

-
- ▶ Assets under management R136 billion (+11%)
 - ▶ Cash flow generated from operations R199 million (-17%)
 - ▶ Profit from fund management R156 million (-17%)
 - ▶ Headline earnings per share 26.6 cents (-23%)
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The past six-month period has been characterised by negative global market sentiment which extended to global emerging markets, triggering an indiscriminate sell-off in the South African financial and industrial sectors. Against the backdrop of this market turmoil we are pleased to announce that the business has produced a satisfactory set of financial results for the six months ended 31 March 2008.

▶ **RESULTS** In our voluntary market update announcement on 30 January 2008, we cautioned that the slowdown in revenue growth and the dividend tax charge accounted for in the current six-month period would result in earnings being lower than the previous corresponding period.

Despite a 64% fall in performance fees, revenue for the six-month period ended 31 March 2008, comprising annual recurring fees and performance fees, remained flat compared with the previous comparable period at R421 million (2007: R423 million).

Operating expenses of R269 million increased by 5% from the R257 million reported to 31 March 2007. A significant contributor to this increase was distribution costs which, whilst being variable, are nevertheless paid on the fixed component of fee revenue on a higher asset base. A further negative cost impact arises in the taxation charge where a secondary tax on companies charge of R15.1 million was accounted for in the current six-month period. A similar charge was not incurred in the previous comparable period, when a capital distribution was paid.

Earnings per share of 27.4 cents are 24% lower than the 2007 interim figure of 36.0 cents and headline earnings per share of 26.6 cents are 23% lower (2007: 34.7 cents). The earnings per share and headline earnings per share figures for the current six-month period, in relation to the equivalent numbers for the previous comparable period, have been positively impacted by 9% due to the effect of the share buy-back (and cancellation) programme embarked upon during the 2006 and 2007 financial years.

▶ **ASSETS UNDER MANAGEMENT** Amid extreme market turmoil we are pleased to report that assets under management increased to R136 billion as at 31 March 2008 (R125 billion at 31 March 2007). A significant proportion of this growth is attributable to our success in the fixed interest market, further entrenching Coronation as a manager across asset classes.

▶ **LONG-TERM INVESTING** We remain singularly focused on fund management and the ongoing support of our clients is vital to our success. Our philosophy of investing with a long-term time horizon and our commitment to proprietary research has, amid the volatility and indiscriminate market sell-off, given us the opportunity to strengthen our positioning in high conviction calls.

► **FUTURE FOCUS** We continue to invest considerable resources and effort in building a sustainable business. We have embarked on a number of business initiatives that will, in due course, add to our revenue and profitability:

- **PPS Investments**

PPS Investments, the investment arm of The Professional Provident Society, continues to gain traction in the marketplace.

- **Private Equity**

We have started to build a private equity offering that will enable our clients to broaden their asset allocation to alternative investments. A team of three professionals joined the business in November 2007 and are located in our Johannesburg office.

- **International product offering**

Pending regulatory approval, we are set to launch a comprehensive range of international funds to both institutional and individual investors.

- **Global Emerging Markets unit**

On Friday, 28 December 2007, the Coronation Global Emerging Markets Flexible Fund was successfully launched to the retail market. This was followed by the launch of a hedge fund, the Coronation Global Emerging Markets Opportunities Fund, on Monday, 4 February 2008.

► **INTERIM CASH DIVIDEND** We continue in our objective of rewarding shareholders through regular and significant distributions of free cash flow generated. The basis on which the current interim cash dividend is calculated mirrors that of the previous interim distribution. We make distributions equal to 75% of after-tax profits generated during the period, increased to take account of the non-cash impact of share-based payment charges that will not result in the issue of additional shares. We have also added back the R15.1 million dividend tax paid during the period (which relates to earnings generated in the previous financial year). This would amount to a dividend distribution of 24.0 cents per share, but at this interim stage and consistent with the previous comparable period, we have decided to only distribute two thirds of that, which translates to 16.0 cents per share.

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

Last date to trade	Friday, 30 May 2008
Shares trade ex dividend	Monday, 2 June 2008
Record date	Friday, 6 June 2008
Payment date	Monday, 9 June 2008

Share certificates may not be dematerialised or rematerialised between Monday, 2 June 2008, and Friday, 6 June 2008, both dates inclusive.

► **PROSPECTS** The outlook for the financial markets suggests that market volatility will continue for the foreseeable future. Although this undoubtedly will have an impact on profitability of the company over the next six months, we are confident that we have in place the right strategy, business model and investment philosophy focused on delivering long-term investment returns for our clients. The business has a diversified revenue stream and a strong cash flow and continues to be singularly focused on fund management.

► **INDEPENDENT REVIEW BY THE AUDITORS** KPMG Inc., the group's independent auditor, has reviewed the condensed consolidated interim financial statements contained in this report. Their unmodified review report is available for inspection at the company's registered office.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Six months reviewed 31 March 2008 R'000	Six months reviewed 31 March 2007 R'000	% Change	Full year audited 30 Sept 2007 R'000
Fund management activities				
Revenue	421 104	422 524		961 996
Financial income	11 804	27 860	(58)	45 914
Interest and dividend income	8 195	12 712		24 452
Other income	3 609	15 148		21 462
Operating expenses	(269 058)	(257 202)	5	(564 489)
Share-based payment expense	(13 354)	(17 089)		(40 212)
Other expenses	(255 704)	(240 113)		(524 277)
Interest expense	(7 863)	(6 729)		(13 049)
Share of profit of associate	–	919		1 334
Profit from fund management	155 987	187 372	(17)	431 706
Income attributable to policyholder linked assets and investment partnerships	(749)	35 850		49 149
Net fair value gains on policyholder and investment partnership financial instruments	4 449	45 501		54 956
Administration expenses borne by policyholders and investors in investment partnerships	(5 198)	(9 651)		(5 807)
Profit before tax	155 238	223 222		480 855
Income tax expense	(64 970)	(96 052)		(196 249)
Taxation on shareholder profits	(65 719)	(60 202)		(147 100)
Taxation on policyholder investment contracts	749	(35 850)		(49 149)
Profit for the period	90 268	127 170	(29)	284 606
Attributable to:				
– equity holders of the company	88 181	127 009	(31)	284 035
– minority interest	2 087	161		571
Profit for the period	90 268	127 170		284 606
Earnings per share (cents)				
– basic	27.4	36.0	(24)	81.4
– diluted	24.7	32.2	(23)	74.3
Note to the income statement				
Headline earnings per share (cents)				
– basic	26.6	34.7	(23)	79.6
– diluted	24.0	31.1	(23)	72.7
Distribution per share (cents)				
– dividend distribution	16.0			47.0
– capital distribution		20.0		

CONDENSED CONSOLIDATED BALANCE SHEET

	Reviewed 31 March 2008 R'000	Reviewed 31 March 2007 R'000	Audited 30 Sept 2007 R'000
Assets			
Intangible assets	1 097 309	1 092 869	1 097 309
Equipment	11 895	7 031	9 171
Investment in associate	1 960	–	1 960
Deferred tax asset	3 854	3 188	1 872
Investments backing policyholder funds and investments held through investment partnerships	19 805 338	17 542 785	18 482 686
Financial assets available-for-sale	41 865	73 485	66 804
Financial assets at fair value through profit or loss	14 966	74 767	31 154
Trade and other receivables	108 607	119 084	168 265
Cash and cash equivalents	120 423	236 211	119 134
Total assets	21 206 217	19 149 420	19 978 355
Liabilities			
Interest-bearing borrowing	115 777	132 625	125 765
Deferred tax liabilities	28 509	64 235	47 788
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	19 777 104	17 481 183	18 437 426
Income tax payable	86 979	72 235	108 702
Trade and other payables	215 927	191 651	245 914
Total liabilities	20 224 296	17 941 929	18 965 595
Net assets	981 921	1 207 491	1 012 760
Total equity attributable to equity holders of the company	975 436	1 201 405	1 008 362
Minority interest	6 485	6 086	4 398
Total equity	981 921	1 207 491	1 012 760

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Share capital and premium	Foreign currency translation reserve	Accumulated earnings	Share-based payment reserve	Re-valuation reserve	Issued capital and reserves attributable to equity holders of the company	Minority interest	Total equity
Balance at 30 September 2006	843 153	11 197	316 892	72 991	5 803	1 250 036		1 250 036
Currency translation differences		(6 655)				(6 655)		(6 655)
Revaluation of financial assets available-for-sale					828	828		828
– Revaluation gains taken to equity					5 276	5 276		5 276
– Transferred to profit or loss on disposal					(4 448)	(4 448)		(4 448)
Net income recognised directly in equity		(6 655)			828	(5 827)		(5 827)
Profit for the period			127 009			127 009	161	127 170
Total recognised income and expense for the period		(6 655)	127 009		828	121 182	161	121 343
Minority interest at acquisition of subsidiary							5 925	5 925
Share-based payment reserve				17 089		17 089		17 089
Dividends paid			(861)			(861)		(861)
Capital distribution	(185 276)					(185 276)		(185 276)
Shares issued	12 306					12 306		12 306
Shares repurchased and cancelled	(13 071)					(13 071)		(13 071)
Balance at 31 March 2007	657 112	4 542	443 040	90 080	6 631	1 201 405	6 086	1 207 491
Currency translation differences		(351)				(351)		(351)
Revaluation of financial assets available-for-sale					(4 755)	(4 755)		(4 755)
– Revaluation gains taken to equity					(2 305)	(2 305)		(2 305)
– Transferred to profit or loss on disposal					(2 450)	(2 450)		(2 450)
Net income recognised directly in equity		(351)			(4 755)	(5 106)		(5 106)
Profit for the period			157 026			157 026	410	157 436
Total recognised income and expense for the period		(351)	157 026		(4 755)	151 920	410	152 330
Share-based payment reserve				23 123		23 123		23 123
Capital distribution	(71 238)					(71 238)		(71 238)
Shares repurchased and cancelled	(296 848)					(296 848)		(296 848)
Minority interest							(2 098)	(2 098)
Balance at 30 September 2007	289 026	4 191	600 066	113 203	1 876	1 008 362	4 398	1 012 760

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

R'000	Share capital and premium	Foreign currency translation reserve	Accumulated earnings	Share-based payment reserve	Re-valuation reserve	Issued capital and reserves attributable to equity holders of the company	Minority interest	Total equity
Balance at 30 September 2007	289 026	4 191	600 066	113 203	1 876	1 008 362	4 398	1 012 760
Currency translation differences		13 502				13 502		13 502
Revaluation of financial assets available-for-sale					(521)	(521)		(521)
- Revaluation gains taken to equity					1 862	1 862		1 862
- Transferred to profit or loss on disposal					(2 383)	(2 383)		(2 383)
Net income recognised directly in equity		13 502			(521)	12 981		12 981
Profit for the period			88 181			88 181	2 087	90 268
Total recognised income and expense for the period		13 502	88 181		(521)	101 162	2 087	103 249
Share-based payment reserve				13 354		13 354		13 354
Dividends paid			(156 473)			(156 473)		(156 473)
Shares issued	9 031					9 031		9 031
Balance at 31 March 2008	298 057	17 693	531 774	126 557	1 355	975 436	6 485	981 921

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months reviewed 31 March 2008 R'000	Six months reviewed 31 March 2007 R'000	Full year audited 30 Sept 2007 R'000
Profit for the period	90 268	127 170	284 606
Income tax expense	64 970	96 052	196 249
Non-cash and other adjustments	13 870	(23 463)	9 678
Operating profit before changes in working capital	169 108	199 759	490 533
Working capital changes	29 671	38 839	35 540
Cash generated from operations	198 779	238 598	526 073
Interest paid	(8 039)	(6 712)	(13 167)
Income taxes paid	(90 928)	(75 359)	(158 448)
Net cash from operating activities	99 812	156 527	354 458
Net cash from investing activities	45 405	26 559	86 848
Net cash used in financing activities	(157 430)	(193 810)	(568 756)
– distributions to shareholders	(156 473)	(186 137)	(257 375)
– other	(957)	(7 673)	(311 381)
Net decrease in cash and cash equivalents	(12 213)	(10 724)	(127 450)
Cash and cash equivalents at beginning of period	119 134	253 590	253 590
Exchange rate adjustments	13 502	(6 655)	(7 006)
Cash and cash equivalents at end of period	120 423	236 211	119 134

CONDENSED CONSOLIDATED SEGMENT REPORT

R'000	Africa			International			Group		
	Six months reviewed		Full year audited	Six months reviewed		Full year audited	Six months reviewed		Full year audited
	31 March		30 Sept	31 March		30 Sept	31 March		30 Sept
	2008	2007	2007	2008	2007	2007	2008	2007	2007
Segment revenue	368 963	379 788	880 241	52 141	42 736	81 755	421 104	422 524	961 996
Segment results	137 130	154 297	384 323	14 916	11 025	13 184	152 046	165 322	397 507

EARNINGS PER SHARE

	Six months reviewed 31 March 2008	Six months reviewed 31 March 2007	Full year audited 30 Sept 2007
Weighted average number of ordinary shares in issue during the period	321 597 285	353 181 887	348 893 885
Weighted average number of ordinary shares potentially in issue	356 936 439	393 841 193	386 441 246
	R'000	R'000	R'000
Earnings attributable to shareholders	90 268	127 170	284 606
Minority interest	(2 087)	(161)	(571)
Dividend on convertible cumulative redeemable preference shares	–	–	(149)
Earnings attributable to ordinary shareholders	88 181	127 009	283 886
Profit on disposal of financial assets available-for-sale	(2 459)	(4 448)	(6 024)
(Profit)/loss on disposal of equipment	(103)	–	56
Profit on disposal of investment in subsidiary	–	–	(48)
Headline earnings attributable to ordinary shareholders	85 619	122 561	277 870
Actual number of shares in issue at the end of the period	323 369 480	355 440 728	320 732 799

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The financial information has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS), the disclosure and presentation requirements of IAS 34 Interim Financial Reporting, the requirements of the South African Companies Act, Act 61 of 1973, as amended, and the Listings Requirements of the JSE Limited. The condensed consolidated financial statements do not include all of the information required for full annual financial statements.

The accounting policies applied in the presentation of the condensed consolidated interim financial statements are consistent with those applied for the year ended 30 September 2007.

These condensed consolidated interim financial statements have been prepared in accordance with the historical cost convention except for certain financial instruments which are stated at fair value. The condensed consolidated interim financial statements are presented in rand, rounded to the nearest thousand.

2. Related party transactions

The group, in the ordinary course of business, entered into various sale and purchase transactions on an arm's length basis at market rates with related parties.

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