coronation takes a balanced approach to effective corporate governance and complies with the principles of the Code of Corporate Practices and Conduct as set out in King II.

We also believe that integrating economic growth with respect for the environment is good business practice. As such we are a signatory to the United Nations' Principles for Responsible Investment, a framework for achieving better long-term investment returns and more sustainable markets.

All business affairs are conducted with prudence, transparency and accountability and we remain committed to creating value for clients, shareholders, employees and society.

The board

I welcome to the board Professor Alexandra (Alex) Watson and Ms Judith February as independent non-executive directors. Professor Watson is an associate professor at the University of Cape Town and Ms February is head of the Political Information and Monitoring Service at the Institute for Democracy in South Africa.

In early May, Louis Stassen resigned as executive director. Louis continues to be a key member of the Coronation investment team and retains his executive portfolio management responsibilities. Thys du Toit relinquished his duties as executive director in favour of a non-executive role on 1 August 2008.

Prospects

The financial crisis is exacerbating an already serious cyclical downturn in international economies. Despite aggressive and unprecedented intervention by governments and central banks worldwide, the outlook for the global economy is deteriorating rapidly. It is clear that the developing recession is likely to be the worst in modern times. Stock markets have already reacted sharply, with the MSCI World Index down 43% (US dollar terms) to 31 October 2008 from its peak a year ago. Price/earnings ratios have fallen to historically low levels, but only time will tell whether all the bad news has been discounted.

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

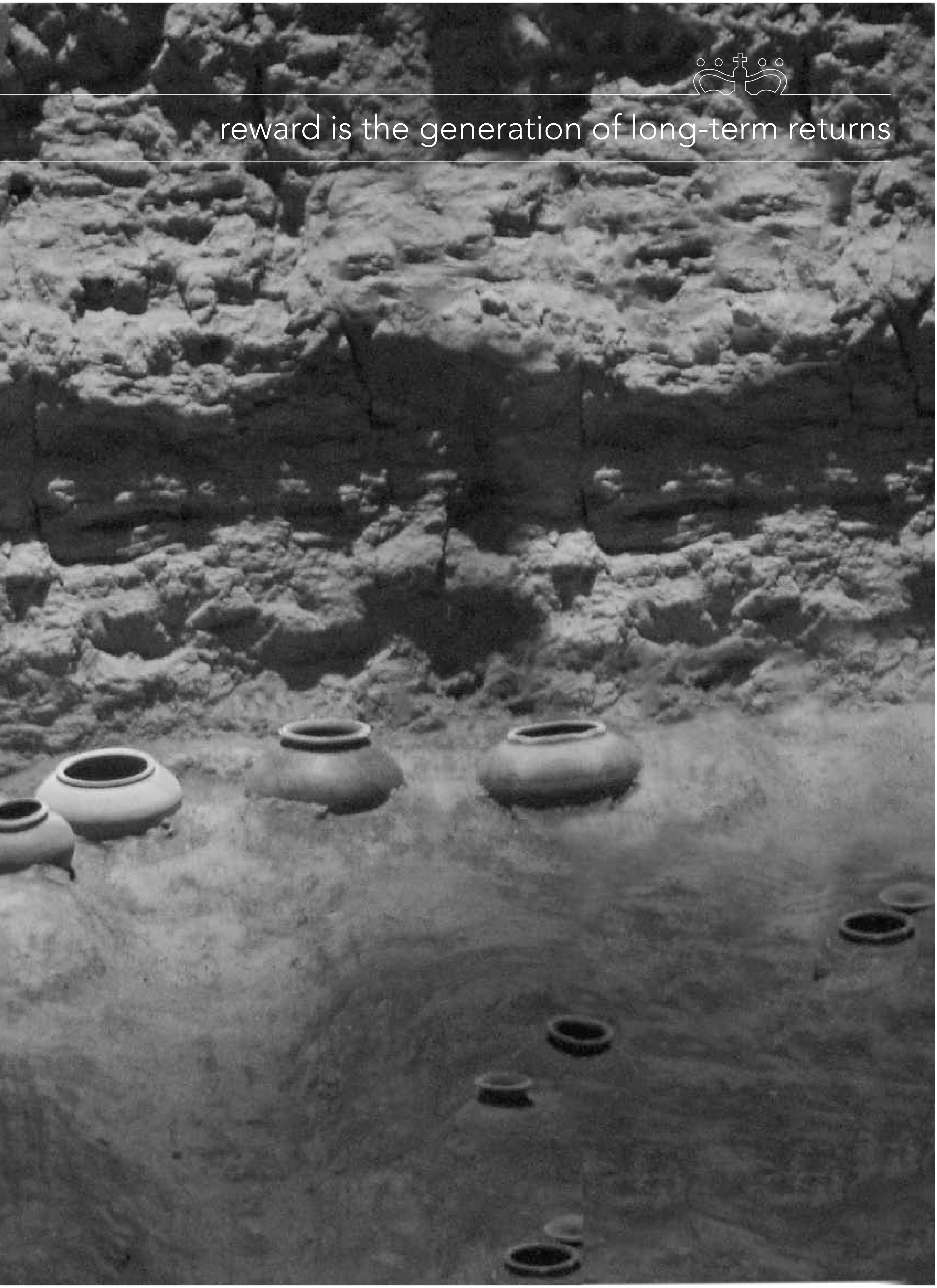
In these challenging times we will retain our singular focus on identifying value in order to deliver sound long-term returns for our clients. This will ultimately bring its rewards in terms of a recovery in our earnings.

Acknowledgements

I would like to extend my appreciation to our staff, each of whom live the key values of our culture through their unrelenting passion to meet the needs of our clients. In particular I would like to thank Hugo Nelson as chief executive officer and Karl Leinberger as chief investment officer. It has been an extremely difficult year for financial services and I commend them for their calm and confidence. I also wish to thank our many clients, shareholders and intermediaries for their ongoing support of our business.


when action is driven by passion and skill

reward is the generation of long-term returns



Chief executive officer's review

Hugo Nelson

It has been a year of repeated financial crises. What started as failure in sub-prime debt markets in August 2007 has now escalated to a full-blown global financial meltdown. In March we witnessed the fall of Bear Sterns, and just six months later the collapse of two other 100-year-old institutions, Lehman Brothers and Merrill Lynch. World-wide we are seeing de-leveraging of massive proportion and of a totally indiscriminate nature. While central banks continue to put measures in place to prop up their country's banking systems there can be no doubt as to our having entered a global recession. The MSCI World Index fell by 43% to end October and the FTSE/JSE All Share Index was down 30.86% from its high in May. At the time of writing, interest rates are at 1% in the US, 2.5% in Europe, and 2% in the UK.

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

Institutional

The institutional business continues to entrench its place as an industry leader within the South African retirement fund industry. We were successful in attracting a number of new client mandates, particularly in the area of specialist fixed income where we are recognised to be at the forefront of idea generation and product innovation. New client mandates totalled R16 billion (a portion of which had not yet been received by year-end).

Landscape

A significant event of the year was the announcement by National Treasury in the 2008 Budget of the increase in offshore limits as part of Regulation 28 of the Pension Funds Act, moving from 15% to 20%. This is in addition to the permitted 5% exposure to Africa. On the back of this a number of funds restructured their portfolios to take advantage of the full offshore allowance.

Beyond the discussion paper released in February 2007 there has been no further communication from National Treasury on Social Security and Retirement Reform. We support the principles of the proposed reform and understand its importance regarding the future of the long-term savings industry. We continue to actively engage with government and all stakeholders in this regard.

Driven by immense market volatility, the high levels of risk aversion across all investor types has re-emphasised the importance of integrity in the manager selection process and the appropriateness of portfolio solutions. Already we are starting to see an increase in requests for change in mandates as funds re-evaluate their investment objectives in these uncertain times.

Investment performance

Our equity franchise continues to attract assets, with all equity offerings outperforming their benchmarks for the year ended September. The domestic and global balanced houseview portfolios also outperformed their benchmarks for the year by 2.64% and 2.38% respectively.

The speed of decline in equity markets and the rapid rise in inflation negatively impacted the returns produced by our absolute portfolios. Whilst we are disappointed in the short-term performance, we are confident that we have the right philosophy, process and team in place to ensure the portfolios' ongoing ability to produce positive real returns for investors. Since June we have started to see an encouraging reversal.

Client-centric focus and product development

It has been an extremely busy year of client presentations and report-backs, where the emphasis has been on providing perspective on the markets and our portfolio positioning. In line with the increase in investment manager reviews, we are also being invited to a number of new business presentations.

We successfully launched our revamped global product offering, which now includes single manager funds. All funds are UCITS III-compliant and have been created to deliver on their objectives and add long-term value to a client's overall portfolio. Many of the funds are stand-alone global solutions, while others are more suited to be used as building blocks within an overall diversified portfolio. Our aim in developing the range was to ensure that each product is relevant, efficient and easy to understand by clients with differing risk/return profiles.

Our global emerging markets unit is now fully resourced, providing investors with access to a long/short equity hedge fund and a long only fund. To end September, both funds have produced consistent outperformance of their benchmarks in extremely difficult market conditions.

Tapping into the many opportunities presented by the African markets, we launched the Africa and Africa Frontiers funds during the course of the year. Both funds are managed by a dedicated team which operates out of our Cape Town office.

We continue to see steady progress in the Botswana market where our global balanced portfolios have attracted much interest from the retirement fund industry. We are also investigating the possibility of launching the first Coronation unit trust fund for Batswana investors.

Retail

Coronation remains the 10th largest unit trust manager in South Africa and one of the top three managers of asset allocation funds, despite a tough trading year. After three years of exceptional inflows, our domestic unit trusts experienced net outflows of R4.35 billion, excluding reinvested income, over the period.

Outflows were primarily a result of: structural changes in the multi-manager market; a flight to cash which precipitated a move out of the Strategic Income Fund on the back of unanticipated interest rate hikes in the first half of 2008, and poor relative short-term performance in the Strategic Income, Capital Plus and Top 20 funds in the first half of the financial year.

The majority of outflows took place between January and June, when Coronation's short-term relative performance lagged. This was due to our significantly underweight position in resource shares; a view which was vindicated with exceptional relative performance in the final quarter of the financial year.

Coronation's share of the retirement funding and general equity categories remain largely unchanged. While we did experience outflows from the Absolute franchise, these were offset by significant flows into the Balanced Plus and Balanced Defensive funds.

Landscape

Local investor behaviour through the current crisis appears to be more long-term focused, with no material withdrawals from growth funds recorded to date. This may partly be the result of an increased use of balanced and flexible funds where the fund manager explicitly aims to meet specific investor-oriented objectives. If this behaviour persists, it may reduce the impact of the crisis on long-term household wealth significantly.

While assets in the domestic unit trust industry remained flat for the year, at R715 billion, long-term single manager assets experienced an 11% decline to R295 billion. Only money market and dividend income funds attracted significant support at industry level.

Investment performance

Markets are cyclical and as an active manager there will be periods where we produce short-term underperformance. However, it is the delivery of long-term outperformance through the cycle that best illustrates the value that we add. As at year-end, long-term performance across the range is highly competitive.

Our two largest asset allocation funds, Balanced Plus and Capital Plus, produced the top performance in their respective categories over five years to end September 2008. Further, our equity-biased funds, Market Plus, Top 20 and Equity, also rank in the top three of the flexible and general equity categories over the same time period. All three funds have significantly outperformed the All Share Index, on both a straight performance and risk-adjusted basis. For those investors seeking less exposure to the equity markets, the recently launched Balanced Defensive Fund delivered on its promise, ending the year in the no. 2 position of all prudential low equity funds.

All core funds rank in the top two positions of their respective categories on an annualised basis since inception to end September, and all have significantly outperformed their benchmarks.

Client-centric focus and product development

We have significantly enhanced our foreign fund range with the introduction of the GEM Flexible Fund and the soon to be launched Latitude Fund. GEM Flexible, South Africa's first unit trust dedicated to investing in emerging markets, delivered an outperformance of 14.5% for the nine months since inception to end September 2008. Coronation Latitude, managed by former Coronation CIOs, Louis Stassen and Tony Gibson, is a flexible portfolio which invests across asset classes in both global developed and emerging markets.

We have made the value proposition of the Coronation individual retirement product range more compelling by fully subsidising the administration cost of the various retirement wrappers. Investors saving for retirement, or requiring a post-retirement income, can now make use of the tax benefits of a retirement annuity, preservation fund or living annuity at no additional cost to the standard unit trust management fee.

Our business model relies on a non-affiliated, multi-platform distribution network, where a broad range of investors are provided access to Coronation's relevant and transparent fund range. Our ongoing investment in subsidising third-party distribution channels and building a more sophisticated client information infrastructure has made it possible to significantly increase the number of independent financial advisors with whom we may do business. We are extremely excited about the potential opportunities this represents for our unit trust business over the long term.

International

Amidst extreme falls across global markets, Coronation International's assets under management at R1.26 billion reflect a decline of 28% from last year.

Landscape

In the final month of the year the credit crunch intensified to cause steep declines in global stock markets. On news of the Chapter 11 bankruptcy of the 4th largest investment bank, Lehman Brothers, and the forced rescue of AIG by the US government, the speed of decline was such that in certain markets, Russia, Austria and Indonesia, trade was suspended at times. Since May, the Russian market was down by more than 70% to end September.

For hedge funds, September was one of the worst months in history, with 76% of all hedge funds delivering negative returns (source: HedgeFund Intelligence Global Briefing). In many countries the short-selling of stocks was temporarily banned, including the US, UK, Japan and Australia. The fund strategies that were negatively impacted by this were convertible arbitrage, capital structure arbitrage and event driven. It is estimated that hedge fund redemptions of US$41 billion were made in September and a further US$60 billion in October. The large numbers of 'incompetent' hedge funds that had sprung up during the bull market and which had made wide use of leverage to boost performance will, in all likelihood, now disappear. While the hedge fund industry has failed to produce the promise of absolute returns, it has still significantly outperformed the MSCI World Index for the year to end September. We will undoubtedly see a dramatic change in the make-up of the hedge fund industry but, with assets under management in the region of US$2 trillion, these funds will continue to play a significant role in markets.

A consequence of the now high levels of risk aversion is the decline in appetite for Africa as an investment destination. Once the markets normalise we believe that global investors will once again seek the diversification benefits of investing in the continent. This should create specific opportunity for the Africa funds and the South African equity funds, particularly the Top 20 Fund.

Investment performance

The MSCI World Index recorded a decline of 25.6% for the year ended September, against the HFRX Global Hedge Fund Index which fell by 11.4%. The top performing hedge fund strategies for the year were managed futures, macro and asset based lending.

Our range of long only funds benefited from having no exposure to the high-profile casualties of the financial meltdown. The defensive positioning of the long only Coronation Global Equity Fund of Funds paid off particularly well. Whilst slightly behind benchmark for the year ended September, the fund has returned 8.05% for the five-year period against the 7.86% of the MSCI World Index, and has produced an annualised return of 0.97% since inception, against the MSCI World Index return of 0.17%.

The Coronation Global Equity Alternative Strategy Fund held up well given the changes to short selling and the consequent market fall-out. Since inception in August 1996, this fund has achieved an annualised return of 9.15%.

Despite the dramatic declines in markets, we remain confident in our proven ability to select and blend the best global talent to produce market-beating returns.

Initiatives

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

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

Future Focus

It is a strange irony that while bull markets are very beneficial for the earnings of asset managers in general they undermine the franchise value of active managers (which we are) because in periods when market participants suspend discernment, outperformance is deferred. The corollary to this is that bear markets, while distressing for all stakeholders, are perversely beneficial for the franchise value of active managers. This occurs because market participants become so extremely discerning as to be quite fearful. This fear delivers asset prices which are quite compelling and hence rewarding returns for investors over the long term. At the time of writing, equity markets, particularly those of developed markets, are offering enormous value for long-term investors. The MSCI World Index is now trading on a 10.2 forward P:E, a level not seen in 25 years, and in Europe dividend yields of equities (>4.5%) are now higher than European bonds (<4%), an opportunity last witnessed in 1993.

It has been a challenging year and while the global outlook remains uncertain we do believe a prudent approach is warranted. In these times it is important to be clear as to one's raison d'être – we are resolute in our focus to deliver long-term returns for clients.

Transformation

Coronation Growing Entrepreneurs Programme

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 fourth year of existence, has created tangible benefits for its participants through annual cash distributions and the creation of net asset value.

Black representation at board level is currently 43%, and 60% at executive management level.

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 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. We continue to direct a large portion of the company's training spend 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 2008, 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	40%	0%	40%	20%
Senior management	60%	18%	15%	7%
Middle management	23%	24%	29%	24%
Junior management	2%	19%	23%	56%
Other staff	15%	8%	31%	46%

Within the South African investment team of 49 individuals 38% are black, of which 8% 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. 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. Having now entered its third year of operation, the programme is scheduled for review in early 2009.

The empowerment credentials of all suppliers and service providers are reviewed by independent parties.

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 now caters for in excess of 2 400 Grade 11 and 12 learners who are registered at their Langa, Khayelitsha and Kraaifontein training centres.

Unlocking potential

Through our involvement in projects designed to empower and develop educators, we acknowledge the critical and influential role played by teachers in the development of children. We are currently involved in three inspiring programmes:

- The Western Cape Primary Science Programme Trust through its Cluster Schools Programme offers in-depth support on planning, assessing and teaching the Natural Sciences curriculum to a small cluster of schools in urban townships and rural areas.

- We sponsor two 'future teachers' studying towards a Bachelor of Education at Unisa through the Leap Science and Maths Teacher Training Programme. As part of the programme, the students gain hands-on classroom experience as interns throughout their years of study.

- To assist motivated educators, we support the Greatergood Teachers Dream which is a unique programme of experiential learning activities both within and outside the classroom.

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. 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.

Talented candidates also have the opportunity to be financed by the Staff Bursary Fund. This is a fund created in 2007 through voluntary donations made by staff, where the only obligation placed on the selected students is to pass their chosen course of study. Last year's bursary student was so successful that she has now transferred onto the Coronation Bursary Programme, creating the opportunity for another worthy candidate to achieve his or her ambition.

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.

Since its inception, the programme has trained a total of 200 trainers who in turn have provided more than 3 000 small-scale black farmers with the skills and knowledge to become successful business people. One exciting distribution outlet for growers in Cape Town is The Harvest of Hope, an organisation which purchases all surplus fresh produce for inclusion in organic vegetable boxes sold through a number of local schools.

Building communities

Sixty staff members participated in the Habitat for Humanity 2008 Corporate Blitz by building a family home in Mfuleni (Western Cape). The objectives of this non-profit non-governmental housing organisation is to assist in addressing the housing shortage in South Africa.

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 proceeds of three days' trading by Noah Financial Services were directed to selected social development initiatives. We continue to manage the assets of the Nelson Mandela Children's Fund for no financial compensation.

Conclusion

We embrace broad-based black economic empowerment and what this means for our staff and our business. To us, transformation can only be meaningful if it is people-centred, builds capacity and is treated as a long-term commitment. This is the sentiment that guides all our initiatives and transformation goals.

Sustainable broad-based black economic empowerment and transformation is an imperative for our business and South Africa.

Corporate governance

Introduction

Coronation takes 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 2008 financial year as set out in King II.

Board of directors

Subsequent to year end, Coronation's unitary board comprises one executive director and six non-executive directors, four 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 25.

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 directors are predominantly non-executive and all comply 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. 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 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 four occasions during the 2008 financial year.

The composition of the board and its three committees, the audit and risk committee, the transformation committee and the remuneration committee for 2008, are as follows:

	Board of directors	Remuner-ation committee	Transfor-mation committee	Audit and risk committee
Gavan Ryan[2]	Chairman	Chairman		Member
Hugo Nelson[3]	CEO		Member	Member
Louis Stassen[3*]	CIO			
Thys du Toit[2]	Director			
Shams Pather[1]	Director		Chairman	
Winston Floquet[1]	Director	Member		Chairman
Alexandra Watson[1**]	Director			Member
Judith February[1**]	Director			

[1] Independent non-executive
[2] Non-executive
[3] Executive
* Resigned May 2008
** Appointed 2008

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

	Board of directors	Remuner-ation committee	Transfor-mation committee	Audit and risk committee
Gavan Ryan	3/4	2/2		3/3
Hugo Nelson	4/4		2/2	3/3
Louis Stassen	3/4			
Thys du Toit	4/4			
Shams Pather	3/4		2/2	
Winston Floquet	4/4	2/2		3/3
Alexandra Watson*	2/4			1/3
Judith February **	1/4			

* Appointed 8 May 2008
** Appointed 8 August 2008

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 ll, 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 two occasions during the 2008 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 these bring. The transformation committee is chaired by an independent non-executive director. It is accountable to the board and reports on all issues pertaining to transformation, including company-specific initiatives and the relevant scorecards.

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 an independent 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 three members, namely the non-executive chairman of the board, a non-executive director 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. 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 auditor's 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

While the audit and risk committee supports the benefits of 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. The committee reports to the chairman of the audit and risk committee.

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 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, non-executive directors and 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 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 Listings Requirements of the JSE, 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 Listings Requirements of the JSE.
- 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 brokers 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.

Sustainable development

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. We are a signatory to the United Nations' Principles for Responsible Investment, a framework for achieving better long-term investment returns and more sustainable markets. It encompasses environmental, social and corporate governance – the tenets of sustainable development.

As a Southern 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. We have taken steps to reduce our carbon footprint by limiting air travel and 'greening' our workspace through the UV treatment of windows and efficient use of lighting which is sensitive to natural light and motion. All used paper is recycled.

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.

Board of directors

Gavan Ryan | Chairman, 60

BCom, CTA, CA(SA), MBA

Gavan is an executive director of Coronation Investments and Trading Limited (CIT), 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.

Hugo Nelson | Chief Executive Officer, 38

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.

Thys du Toit | Non-executive Director, 49

BSc, MBA

Thys was a founding member of Coronation Fund Managers and executive director. He held the position of chief executive officer from 1997 to 2007. Prior to 1993, Thys spent four years with Syfrets Managed Assets as a portfolio manager, and six years (three as a director) with George Huysamer & Partners (later bought out by ABN Amro) in the fields of capital and derivative markets, equity research and portfolio management.

Judith February | Independent Non-executive Director, 36

BA (Law), LLB, LLM

Judith is head of the Political Information and Monitoring Service at the Institute for Democracy in South Africa (IDASA). She obtained her BA (Law) and LLB degrees from the University of Cape Town and practised law in Cape Town until 2000; the same year in which she obtained her LLM in Commercial Law (University of Cape Town). She joined IDASA in June 2000. Judith serves on an ad hoc panel to evaluate the effectiveness of South Africa's Parliament and is a regular columnist for the Cape Times. She was appointed to the board in August 2008.

Winston Floquet | Independent Non-executive Director, 67

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 former chairman of the Investment Analyst Society and a former member of the Accounting Practices Board.

Shams Pather | Independent Non-executive Director, 58

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, Lungisa Industrials (Pty) Limited, Lungisa Technologies (Pty) Limited, Lungisa Investment Holdings (Pty) Limited and PPS Investments (Pty) Limited. Shams is also a member of the UCT Joint Investment Council.

Alexandra Watson | Independent Non-executive Director, 52

BCom (Hons), CA(SA)

Alex is an associate professor at the University of Cape Town, where she is responsible for the programme that prepares students for entry into the accounting profession. She chairs the accounting practices committee, the technical accounting committee of SAICA and is a member of the GAAP monitoring panel. She is on the University of Cape Town finance committee and was an independent director of CIT and chair of the CIT audit committee for a number of years. Alex was appointed to the board in May 2008.

Executive committee

Hugo Nelson | Chief Executive Officer

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.

Karl Leinberger | Chief Investment Officer

BBusSc, CA(SA), CFA

Karl joined Coronation in August 2000 as an equity analyst and was appointed head of research in 2005. He co-manages the Coronation Balanced Plus unit trust fund and the Coronation Houseview Portfolios with Louis Stassen. Karl was appointed chief investment officer in May 2008.

Anton Pillay | Chief Operating Officer

BBusSc, CA(SA), CFA, AMP (Harvard)

Anton joined Coronation from BoE (Pty) Limited in January 2006. During his almost nine year career with BoE, Anton held a number of key positions and directorships, including assistant general manager of the private bank, professional assistant to the CEO (Tom Boardman), and head of banking (Private Clients – joint venture with Old Mutual). Anton has extensive knowledge and experience of the investment and banking industry.

Kirshni Totaram | Head of Institutional Business

BEconSc (Actuarial), FASSA, FIA

Kirshni joined Coronation in June 2000. She is an actuary, and prior to joining Coronation, worked at Metropolitan Life as head of the Aids Research Unit. Kirshni was appointed head of institutional business in April 2003, prior to which she was portfolio manager of the Coronation Property Equity Fund.

Neville Chester | Senior Portfolio Manager

BCom, CA(SA), CFA

Neville has substantial experience in the financial sector. He spent four years as a research analyst within the financial services team at Old Mutual Asset Managers and was later manager of the Velocity Financial Services Fund before joining Coronation in August 2000. Neville manages institutional portfolios within Coronation's aggressive portfolio range and is the manager of the Coronation Market Plus, Equity and Top 20 funds.

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 2008, 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's and group's ability to continue as going concerns 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 2008 set out on pages 30 to 85 were approved by the board of directors on 10 December 2008 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 2008, 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 2008

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 85, which comprise the balance sheets at 30 September 2008, 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 2008, 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 AI van der Colff
Chartered Accountant (SA)
Registered Auditor
Director
10 December 2008

MSC House
1 Mediterranean Street
Foreshore
Cape Town 8001

Directors' report | for the year ended 30 September 2008

Business activities

Coronation Fund Managers Limited is one of Southern Africa's most successful third-party fund management companies. It is a pure fund management business which offers both individual and institutional investors access to local and global expertise across all asset classes, including specialist Global Emerging Markets, Africa and Private Equity units.

Clients include some of the largest retirement fund management, medical schemes and multi-manager companies in South Africa, many of the major banking and insurance groups, selected investment advisory businesses, prominent independent financial advisors, high-net-worth individuals and direct unit trust accounts.

Group results

This year's results reflect a period of extreme volatility across world markets and the onset of a global financial crisis. Markets remain challenging and against this backdrop all business areas have come under pressure.

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

A general review of the operations of institutional, retail and international business segments is provided on pages 12 to 15.

Financial statements

The financial statements for the year ended 30 September 2008 have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) and the Companies Act of South Africa.

Capital structure

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

Cash returned to shareholders

Despite the reported decline in earnings, the distribution policy of paying out 75% of adjusted profits after tax has been maintained. The final cash dividend for the 2008 financial year will be R95 million, equivalent to a cash dividend per share of 30 cents, making a total distribution of 46 cents per share for the 2008 financial year (2007: 67 cents per share). Inclusive of the amounts spent on share buy-backs, Coronation will be returning R186 million (share buy-back R40 million and cash distributions of R146 million) in 2008. In 2007, R522 million was returned (share buy-back R300 million and cash distributions of R222 million).

Shareholder analysis

The shareholder analysis is presented on pages 86 and 87. The following shareholders have a beneficial ownership of more than 5% of the issued ordinary shares of the company as at 30 September 2008:

Coronation Investments and Trading Limited – 16.67%
Louis Stassen – 5.50%

Subsidiary and associate companies

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

The group has an effective shareholding in Namibia Asset Management Limited of 54.9% and it is consolidated.

The group has a shareholding of 51% in Coronation Fund Managers (Botswana) (Pty) Limited and it is consolidated.

The group owns 49% of Professional Provident Society Investments (Pty) Limited and this investment is equity accounted.

Directors and secretary

Hugo Nelson joined the board as an executive director with effect from 8 November 2007.
Alexandra Watson joined the board with effect from 8 May 2008.
Judith February joined the board with effect from 8 August 2008.
Louis Stassen resigned from the board with effect from 8 May 2008.
Thys du Toit relinquished his executive responsibilities on 1 August 2008, but remained on the board as a non-executive member from that date.
Profiles of directors are provided on page 25.

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' interest

There were no material contracts entered into during the financial year in which a director or officer of the company had an interest.

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

	Beneficial		
2008	**Direct**	**Indirect**	**%**
Ordinary shares			
Gavan Ryan	**–**	**11 581 852**	**3.67**
Louis Stassen	**3 066 495**	**14 293 495**	**5.50**
Thys du Toit	**–**	**13 968 805**	**4.42**
Hugo Nelson	**2 801 000**	**1 123 461**	**1.24**

	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

Directors' emoluments

Payments to directors for services rendered for the year ended 30 September 2008 were as follows:

Executive directors	Salary and other benefits R'000	Bonus R'000	Subtotal 2008 R'000	Accounting IFRS 2 charge R'000	**Total 2008 R'000**	Total 2007 R'000
Thys du Toit	700	2 287	2 987	357	**3 344**	7 369
Louis Stassen	490	1 788	2 278	4 226	**6 504**	13 291
Hugo Nelson	770	3 956	4 726	2 223	**6 949**	–
Total	1 960	8 031	9 991	6 806	**16 797**	20 660

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 2008 R'000**	Total 2007 R'000
Gavan Ryan	40	75	45	40	–	**200**	260
Winston Floquet	40	60	60	30	–	**190**	220
Shams Pather	40	45	15	–	40	**140**	155
Thys du Toit	7	15	–	–	–	**22**	–
Alexandra Watson	17	15	15	–	–	**47**	–
Judith February	7	15	–	–	–	**22**	–
Total	**151**	**225**	**135**	**70**	**40**	**621**	**635**

Special resolutions

At the annual general meeting of the company held on 24 January 2008 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 final dividend for the 2008 financial year of R95 million (cash dividend of 30 cents per share) is based on the actual shares in issue of 315 774 163.

The dividend relating to the year ended 30 September 2008 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.

As at 31 October 2008 assets under management decreased by R5 billion compared to R125 billion at year end, despite net inflows of R0.32 billion.

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 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 interests 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. To the extent that the risks specific to the asset or liability are taken into account in determining the 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.

Glossary of financial reporting terms

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.
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. Significant influence is presumed to exist when the group holds between 20% and 50% of the voting powers of another 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 or instruments that are held principally with the intention of short-term disposal.
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 net assets of 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 an instrument.

Coronation Fund Managers Limited (Coronation) is incorporated in South Africa. The consolidated financial statements for the year ended 30 September 2008 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 2008.

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: cash and cash equivalents, financial assets and liabilities at fair value through profit or loss and financial assets classified as available-for-sale.

The accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except for the adoption of the following new standards and amendments to a standard effective in 2008:

IFRS 7 Financial Instruments: Disclosures (IFRS 7) and IAS 1 Amendment: Additional disclosures in relation to an entity's capital (effective 1 October 2007).

IFRS 7 supersedes IAS 30, *Disclosures in the financial statements of Banks and Similar Financial Institutions* and the disclosure requirements in IAS 32, *Financial Instruments: Disclosure and Presentation*. In particular, IFRS 7 requires additional disclosure over and above that required by IAS 32 in respect of (i) The significance of financial instruments for an entity's financial position and performance; (ii) the nature and extent of risks arising from financial instruments; and (iii) capital objectives and policies. There is no impact on the group's reported profit or financial position.

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. Potential voting rights are considered when determining control.

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 income and expenses and equity movements 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.

Investments in associates are initially recognised at cost.

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

Transactions eliminated on consolidation

Intragroup balances and transactions, 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, 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 profit or loss. 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 the foreign currency translation reserve.

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 profit or loss upon disposal.

Financial instruments

Financial assets and financial 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 financial 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 initially recognised at fair value excluding transaction costs directly attributable to their acquisition which are recognised immediately in the income statement. After initial recognition financial assets at fair value through profit or loss are measured at fair value with resulting fair value gains or losses 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 other than cash and cash equivalents 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 financial liabilities

Financial assets and financial 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 and 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 measured 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. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Depreciation is provided on the depreciable amount of each component on a straight-line basis over the estimated 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 other 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 on a straight line basis over the term of the lease 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.

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 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.

Finance 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

Finance expense

Finance 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 a 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 reviewed at the end of each reporting period and 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.

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 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 (refer note 1).

Revised IAS 1 introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. Revised IAS 1, which becomes mandatory for the group's 2009 consolidated financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements. The group plans to provide total comprehensive income in a single statement of comprehensive income for its 2010 consolidated financial statements.

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for the group's 2010 consolidated financial statements, with retrospective application required, are not expected to have any impact on the consolidated financial statements.

Revised IFRS 3 Business Combinations (2008) (IFRS 3) incorporates the following changes that are likely to be relevant to the group's operations:

– The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.

– Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.

– Transaction costs, other than share and debt issue costs, will be expensed as incurred.

– Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.

– Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised IFRS 3, which becomes mandatory for the group's 2010 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the group's 2010 consolidated financial statements.

Amended IAS 27 Consolidated and Separate Financial Statements (2008) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which become mandatory for the group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 will become mandatory for the group's 2010 consolidated financial statements, with retrospective application. The group has not yet determined the potential effect of the amendment.

Amendment to IFRS 7 *Financial Instruments: Disclosures* deals with presentation of finance costs. The amendment will become mandatory for the group's 2010 consolidated financial statements.

Amendment to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* deals with the status of implementation guidance. The amendment will become mandatory for the group's 2010 consolidated financial statements.

Amendment to IAS 10 *Events after the Reporting Period* deals with dividends declared after the end of the reporting period. The amendment will become mandatory for the group's 2010 consolidated financial statements.

Amendment to IAS 18 *Revenue* deals with costs of originating a loan. The amendment will become mandatory for the group's 2010 consolidated financial statements.

Amendment to IAS 28 *Investments in Associates* deals with consequential amendments from changes to business combinations, required disclosures when investments in associates are accounted for at fair value through profit or loss and impairment of investment in associate. The amendment will become mandatory for the group's 2010 consolidated financial statements.

Amendment to IAS 34 *Interim Financial Reporting* deals with earnings per share disclosures in interim financial reports. The amendment will become mandatory for the group's 2010 consolidated financial statements.

Amendment to IAS 36 *Impairment of Assets* deals with disclosure of estimates used to determine the recoverable amount. The amendment will become mandatory for the group's 2010 consolidated financial statements.

Consolidated income statement | for the year ended 30 September 2008

	Note	2008 R'000	2007 R'000
Fund management activities			
Revenue	2	803 632	961 996
Financial income		14 568	45 914
Finance and dividend income	3.1	11 431	24 452
Other income	4	3 137	21 462
Operating expenses	5	(525 087)	(564 489)
Share-based payment expense	6	(33 661)	(40 212)
Other expenses		(491 426)	(524 277)
Finance expense	3.2	(16 441)	(13 049)
Share of profit of associate	11	–	1 334
Profit from fund management		276 672	431 706
(Expense)/income attributable to policyholder linked assets and investment partnerships		(5 650)	49 149
Net fair value gains on policyholder and investment partnership financial instruments	13	1 679	54 956
Administration expenses borne by policyholders and investors in investment partnerships	14	(7 329)	(5 807)
Profit before income tax		271 022	480 855
Income tax expense	7	(93 434)	(196 249)
Taxation on shareholder profits	7	(99 084)	(147 100)
Taxation on policyholder investment contracts	7	5 650	(49 149)
Profit for the year		177 588	284 606
Attributable to:			
– equity holders of the company		172 943	284 035
– minority interest		4 645	571
Profit for the year		177 588	284 606
Earnings per share (cents)			
– basic	8	53.9	81.4
– diluted	8	49.5	74.3

Consolidated balance sheet | as at 30 September 2008

	Note	2008 R'000	2007 R'000
Assets			
Intangible assets	9	1 097 309	1 097 309
Equipment	10	20 684	9 171
Investment in associate	11	1 960	1 960
Deferred tax asset	12	5 181	1 872
Investments backing policyholder funds and investments held through investment partnerships	13	19 207 633	18 482 686
Investment securities	15.2	36 312	97 958
Loan receivable	15.3	39 137	–
Trade and other receivables		111 496	168 265
Cash and cash equivalents		108 453	119 134
Total assets		20 628 165	19 978 355
Liabilities			
Interest-bearing borrowing	16	110 419	125 765
Deferred tax liabilities	12	12 702	47 788
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	14	19 195 113	18 437 426
Income tax payable		26 083	108 702
Trade and other payables		170 757	245 914
Bank overdraft		118 544	–
Total liabilities		19 633 618	18 965 595
Net assets		994 547	1 012 760
Equity			
Share capital and premium	17	260 594	289 026
Retained earnings		569 148	600 066
Reserves		160 110	119 270
Total equity attributable to equity holders of the company		989 852	1 008 362
Minority interest		4 695	4 398
Total equity		994 547	1 012 760

Consolidated statement of changes in equity | for the year ended 30 September 2008

R'000	Share capital	Share premium	Foreign currency translation reserve
Balance at 30 September 2006	36	843 117	11 197
Currency translation differences			(7 006)
Revaluation of financial assets available-for-sale			
– Net change in fair value			
– Transferred to profit or loss on disposal			
Net expense recognised directly in equity			(7 006)
Profit for the year			
Total recognised income and expense for the year			(7 006)
Share-based payments			
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
Currency translation differences			13 349
Revaluation of financial assets available-for-sale			
– Net change in fair value			
– Transferred to profit or loss on disposal			
Net income/(expense) recognised directly in equity			13 349
Profit for the year			
Total recognised income and expense for the year			13 349
Share-based payments			
Dividends paid			
Shares issued		11 143	
Shares repurchased and cancelled		(39 575)	
Balance at 30 September 2008	32	260 562	17 540

Retained earnings	Share-based payment reserve	Revaluation reserve	Issued capital and reserves attributable to equity holders of the company	Minority interest	Total equity
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
			13 349		13 349
		(6 170)	(6 170)		(6 170)
		(2 531)	(2 531)		(2 531)
		(3 639)	(3 639)		(3 639)
		(6 170)	7 179		7 179
172 943			172 943	4 645	177 588
172 943		(6 170)	180 122	4 645	184 767
	33 661		33 661		33 661
(203 861)			(203 861)	(4 348)	(208 209)
			11 143		11 143
			(39 575)		(39 575)
569 148	146 864	(4 294)	989 852	4 695	994 547

Consolidated statement of cash flows | for the year ended 30 September 2008

	Note	2008 R'000	2007 R'000
Cash flows from operating activities			
Profit for the year		177 588	284 606
Income tax expense		93 434	196 249
Non-cash and other adjustments	22	74 866	9 678
Operating profit before changes in working capital		345 888	490 533
Working capital changes		(18 125)	35 540
Decrease/(increase) in trade and other receivables		57 032	(67 953)
(Decrease)/increase in trade and other payables		(75 157)	103 493
Cash generated from operations		327 763	526 073
Interest paid		(16 704)	(13 167)
Income taxes paid		(214 448)	(158 448)
Net cash from operating activities		96 611	354 458
Cash flows from investing activities			
Loan receivable		(39 137)	–
Proceeds on disposal of investment in subsidiary		–	56
Finance and dividend income	3.1	11 431	24 452
Acquisition of equipment		(18 238)	(7 866)
Conversion of associate to subsidiary		–	3 832
Acquisition of interest in associate	11	–	(1 960)
Proceeds on disposal of investment securities		58 746	68 334
Net cash from investing activities		12 801	86 848
Cash flows from financing activities			
Repayment of interest-bearing borrowing		(15 346)	(13 768)
Shares repurchased and cancelled		(39 575)	(299 576)
Shares issued		11 143	1 963
Capital distribution		–	(256 514)
Dividends paid		(208 209)	(861)
Net cash used in financing activities		(251 987)	(568 756)
Decrease in cash and cash equivalents		(142 574)	(127 450)
Cash and cash equivalents at beginning of year		119 134	253 590
Effect of exchange rate fluctuations		13 349	(7 006)
Cash and cash equivalents at end of year		(10 091)	119 134

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. The group comprises Africa and International operations.

Business segments

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

Geographical segments	Africa 2008 R'000	Africa 2007 R'000	International 2008 R'000	International 2007 R'000	Group 2008 R'000	Group 2007 R'000
1 Segment information (continued)						
Segment report						
for the year ended 30 September 2008						
Fund management						
Segment external revenue*	**724 825**	880 241	**78 807**	81 755	**803 632**	961 996
Segment operating expenses	**(452 893)**	(495 918)	**(72 194)**	(68 571)	**(525 087)**	(564 489)
Share-based payment expense	**(33 661)**	(40 212)	**–**	–	**(33 661)**	(40 212)
Other expenses	**(419 232)**	(455 706)	**(72 194)**	(68 571)	**(491 426)**	(524 277)
Segment result	**271 932**	384 323	**6 613**	13 184	**278 545**	397 507
Segment financial income/(expense)	**15 449**	35 655	**(881)**	10 259	**14 568**	45 914
Finance and dividend income	**11 108**	24 032	**323**	420	**11 431**	24 452
Other income/(expense)	**4 341**	11 623	**(1 204)**	9 839	**3 137**	21 462
Segment finance expense	**(16 405)**	(13 049)	**(36)**	–	**(16 441)**	(13 049)
Segment share of profit of associate	**–**	1 334	**–**	–	**–**	1 334
Segment income from fund management	**270 976**	408 263	**5 696**	23 443	**276 672**	431 706
(Expense)/income attributable to policyholder linked assets and investment partnerships					**(5 650)**	49 149
Net fair value gains on policyholder and investment partnership financial instruments					**1 679**	54 956
Administration expenses borne by policyholders and investment in investment partnerships					**(7 329)**	(5 807)
Profit before income tax					**271 022**	480 855
Income tax expense					**(93 434)**	(196 249)
Taxation on shareholder profits					**(99 084)**	(147 100)
Taxation on policyholder investors contracts					**5 650**	(49 149)
Profit for the year					**177 588**	284 606

* Intersegment revenue has been eliminated.

1 Segment information (continued)

Segment report (continued)

for the year ended 30 September 2008

	Africa		International		Group	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Attributable to:						
– equity holders of the company					172 943	284 035
– minority interest					4 645	571
Profit for the year					177 588	284 606
Segment assets	201 667	276 447	114 415	118 081	316 082	394 528
Intangible assets					1 097 309	1 097 309
Investment in associate					1 960	1 960
Deferred tax asset					5 181	1 872
Investments backing policyholder funds and investments held through investment partnerships					19 207 633	18 482 686
Total assets					20 628 165	19 978 355
Segment liabilities	377 098	342 121	22 622	29 558	399 720	371 679
Deferred tax liabilities					12 702	47 788
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships					19 195 113	18 437 426
Income tax payable					26 083	108 702
Total liabilities					19 633 618	18 965 595
Capital expenditure	16 410	6 030	2 307	1 997	18 717	8 027
Depreciation	5 048	3 304	1 837	1 237	6 885	4 541

	Segment revenue		Segment assets	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Business segments				
Institutional				
– South Africa	354 909	455 905	144 621	164 512
– Southern Africa other	44 572	17 473	23 650	17 581
Retail	325 344	406 863	33 396	63 200
International	78 807	81 755	114 415	118 081
Group	803 632	961 996	316 082	363 374

	2008 R'000	2007 R'000
2 Revenue		
Management and service fees	801 717	953 430
Initial charges	1 915	8 566
	803 632	961 996
Revenue comprises income earned from trust and other fiduciary activities undertaken by certain entities within the group.		
3 Finance and dividends		
3.1 Finance and dividend income		
Finance income on available-for-sale financial assets	286	181
Finance income on financial assets at fair value through profit or loss	420	2 605
Finance income from loans and receivables	10 497	17 387
Dividend income on available-for-sale financial assets	–	3 525
Dividend income on financial assets at fair value through profit or loss	228	754
	11 431	24 452
3.2 Finance expense		
Finance expense on interest-bearing borrowing	12 428	12 293
Finance expense on trade and other payables	4 013	756
	16 441	13 049
4 Other income		
Gain on disposal of subsidiary company	–	56
Gain on disposal of available-for-sale financial assets	3 639	6 898
(Loss/)gain on disposal of financial assets at fair value through profit or loss	(227)	228
Gain/(loss) on disposal of equipment	159	(87)
Realised and unrealised foreign exchange (losses)/gains	(3 589)	4 271
Revaluation of financial assets at fair value through profit or loss	(141)	8 378
Other sundry gains	3 296	1 718
	3 137	21 462

	2008 R'000	2007 R'000
5 Operating expenses		
are stated after taking into account:		
Auditor's remuneration		
Audit fees		
– current year	1 542	1 623
– current year (borne by policyholders and investors in investment partnerships)	154	253
– prior year	1 300	1 784
Fees for other services	1 037	772
Depreciation	6 885	4 541
Distribution expenses attributable to the group	67 125	64 229
Distribution expenses on-paid to third parties	41 176	34 787
Fund administration services	41 138	40 053
Information technology and communication	24 676	22 772
Marketing expenses	27 707	25 513
Operating lease payments	9 711	8 591
Personnel expenses (including directors' emoluments)		
– salaries and incentive compensation	207 742	265 579
– provident fund contributions	11 858	10 485
– social security costs	3 926	3 197
– restraint of trade payments	500	5 094
– share-based payment expense	33 661	40 212

Distribution and fund administration services expenses are incurred as a result of trust and other fiduciary activities undertaken by certain entities within the group.

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 as the transaction will result in an existing shareholder transferring its shares.

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
– Assumed employee turnover rate per annum	0%	5%
– Expected volatility	30.0%	39.3%
– Risk-free interest rate	8.8% – 9.2%	7.2% – 7.5%
– Dividend yield	4.5%	6.5%
– Expected life	3.5 – 4.5 years	3 – 5 years
– Exercise price (cents per share)	342	150
– Weighted average fair value at grant date (cents per share)	340	402
– Weighted average share price on options exercised during the year (cents per share)	580	675

	2008 Number	2007 Number
6 Share-based payment expense (continued)		
Share options (continued)		
Details of options outstanding:		
18 December 2003		
Outstanding at beginning of year	3 641 686	5 741 676
Exercised during the year	(3 253 352)	(2 099 990)
Outstanding and exercisable at end of year	388 334	3 641 686
1 February 2005		
Outstanding at beginning of year	120 000	715 000
Exercised during the year	(120 000)	(595 000)
Outstanding at end of year	–	120 000

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	5%
– Number of shares	18 245 000
– 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	5%
– 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	5%
– Number of shares	5 761 341
– 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	5%
– Number of shares	11 790 892
– 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	2008 Number	2007 Number
At beginning of year	50 509 525	50 990 400
Granted during the year	–	–
Forfeited during the year	(376 293)	(28 000)
Exercised during the year	(735 999)	(452 875)
At end of year	49 397 233	50 509 525

The model outputs and the expense recognised are in respect of complete service adjusted for non-market vesting conditions and actual employee turnover.

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	5%
– Dividend yield	6.5%
– Fair value at grant date (cents per share)	385

During the year Namibia Asset Management Limited established an employee share option scheme.

		2008 R'000	2007 R'000
6	Share-based payment expense (continued)		
	Expense charged to profit or loss		
	December 2003 options	149	637
	Coronation Investments and Trading Limited transactions	20 947	30 606
	BEE transaction	12 236	8 969
	Namibia share scheme	329	–
	Total expense	33 661	40 212
7	Income tax expense		
	Taxation on shareholder profits		
	Current tax		
	South Africa		
	– current tax on income for the year	83 489	126 977
	– adjustments in respect of prior years	(12 563)	4 709
	International		
	– current tax on income for the year	9 820	7 167
	– adjustments in respect of prior years	–	80
		80 746	138 933
	Secondary tax on companies	22 990	2 964
	Total current tax	103 736	141 897
	Deferred tax		
	South Africa	(4 652)	2 588
	– origination and reversal of temporary difference	(4 648)	2 588
	– reduction in tax rate	(4)	–
	International	–	2 615
	Total deferred tax	(4 652)	5 203
	Taxation on shareholder profits	99 084	147 100
	Taxation on policyholder investment contracts	(5 650)	49 149
	Income tax expense	93 434	196 249
	The rates of corporation tax for the relevant years are:		
	South Africa	28%	29%
	International (average)	26%	26%
	Profit from fund management before tax	276 672	431 706
	Taxation on shareholder profits	99 084	147 100
	Effective tax rate on profit from fund management	36%	34%

	2008 R'000	2007 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 28% (2007: 29%)	77 468	125 195
Effect of tax rates in foreign jurisdictions	(542)	(1 529)
Share of profit of associate	–	(387)
Share-based payment expense	9 425	11 661
Secondary tax on companies	22 990	2 964
Non-deductible expenses	5 164	6 696
Non-taxable capital profit	(1 632)	(1 048)
Tax exempt income	(64)	(1 241)
Effect of tax losses utilised	(1 158)	–
(Over)/underprovided in prior years	(12 563)	4 789
Reduction in opening deferred tax resulting from reduction in tax rate	(4)	–
Taxation on shareholder profits	99 084	147 100
Taxation on policyholder investment contracts		
Current tax		
South Africa		
– current tax on income for the year	27 090	42 284
Deferred tax		
South Africa	(31 179)	6 865
Reduction in opening deferred tax resulting from reduction in tax rate	(1 561)	–
Taxation on policyholder investment contracts	(5 650)	49 149
Income tax expense	93 434	196 249

	2008	2007
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	53.9	81.4
	Number	Number
Issued ordinary shares at beginning of year	320 732 799	349 577 402
Effect of shares issued	1 802 815	4 991 519
Effect of shares repurchased and cancelled	(1 454 872)	(5 675 036)
Weighted average number of ordinary shares in issue during the year	321 080 742	348 893 885
Weighted average number of shares resulting from future dilutive staff share options	190 637	2 002 495
Weighted average number of shares resulting from dilutive ordinary shares arising from the BEE transaction	33 625 233	34 399 661
Weighted average number of shares resulting from dilutive convertible instruments converted on 24 November 2006	–	1 145 205
Adjusted weighted average number of ordinary shares potentially in issue	354 896 612	386 441 246
	R'000	R'000
Earnings attributable to shareholders	177 588	284 606
Minority interest	(4 645)	(571)
Dividend on convertible cumulative redeemable preference shares	–	(149)
Earnings attributable to ordinary shareholders	172 943	283 886
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	49.5	74.3
	R'000	R'000
Earnings attributable to equity holders of the company	172 943	284 035
Secondary tax on companies	2 742	2 964
Diluted earnings attributable to ordinary shareholders	175 685	286 999

8 Earnings per share (continued)

Headline earnings per share

Headline earnings per share calculated in accordance with circular 8/2008 issued by the South African Institute of Chartered Accountants.

	Profit before tax R'000	Tax R'000	Minority shareholders' interest R'000	Preference share dividends R'000	Earnings attributable to ordinary shareholders R'000	Per share Cents
2008						
Per the financial statements	271 022	(93 434)	(4 645)	–	172 943	53.9
Adjustments:						
Profit on disposal of equipment	(159)	22	(13)	–	(150)	–
Profit on disposal of financial assets available-for-sale	(3 639)	628	–	–	(3 011)	(1.0)
Headline earnings	267 224	(92 784)	(4 658)	–	169 782	52.9
Diluted headline earnings per share						48.6
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

	2008	2007
Distributions per share	Cents	Cents
Capital distribution		
– interim	–	20
– final payable	–	–
Dividend distribution		
– interim	16	–
– final payable	30	47
Total distribution	46	67

	2008 R'000	2007 R'000
9 Intangible assets		
Goodwill		
Cost		
At beginning of year	1 093 309	1 087 772
Acquisition of subsidiary	–	5 537
At end of year	1 093 309	1 093 309
Trademark		
Cost less accumulated amortisation		
Acquisition of subsidiary	4 000	4 000
At end of year	4 000	4 000
Total intangible assets	1 097 309	1 097 309

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.

2008	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	16 565	3 055	2 186	1 475	23 281
Adjustments	6 437	3 715	1 296	1 151	12 599
Additions	4 351	10 313	3 263	790	18 717
Disposals	(3 144)	(5 226)	(1 935)	–	(10 305)
Exchange adjustments	195	88	75	247	605
At end of year	24 404	11 945	4 885	3 663	44 897
Accumulated depreciation					
At beginning of year	(8 852)	(2 355)	(1 586)	(1 317)	(14 110)
Adjustments	(7 582)	(3 715)	(1 296)	(6)	(12 599)
Depreciation	(5 072)	(534)	(587)	(692)	(6 885)
Disposals	3 075	4 933	1 798	–	9 806
Exchange adjustments	(159)	(66)	(65)	(135)	(425)
At end of year	(18 590)	(1 737)	(1 736)	(2 150)	(24 213)
Net carrying value – 2008	5 814	10 208	3 149	1 513	20 684
2007					
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 carrying value – 2007	7 713	700	600	158	9 171
Net carrying value – 2006	4 015	926	894	97	5 932

	2008 R'000	2007 R'000
11 Investment in associate		
Analysis of the movement in our share of net assets		
At beginning of year	1 960	11 021
Acquisition	–	1 960
Share of profit of associate	–	1 334
Reclassification of associate to subsidiary	–	(12 355)
At end of year	1 960	1 960
Directors' valuation – unlisted associate	1 960	1 960

Summary financial information of associate:

2008	Country	Ownership %	Assets R'000	Liabilities R'000	Equity R'000	Revenues R'000	Loss R'000
Professional Provident Society Investments (Pty) Limited	South Africa	49	2 906	8 129	(5 223)	7 064	(2 446)

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)

The group's share of losses of Professional Provident Society Investments (Pty) Limited has not been equity accounted in 2008 as this would have resulted in the investment in associate being written down to zero value. The group believes the investment is appropriately reflected at cost and is not impaired.

The financial year end for Professional Provident Society Investments (Pty) Limited is 31 December.

	Assets 2008 R'000	Assets 2007 R'000	Liabilities 2008 R'000	Liabilities 2007 R'000	Net 2008 R'000	Net 2007 R'000
12 Deferred tax						
Deferred tax assets and liabilities are attributable to the following:						
Employee benefits	3 975	74	–	–	3 975	74
Tax loss	198	1 590	–	–	198	1 590
Equipment	–	208	(182)	–	(182)	208
Unrealised fair value adjustments on financial assets						
– shareholders	1 008	–	–	(2 528)	1 008	(2 528)
– policyholders	–	–	(12 520)	(45 260)	(12 520)	(45 260)
Net deferred tax assets/(liabilities)	5 181	1 872	(12 702)	(47 788)	(7 521)	(45 916)

	Balance 2007 R'000	Reduction due to change in tax rate R'000	Arising on acquisition of subsidiary R'000	Recognised in income R'000	Recognised in equity R'000	Balance 2008 R'000
Employee benefits	74	(59)	–	3 960	–	3 975
Tax loss	1 590	(8)	–	(1 384)	–	198
Equipment	208	–	–	(390)	–	(182)
Unrealised fair value adjustments on financial assets	(47 788)	1 632	–	33 641	1 003	(11 512)
	(45 916)	1 565	–	35 827	1 003	(7 521)

	Balance 2006 R'000	Reduction due to change in tax rate R'000	Arising on acquisition of subsidiary R'000	Recognised in income R'000	Recognised in equity R'000	Balance 2007 R'000
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)

	2008 R'000	2007 R'000
13 Investments backing policyholder funds and investments held through investment partnerships		
Net fair value gains on policyholder and investment partnership financial instruments		
Investment income	1 101 987	1 060 791
Realised and unrealised (losses)/gains on financial assets	(1 275 021)	2 996 119
Decrease/(increase) in liabilities to policyholders and holders of redeemable interests in investment partnerships	174 713	(4 001 954)
	1 679	54 956

	2008 R'000	2007 R'000
13 Investments backing policyholder funds and investments held through investment partnerships (continued)		
Equities	7 777 420	9 178 382
Mining	1 028 029	1 519 608
Banks, insurance and financial services	1 026 006	1 689 865
Industrial, retail and other sectors	5 669 089	5 910 553
Unlisted investments	54 296	58 356
Derivative financial instruments	85 190	27 383
Property	410 285	450 394
Interest-bearing stocks, debentures and other loans	3 024 851	2 638 240
Deposits at financial institutions	5 313 409	3 629 892
Domestic unit trusts	117 739	90 387
Mutual funds	1 399 255	1 362 234
International equities	7 104	–
	18 135 253	17 376 912
Listed investments at market value	18 080 957	17 318 556
Unlisted investments at directors' valuation	54 296	58 356
	18 135 253	17 376 912
Investments at book value	20 855 479	16 724 569
Unrealised investment (losses)/gains	(2 720 226)	652 343
Partnership trade receivables	1 072 380	1 105 774
	19 207 633	18 482 686
14 Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships		
Movement in financial liability:		
Balance at beginning of year	18 437 426	15 743 747
Contributions and investment income	9 079 490	6 864 534
Contributions from policyholders and investors	7 977 503	5 803 743
Investment income	1 101 987	1 060 791
Withdrawals and deductions	(7 907 405)	(8 348 484)
Withdrawals by policyholders and investors	(7 905 726)	(8 293 528)
Operating expenses	(7 329)	(5 807)
Taxation on policyholder investment contracts	5 650	(49 149)
Realised and unrealised net fair value (losses)/gains on investments designated at fair value through profit or loss backing policyholder funds and holders of interest in investment partnerships	(1 275 021)	2 996 119
Trade payables	(82 074)	1 011 010
Short positions	942 697	170 500
Balance at end of year	19 195 113	18 437 426

	2008 R'000	2007 R'000
14 Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships (continued)		
Comprising:		
Liability to policyholders in respect of investment contracts	16 085 078	16 401 049
Liability to holders of redeemable interests in investment partnerships	3 110 035	2 036 377
Deferred tax liabilities	12 520	45 260
	19 207 633	18 482 686

15 Financial assets and financial liabilities

15.1 Accounting classifications and fair values

The table below sets out the group's classification of each class of financial assets and financial liabilities, and their fair values.

R'000	Note	Designated at fair value through profit or loss	Loans and receivables	Available-for-sale	Financial liabilities at amortised cost	Total carrying amount	Fair value
30 September 2008							
Cash and cash equivalents			108 453			108 453	108 453
Trade and other receivables			111 496			111 496	111 496
Loan receivable	15.3		39 137			39 137	39 137
Investments backing policyholder funds	13	16 097 598				16 097 598	16 097 598
Investments held through investment partnerships	13	3 110 035				3 110 035	3 110 035
Investment securities	15.2			36 312		36 312	36 312
Total financial assets		19 207 633	259 086	36 312	–	19 503 031	19 503 031
Bank overdraft					118 544	118 544	118 544
Trading and other payables					170 757	170 757	170 757
Liability to policyholders in respect of investment contracts	14	16 085 078				16 085 078	16 085 078
Liability to holders of redeemable interest in investment partnerships	14	3 110 035				3 110 035	3 110 035
Interest-bearing borrowing	16				110 419	110 419	110 419
Total financial liabilities		19 195 113	–	–	399 720	19 594 833	19 594 833

R'000	Note	Designated at fair value through profit or loss	Loans and receivables	Available-for-sale	Financial liabilities at amortised cost	Total carrying amount	Fair value
15 Financial assets and financial liabilities (continued)							
15.1 Accounting classifications and fair values (continued)							
30 September 2007							
Cash and cash equivalents			119 134			119 134	119 134
Trade and other receivables			168 265			168 265	168 265
Investments backing policyholder funds	13	16 446 310				16 446 310	16 446 310
Investments held through investment partnerships	13	2 036 376				2 036 376	2 036 376
Investment securities	15.2	31 154		66 804		97 958	97 958
Total financial assets		18 513 840	287 399	66 804	–	18 868 043	18 868 043
Trading and other payables					245 914	245 914	245 914
Liability to policyholders in respect of investment contracts	14	16 401 049				16 401 049	16 401 049
Liability to holders of redeemable interest in investment partnerships	14	2 036 377				2 036 377	2 036 377
Interest-bearing borrowing	16					125 765	125 765
Total financial liabilities		18 437 426	–	–	245 914	18 809 105	18 809 105

	2008 R'000	2007 R'000
15.2 Investment securities		
Financial assets available-for-sale		
– Mutual funds and unit trusts	**36 312**	66 804
	36 312	66 804
Financial assets at fair value through profit or loss		
– Mutual funds and unit trusts	**–**	31 154
	36 312	97 958

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.

	2008 R'000	2007 R'000
15.3 Loan receivable	**39 137**	–
This loan is interest-free and repayable within 12 months.		
16 Interest-bearing borrowing		
The borrowing is in respect of the group's BEE transaction.	**110 419**	125 765

The terms of the borrowing are as follows:
74 000 (2007: 74 000) cumulative redeemable fixed-rate preference shares of R1 000 per share at a rate of 9.12% per annum.
36 419 (2007: 51 765) 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.

	2008 R'000	2007 R'000
17 Share capital		
Authorised		
750 000 000 (2007: 750 000 000) ordinary shares of 0.01 (2007: 0.01) cent per share	75	75
	75	75
Issued, allotted and fully paid		
	Number	Number
Number of ordinary shares		
At beginning of year	320 732 799	349 577 402
Issued during the year	3 253 352	6 659 990
Repurchased and cancelled during the year	(8 211 988)	(35 504 593)
At end of year	315 774 163	320 732 799
	R'000	R'000
Nominal value of ordinary shares		
At beginning of year	32	35
Issued during the year	–	1
Repurchased and cancelled during the year	–	(4)
At end of year	32	32

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 and the location of its operations.

This note represents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management and control are integral to the governance of the group as more fully explained on pages 22 to 24.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the audit and risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports regularly to the board of directors on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

18 Financial risk disclosures (continued)

The audit and risk committee is responsible for monitoring compliance with the group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the group. The audit and risk committee is assisted in these functions by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit and risk committee.

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. The fact that these investment partnerships are permitted in terms of their investment mandates to use leverage in their investment strategies and 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 liability 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

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial assets which are subject to credit risk consist principally of cash and cash equivalents, 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)

Credit risk (continued)

At reporting date, the group's financial assets exposed to credit risk amounted to the following:

	Carrying amount 2008 R'000	2007 R'000
Investment securities	36 312	97 958
Trade and other receivables	111 496	168 265
Loan receivable	39 137	–
Cash and cash equivalents	108 453	119 134
	295 398	385 357

The ageing of trade and other receivables at the reporting date was:

	2008 R'000	2007 R'000
Not past due	95 569	118 015
Past due 0-30 days	12 895	20 952
Past due 31-120 days	3 032	29 298
Total	111 496	168 265

None of the trade and other receivables are considered to be impaired. Trade and other receivables have not been discounted as the impact of discounting is considered to be insignificant.

Capital adequacy

The group comprises financial services providers. As such the various operating entities in the group are subject to the financial services regulations in the jurisdictions in which they operate.

These are as follows:
South Africa – Financial Services Board of South Africa (FSB)
United Kingdom – Financial Services Authority (FSA)
Ireland – Ireland Financial Services Regulatory Authority (IFSRA)

All of these bodies have prescribed minimum capital requirements for financial service entities operating in their jurisdiction. As such, the group ensures ongoing compliance with these requirements.

Capital adequacy is ensured by means of compliance with the regulations set out above. All operating entities have complied with all externally imposed capital requirements throughout the period. There have been no material changes in the group's management of capital during the period.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

18 Financial risk disclosures (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 September 2008

R'000	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Interest-bearing borrowing	110 419	(175 807)	(6 994)	(5 377)	(10 753)	(44 085)	(108 598)
Trade and other payables	170 757	(170 757)	(170 757)				
Bank overdraft	118 544	(118 544)	(118 544)				
Other forward exchange contracts	399 720	(465 108)	(296 295)	(5 377)	(10 753)	(44 085)	(108 598)
30 September 2007							
Non-derivative financial liabilities							
Interest-bearing borrowing	125 765	(202 575)	(15 874)	(10 895)	(12 371)	(37 767)	(125 668)
Trade and other payables	245 914	(245 914)	(245 914)				
Other forward exchange contracts	373 379	(448 489)	(261 788)	(10 895)	(12 371)	(37 767)	(125 668)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the 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:

	2008 R'bn	2007 R'bn
Assets under management – by geographical region		
Southern Africa	114.0	121.8
International	11.0	11.9
	125.0	133.7
Assets under management – by business segment		
Institutional	93.0	96.1
Retail	21.0	25.7
International	11.0	11.9
	125.0	133.7

In addition to the assets managed by Coronation, Namibia Asset Management Limited manages N$4.3 billion (2007: N$4 billion) worth of assets.

The group earns an average revenue margin of 52 basis points on assets under management. In addition, expenses in respect of distribution and fund administration as disclosed in note 5 are proportionately related to assets under management, and are incurred at an average rate of 11 basis points on assets under management.

18 Financial risk disclosures (continued)
Market risk (continued)

Interest rate risk

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

R'000	Total	One year or less	Due after five years	Non-interest-bearing
2008				
Assets				
Investment securities	36 312	–	–	36 312
Loan receivable	39 137	39 137	–	–
Trade and other receivables	111 496	–	–	111 496
Cash and cash equivalents	108 453	108 453	–	–
	295 398	147 590	–	147 808
Liabilities				
Interest-bearing borrowing	110 419	–	110 419	–
Trade and other payables	170 757	–	–	170 757
Bank overdraft	118 544	118 544	–	–
	399 720	118 544	110 419	170 757
2007				
Investment securities	97 958	–	–	97 958
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

Cash balances earn interest at a rate of prime minus 4.5% per annum. Overdraft balances incur interest at a rate of prime minus 1.7% per annum.

18 Financial risk disclosures (continued)

Market risk (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).

2008

Currency	ZAR	NAMD	PULA	EUR	GBP	USD	Total
Exchange rate	1.0000	1.0000	1.1653	11.6773	14.7541	8.2865	
Assets							
Investment securities	1 017	3 745	–	–	3 726	27 823	36 312
Loan receivable	39 137	–	–	–	–	–	39 137
Trade and other receivables	77 258	4 562	1 886	1 759	10 277	15 754	111 496
Cash and cash equivalents	39 936	9 094	3 886	2 454	14 271	38 812	108 453
	157 348	17 401	5 772	4 213	28 274	82 390	293 398
Liabilities							
Interest-bearing borrowing	110 419	–	–	–	–	–	110 419
Trade and other payables	136 738	4 402	528	747	4 267	24 075	170 757
Bank overdraft	118 544	–	–	–	–	–	118 544
	365 701	4 402	528	747	4 267	24 075	399 720

2007

Currency	ZAR	NAMD	PULA	EUR	GBP	USD	Total
Exchange rate	1.0000	1.0000	1.1140	9.8557	14.0336	6.8776	
Assets							
Investment securities	45 355	3 976	–	–	48 627	–	97 958
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

Sensitivity analysis

A 10 percent strengthening of the rand against the following currencies at 30 September would have increased (decreased) equity and profit or loss by the amounts shown on the adjacent page.

18 Financial risk disclosures (continued)

Market risk (continued)

Foreign currency risk (continued)

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

R'000 **30 September 2008**	**Equity**	**Profit or loss**
PULA	**–**	**(524)**
EUR	**–**	**(347)**
GBP	**(3 155)**	**(2 028)**
USD	**–**	**(3 049)**

30 September 2007	**Equity**	**Profit or loss**
PULA	–	(42)
EUR	–	(24)
GBP	(4 863)	(390)
USD	–	(2 382)

A 10 percent weakening of the rand against the above currencies at 30 September would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain the same.

	2008 R'000	2007 R'000
19 Commitments and contingent liabilities		
Operating lease commitments		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	10 577	5 846
Between one and five years	38 767	50 614
More than five years	15 783	29 452

At 30 September 2008, 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 7% 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 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.

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 as disclosed on pages 25 to 26. 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

	2008 R'000	2007 R'000
Short-term remuneration	39 565	25 926
Long-term remuneration	–	–
Share-based payment	16 421	18 423
Total	55 986	44 349

Key management compensation excludes fees paid to non-executive directors for services rendered as directors. Fees paid to non-executive directors are disclosed on page 32.

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) 2008 R'000	Indebtedness by/(to) 2007 R'000
Coronation Fund Managers Limited					
100 Coronation Investment Management (Pty) Limited (Holding company of operating subsidiaries)	South Africa	ZAR	100		–
100 Coronation Asset Management (Pty) Limited (Investment management company)	South Africa	ZAR	250 000	(205 194)	(252 602)
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 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) (2007: 100%)	Botswana	PULA	1 000	–	–
54.9 Namibia Asset Management Limited (Investment management company)	Namibia	NAD	2 000 000	–	–
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 Presidio Fund

21 Principal subsidiary and associate companies (continued)

The interest of the company in its subsidiaries' aggregate profits and losses after taxation is as follows:

	2008 R'000	2007 R'000
Profit	201 705	280 141
Losses	(448)	(3 131)
Total	201 257	277 010

22 Note to the consolidated statement of cash flows

	2008 R'000	2007 R'000
Non-cash and other adjustments		
Deferred tax – policyholder funds	32 740	(6 865)
Depreciation	6 885	4 541
Finance expense	16 441	13 049
Finance and dividend income	(11 431)	(24 452)
Gain on disposal of investment in subsidiary	–	(56)
Gain on disposal of financial assets	(3 412)	(7 126)
(Gain)/loss on disposal of equipment	(159)	87
Share of profit of associate	–	(1 334)
Share-based payment expense	33 661	40 212
Realised and unrealised foreign exchange losses/(gains)	141	(8 378)
Total	74 866	9 678

		2008 R'000	2007 R'000
Financial income		**302 018**	283 001
Dividend income			
– subsidiaries		301 579	270 800
– other		64	763
Finance income		602	2 989
Other income		(227)	8 449
Operating expenses		(1 386)	(1 108)
Finance expense		(30 145)	(27 201)
– Imvula Trust		(27 416)	(27 080)
– other		(2 729)	(121)
Profit before income tax		**270 487**	254 692
Income tax expense	b	(19 993)	(3 376)
Profit for the year		**250 494**	251 316

Company balance sheet | for the year ended 30 September 2008

		2008 R'000	2007 R'000
Assets			
Investment in subsidiary	c	1 815 701	2 780 753
Investment in associate	c	1 960	1 960
Financial assets at fair value through profit or loss	d	–	31 154
Cash and cash equivalents		461	1 398
Total assets		1 818 122	2 815 265
Liabilities			
Liability to Imvula Trust	e	147 176	147 176
Deferred tax liabilities	f	–	2 066
Loan from group company	g	205 194	252 602
Income tax payable		619	2 798
Trade and other payables		256	272
Total liabilities		353 245	404 914
Net assets		1 464 877	2 410 351
Equity			
Share capital and premium		761 373	789 805
Retained earnings		644 353	596 343
Revaluation reserve		59 151	1 024 203
Total equity		1 464 877	2 410 351

Company statement of changes in equity | for the year ended 30 September 2008

R'000	Share capital	Share premium	Retained earnings	Revaluation reserve	Total equity
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 period			251 316		251 316
Total recognised income and expense for the year			251 316	683 289	934 605
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
Revaluation of available-for-sale financial assets				(965 052)	(965 052)
Profit for the period			250 494		250 494
Total recognised income and expense for the year			250 494	(965 052)	(714 558)
Dividends paid			(202 484)		(202 484)
Shares issued		11 143			11 143
Shares repurchased and cancelled		(39 575)			(39 575)
Balance at 30 September 2008	32	761 341	644 353	59 151	1 464 877

Company statement of cash flows | for the year ended 30 September 2008

	2008 R'000	2007 R'000
Cash flows from operating activities		
Profit for the year	250 494	251 316
Income tax expense	19 993	3 376
Interest paid	30 145	27 201
Interest received	(602)	(2 989)
Non-cash adjustments	227	(8 449)
Operating profit before changes in working capital	300 257	270 455
Working capital changes	(47 424)	244 413
Decrease in loan to group company	–	16 536
Increase in trade payables and loan from group company	(47 424)	227 877
Cash generated from operations	252 833	514 868
Interest paid	(30 145)	(27 201)
Interest received	602	2 989
Income taxes paid	(24 238)	(435)
Net cash from operating activities	199 052	490 221
Cash flows from investing activities	30 927	40 140
Proceeds on disposal of financial assets at fair value through profit or loss	30 927	42 100
Acquisition of associate	–	(1 960)
Cash flows used in financing activities	(230 916)	(554 276)
Shares repurchased and cancelled	(39 575)	(299 576)
Shares issued	11 143	1 963
Capital distribution	–	(256 514)
Dividends paid	(202 484)	(149)
Net decrease in cash and cash equivalents	(937)	(23 915)
Cash and cash equivalents at beginning of year	1 398	25 313
Cash and cash equivalents at end of year	461	1 398

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

	2008 R'000	2007 R'000
Current tax		
South Africa		
– current tax on income for the year	1 818	2 779
– adjustments in respect of prior years	(7)	22
	1 811	2 801
Secondary tax on companies	20 248	19
Total current tax	22 059	2 820
Deferred tax		
South Africa	(2 066)	556
Total income tax expense	19 993	3 376
The standard rate of corporation tax for the year is:	28%	29%
Profit before tax	270 487	254 692
Tax on profit	19 993	3 376
Effective tax rate	7%	1%
The tax charge for the year is different to the standard rate as detailed below:		
Tax on profit before tax, at SA rate of 28% (2007: 29%)	75 736	73 861
Secondary tax on companies	20 248	19
Non-deductible expenses	8 892	8 764
Tax exempt revenues	(86 455)	(79 290)
Capital profit	1 650	–
Underprovided in prior years	(7)	22
Reduction in opening deferred taxes resulting from reduction in tax rate	(71)	–
Total income tax expense for the year	19 993	3 376

		2008 R'000	2007 R'000
c	Investment in group companies		
	Investment in subsidiary		
	Unlisted shares		
	– at cost	1 756 552	1 756 552
	– revaluation adjustment	59 151	1 024 201
	Investment in subsidiary at market value	1 815 701	2 780 753
	Investment in associate		
	Unlisted shares		
	– at cost	1 960	1 960
d	Financial assets at fair value through profit or loss		
	Mutual funds and unit trusts	–	31 154
e	Liability to the Imvula Trust		
	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 2008 R'000	Liabilities 2007 R'000
Unrealised fair value adjustments on financial assets	–	2 066

Movement in temporary differences during the year:

R'000	Balance 2007	Reduction due to change in tax rate	Recognised in income	Balance 2008
Unrealised fair value adjustments on financial assets	2 066	(71)	(1 995)	–

R'000	Balance 2006	Reduction due to change in tax rate	Recognised in income	Balance 2007
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.

j Related parties

Details of related parties are disclosed in notes 20 and 21 to the consolidated financial statements.

Analysis of shareholders
for the year ended 30 September 2008

Distribution of shareholders	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	980	30.23	542 330	0.17
1 001 – 10 000 shares	1 516	46.76	6 529 619	2.07
10 001 – 100 000 shares	536	16.53	16 554 140	5.24
100 001 – 1 000 000 shares	163	5.03	57 704 543	18.27
1 000 001 shares and over	47	1.45	234 443 531	74.25
	3 242	100.00	315 774 163	100.00

Distribution of shareholders	Number of shareholders	%	Number of shares	%
Banks	30	0.92	7 589 628	2.40
Close corporations	47	1.45	5 041 425	1.60
Endowment funds	16	0.49	1 763 082	0.56
Individuals	2 364	72.92	47 986 686	15.20
Insurance companies	13	0.40	7 325 818	2.32
Investment companies	23	0.71	76 357 255	24.18
Medical aid schemes	2	0.06	679 370	0.21
Mutual funds	90	2.78	74 013 997	23.44
Nominees and trusts	445	13.73	67 473 421	21.37
Other corporations	44	1.36	579 523	0.18
Pension funds	91	2.81	24 889 937	7.88
Private companies	66	2.03	1 696 113	0.54
Public companies	11	0.34	377 908	0.12
	3 242	100.00	315 774 163	100.00

Public/non-public shareholders	Number of shareholders	%	Number of shares	%
Non-public shareholders	109	3.36	137 805 025	43.64
Directors	9	0.28	27 204 310	8.61
Strategic holdings (more than 10%)	1	0.03	52 644 782	16.67
Shares held by staff	99	3.05	57 955 933	18.36
Public shareholders	3 133	96.64	177 969 138	56.36
	3 242	100.00	315 774 163	100.00

Geographical ownership	Number of shareholders	%	Number of shares	%
South Africa	3 121	96.27	304 227 342	96.34
International	121	3.73	11 546 821	3.66
	3 242	100.00	315 774 163	100.00

Shareholders with beneficial interest of 5% or more in shares	Number of shares	%
Coronation Investments and Trading Limited	52 644 782	16.67
Louis Stassen	17 359 990	5.50

Major institutional manager	Number of shares	%
Public Investment Corporation	15 109 211	4.78

Notice to shareholders

Notice is hereby given that the 35th annual general meeting of Coronation Fund Managers Limited will be held in the boardroom of the offices of Coronation Fund Managers Limited at 7th Floor, MontClare Place, Cnr Campground and Main Roads, Claremont, Cape Town, on Thursday, 22 January 2009, 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 2008.

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 Thys du Toit 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 25 of the financial report of which this notice of annual general meeting forms part.

3 To confirm the appointment of Professor Alexandra Watson as a director of the company.

4 To confirm the appointment of Ms Judith February as a director of the company.

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

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

7 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.

8 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.

9 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 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 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 directors 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), unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been announced on SENS prior to the commencement of the prohibited period.

- 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 and 11.28 of the Listings Requirements of the JSE

The reason for the special resolution number 1 is to grant the directors 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 number 1 is that the 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 directors, as at the date of this notice of annual general meeting, have 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 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 and the group'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.

For the purpose of considering ordinary resolution number 9 and the special resolution number 1 and in compliance with paragraphs 11.26(b) and 11.30(b) of the Listing Requirements, the information listed below has been included in the annual report, in which this notice of annual general meeting is included, at the places indicated:

- The company's directors (page 25)
- Major shareholders (page 86 and 87)
- Directors' interests in securities (page 31)
- Share capital (page 69)
- Other than the facts and developments reported on in the annual financial statements, there have been no material changes in the affairs, financial or trading position of the group since the signature date of this notice and the posting thereof.
- The directors, whose names are set out on page 25 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.

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 South African public holidays).

By order of the board

John Snalam
Company secretary
15 December 2008

Registered office
7th Floor, MontClare Place
Cnr Campground and Main Roads
Claremont 7708
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-fifth 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 7th Floor, MontClare Place, cnr Campground and Main Roads, Claremont, Cape Town, on Thursday, 22 January 2009, 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 2008			
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 Thys du Toit who is eligible and available for re-election			
3 To confirm the appointment of Professor Alexandra Watson as a director			
4 To confirm the appointment of Ms Judith February as a director			
5 To authorise the directors to determine the remuneration of the company's auditors			
6 To reappoint KPMG Inc. as the company's auditors			
7 To provide the directors with a specific authority to issue shares in respect of the staff share incentive scheme			
8 To provide the directors with a specific authority to issue shares in respect of the purchase price payable to the Imvula Trust			
9 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 (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, 20 January 2009.

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 as detailed in 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 as detailed in point 5 above.

Shareholders' diary

Annual general meeting	Thursday, 22 January 2009 at 10:00

Corporate information

Share code: Ordinary shares: CML

ISIN number: ZAE000047353

Board of directors

Gavan Ryan (chairman)	
Hugo Nelson (chief executive officer)	
Thys du Toit	
Judith February	Appointed 8 August 2008
Winston Floquet	
Shams Pather	
Alexandra Watson	Appointed 8 May 2008

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

Postal address
PO Box 61051
Marshalltown 2107

Company secretary
John Snalam

Registered office
7th Floor, MontClare Place
Cnr Campground and Main Roads
Claremont 7708
Cape Town

Postal address
PO Box 44684
Claremont 7735
Cape Town

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

Postal address
PO Box 4609
Cape Town 8000

CAPE TOWN 7th Floor, MontClare Place, Cnr Campground and Main Roads, Claremont 7708, Cape Town
PO Box 44684, Claremont 7735, Cape Town 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 Exchange House, 1st Floor, Plot 64511, Fairgrounds, Gaborone, Botswana
Postnet Kgaleview, Private Bag 00480, Suite 44, 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