CORONATION
FUND MANAGERS

Annual Report 2009

Corporate structure

Contents

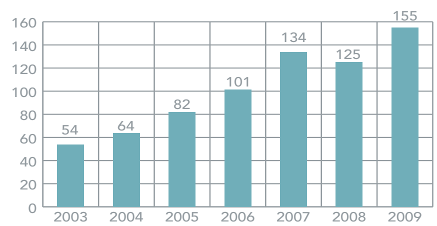
At a glance

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

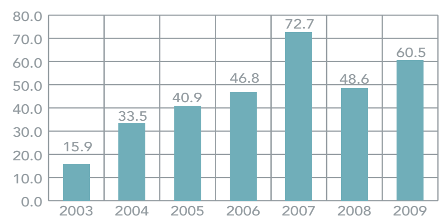
We are an independent investment business focused on the long term, with a strong culture of staff ownership and entrepreneurial flair. Our people are independent thinkers with shared values and the ability to achieve with passion and energy. With a singular focus on fund management, we strive to be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

- Founded in 1993
- Only separately listed asset manager on the JSE
- 30% 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 for 2007
- Offices in Cape Town, Johannesburg, Pretoria, Durban, 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
- 43 Morningstar/Financial Mail Fund Awards for individual fund performances
- A client-centred business

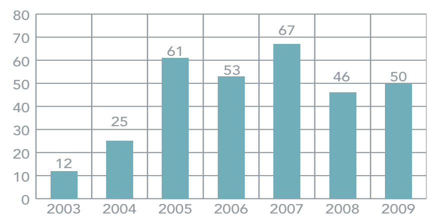
Assets under management (R billion)



Diluted headline earnings per share (cents)



Distribution per share (cents)



Financial highlights | for the year ended 30 September 2009

	2009	2008	2007	2006	2005
Clients					
Assets under management					
Opening market value (Rbn)	**125.0**	134.0	101.4	81.9	63.8
Net flows (Rbn)	**8.8**	(3.9)	1.5	1.9	(4.6)
Capital appreciation/(depreciation) (Rbn)	**21.2**	(5.1)	31.1	17.6	22.7
Closing market value (Rbn)	**155.0**	125.0	134.0	101.4	81.9
Shareholders					
Shareholders' equity (Rm)	**1 084**	995	1 013	1 250	1 308
Shares in issue (thousand)	**314 566**	315 774	320 733	349 577	382 275
Weighted average shares in issue (thousand)	**315 100**	321 081	348 894	376 671	382 275
Net asset value per share (cents)	**344.6**	315.0	315.8	357.0	342.0
Headline earnings per share (cents)	**66.4**	52.9	79.6	51.9	42.9
Diluted headline earnings per share (cents)	**60.5**	48.6	72.7	46.8	40.9
Capital distribution per share (cents)	**–**	–	20.0	53.0	60.0
Dividend distribution per share (cents)	**50.0**	46.0	47.0	–	1.0
Financial summary					
Total revenue (Rm)	**851**	818	1 008	742	619
Fee revenue (Rm)	**842**	804	962	706	588
Financial income (Rm)	**9**	14	46	36	31
Operating expenses (Rm)	**502**	525	564	437	361
Profit from fund management activities (Rm)	**325**	277	432	294	253
Cost-to-income ratio (excluding IFRS 2) (%)	**59.3**	62.1	53.2	53.5	53.2
Cash flow from operating activities (Rm)	**211**	97	354	311	161
Market information					
Volume of shares traded (million)	**87**	122	121	118.3	56.9
Value of shares traded (Rm)	**486**	762	992	691	250
Closing share price (cents)	**770**	575	867	600	550
Number of employees	**188**	183	169	155	140

BOARD OF DIRECTORS
From left to right: Anton Pillay, Jock McKenzie, Alexandra Watson, Hugo Nelson, Judith February and Shams Pather

Chairman's statement

Shams Pather

There can be very little doubt that the unprecedented, orchestrated global government intervention has stabilised world financial markets. The consequences in terms of economic growth, inflation/deflation, interest rates, future debt issuance, foreign exchange rates and world trade do however remain in hot debate. A more stringent regulatory environment pertaining to financial services and banking is anticipated.

During these very challenging times investors suffered dramatic shocks, initially forcing risk aversion and deleveraging. Since March 2009 improving confidence and low money market returns have encouraged global investors into emerging stock markets.

The strength of this year's results belies the extreme levels of volatility across world markets and the continued high levels of distrust amongst the majority of market participants. 2009 was a year in which the mask of a trending bull market was firmly removed. At a time when many questioned the value added by the investment industry Coronation remained firm in its philosophy of investing with a long-term time horizon. As a result we generated significant alpha across all client portfolios, confirming Coronation's position as one of the country's best performing fund management companies.

Assets under management ended the year at R155 billion (2008: R125 billion). Strong institutional inflows, excellent investment performance and a turnaround in world markets in the second half of the year contributed to this record level of assets under management. Stringent containment of fixed costs during the extremely difficult operating conditions experienced in the first half of the year, combined with our variable cost model, impacted positively on operating costs which declined by 3%. Profit for the year to 30 September 2009 advanced by 19% to R211 million (2008: R178 million). Headline earnings per share increased by 26% to 66.4 cents (2008: 52.9 cents) and diluted headline earnings per share by 24% to 60.5 cents (2008: 48.6 cents).

In line with our distribution policy we continue to reward shareholders through regular and significant distributions of free cash flow generated. The final cash dividend for the 2009 financial year will be R116 million (2008: R95 million), equivalent to a dividend per share of 37 cents, making a total of 50 cents per share for the 2009 financial year (2008: 46 cents).

Corporate governance

The financial crisis has emphasised the need for good and effective corporate governance. We adopt a balanced approach to corporate governance and comply with the principles of the Code of Corporate Practices and Conduct as set out in King II. Further, 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.

I succeeded Mr Gavan Ryan as chairman upon his retirement in March of this year. Mr Ryan, founding chairman, over his 16-year tenure played a pivotal role in the creation of significant shareholder value. On behalf of the board and the company I thank him for his invaluable contribution. I also thank Mr Winston Floquet who retired from his position as non-executive director at the annual general meeting in January and Mr Thys du Toit who resigned as non-executive director in June. Both gentlemen contributed greatly over the years.

I welcome to the board Mr John (Jock) McKenzie as an independent non-executive director and Mr Anton Pillay as executive director. Mr McKenzie is chairman of the board of trustees of the University of Cape Town Foundation and serves on the boards of Sappi and the business-led initiative Accelerate Cape Town. Mr Pillay is chief operating officer, a role which he has held since 2006.

The present board comprises four independent non-executive directors and two executive directors.

Ownership

Entrepreneurial flair is at the core of our ethos and we strongly encourage staff ownership of the business. Total staff shareholding is 30%, of which 10% is held through the Imvula Trust, our equity empowerment partner embracing all our black staff.

We employ a total of 188 skilled professionals who share a common drive and passion for excellence.

Transformation

Transformation is a business imperative in South Africa. Informed by the strategic needs of the business and guided by the Department of Trade and Industry's Code of Good Practice on Black Economic Empowerment, we continue to make good progress in correcting the imbalances of the past and effecting positive social change. We are a Level IV contributor.

The Imvula Trust is in positive equity and the total outstanding debt has been reduced by 28%. The Coronation Business Support Programme now extends operational and strategic support to a total of seven niche black stockbroking companies. A full report on the many initiatives in which we are involved is included on pages 14 to 16.

Prospects

Having seen the point of maximum pessimism in March 2009 we now find ourselves with market participants who are cautiously optimistic. We believe markets will remain volatile for some time and, whilst positive economic growth is emerging, the recovery is likely to remain fragile.

We are pleased with how our business has responded to the extreme operating environment over the past year. Our business model is robust and we are confident that we will succeed in navigating the inevitable challenges of the year ahead.

Acknowledgements

It is a rare occurrence that a single investment house can lay claim to having the top performing equity fund, foreign equity fund and balanced fund over five years (to the quarter ending 30 September 2009). This is an incredible achievement for which I thank our chief investment officer, Karl Leinberger, and the investment team. I also wish to thank chief executive officer, Hugo Nelson, and all our staff for their unyielding pursuit in the quest for investment excellence.

Coronation is a business based on trust and we thank all our clients, shareholders and intermediaries for their continued support.

Albatross: wingspan of 2 to 3.4 metres; weight of up to 10kg, ability to fly long distances without stopping.

A proven long-term investment track record built on a philosophy of investing with a long time horizon and original research.

Chief executive officer's review

Hugo Nelson

We started the year with the world facing the most severe recession since the end of World War II. Global financial markets were in freefall and the entire financial system in crisis. In an attempt to avert a second 'great depression' a chorus of the world's leading central banks responded with now well-documented stimulatory measures. By March 2009 markets reached the point of maximum pessimism – and then everything changed. Markets rebounded and confidence started to steadily gain traction. As at year-end, the MSCI World Index had recorded a gain of 67% (in US dollars) off its March low, and both the MSCI Emerging Markets and the FTSE/JSE All Share indices were up 96%. 2009 was most definitely a tale of two halves.

At the March interim reporting period we stated …'while investors' time horizons have been truncated by this bear market, we are confident that when the market turns our clients will be well positioned for the upswing'. We are delighted to report exceptional investment performance across all client portfolios and that Coronation has the best performing equity, foreign equity and balanced unit trust funds over five years – to the quarter ending 30 September 2009.

Institutional

As the turmoil of the financial crisis drew a clear separation between managers within the institutional space, Coronation's skill and discipline in delivering strong long-term performance confirmed its standing as an industry leader. We are pleased to report gross inflows of R24 billion across a range of client mandates.

Landscape

Galvanised by the financial crisis investors are actively seeking quality and simplicity of product. As a result we are seeing signs that the vogue of the last 10 years towards specialist mandates is beginning to fade. Over the past year a number of boards of trustees have returned to the traditional balanced mandates in the realisation that the professional money manager is best placed to make many of the decisions concerning capital markets. We believe it will be those managers with proven asset allocation skills and the ability to outperform who will benefit from this move.

A lingering concern symptomatic of the crisis is that many investors, in their quest to protect capital, are investing in product which may be too far down the risk spectrum to provide for their future needs. We see this as an opportunity to re-introduce our absolute range which re-opened in March to new investors after a 3½-year close.

We continue to engage with government and all stakeholders on social security and retirement reform.

Investment performance

Our balanced portfolios rank 1st in the Alexander Forbes Global Large Manager Watch and 2nd in the SA Survey for the year to end September 2009. Over the medium to longer-term three and five-year periods we are ranked 3rd across both surveys. Similarly our fixed interest portfolios have produced strong performance, ranking in the upper quartile of the SA Bond Manager Watch over the one and three-year periods.

The dual objective of capital preservation and return optimisation of our absolute funds is best illustrated by the Coronation Global Absolute Fund. This fund has yielded a compelling active return of 18.8% per annum, which is almost 5% ahead of its benchmark, since inception in August 1999.

Client-centric focus and product development

As markets fell to new lows in the first half of the year we increased our number of interactions with clients, providing much needed perspective and guidance regarding portfolio positioning. Coupled to this we continued to tender for new business, and as previously indicated, were highly successful. Over the year we have grown our share of the total institutional market, attracting assets into our balanced, equity and specialist financial and industrial mandates.

To coincide with the re-opening of the highly successful absolute balanced fund range we launched a new low-risk fund, Coronation Inflation Plus. The benchmark for this global fund is CPI + 3% per annum over a rolling three-year period and aims to avoid negative returns over a rolling 12-month period.

We manage assets of BWP2.1 billion in Botswana and continue to build a strong presence in this market. Relative performance has been excellent and we are currently rated 2nd out of a total of six managers. Pending regulatory approval the launch of a Coronation balanced unit trust fund for Batswana investors is scheduled for the first quarter of 2010.

Retail

In the first half of the year we experienced outflows as investors continued their flight to perceived safety of cash or near cash. Added to this we lost ground in the fixed income space due to multi-manager moves. As sentiment changed in the final quarter we saw a major acceleration in new business. The greatest beneficiaries of these flows were our equity funds and multi-asset funds, driven by excellent performance. We remain the 6th largest long-term fund manager of the now R747 billion unit trust industry.

Landscape

Throughout the first half of the year cash levels in the local unit trust industry reached their highest on record. Thus, while the total industry recorded significant growth, the experience for long-term managers was only moderately positive.

The total industry recorded R45 billion of new investments into long-term funds and a further R43 billion into cash and dividend income funds for the year to end September 2009. Whilst risk appetite is most definitely back, this only became evident in the final quarter, spiking sharply with inflows of R20 billion to higher risk mandates against a fall of R12 billion in money market funds.

Investment performance

A key illustration of our ability to generate alpha is publicly available in the unit trust ranking tables to end September 2009. The Coronation Top 20 Fund is the best performing equity fund in the country, ranking no. 1 across all meaningful time periods. For the one year, it significantly outperformed the FTSE/JSE Top 40 Index benchmark by more than 16% and since inception in 2000 has outperformed the index by 8.2% per annum. Similarly, the Coronation Balanced Plus and Coronation World Equity [ZAR] funds have strong performance track records, ranking 2nd over three years and 1st over the longer-term five-year period and since inception. A combined picture of these three funds sees Coronation with the best performing equity, foreign equity and balanced funds in the country over five years. World Equity [ZAR] was recognised as a winner in its category at the Morningstar/Financial Mail 2009 Fund Awards in April, as was the Coronation Bond Fund.

Our lowest-risk income and growth fund, Coronation Balanced Defensive, continues to build a credible track record in the low-risk multi-asset fund space and the Coronation Capital Plus Fund has, since launch in 2001, returned an annualised 15.4%, while never experiencing a negative return in any calendar year.

All funds in the Coronation core range rank in the top two positions of the respective fund categories since inception.

Client-centric focus and product development

To communicate the exceptional performance of our fund range we embarked on an intensive print/press campaign in the second half of the year. We have also simplified our product offering, making it more approachable to investors by grouping each of the funds in the domestic and foreign fund ranges by investor need. This was communicated in the final round of *Conversations with Coronation*, our communication platform to independent financial advisors, and in our quarterly *Corospondent* newsletter to clients. It will also carry through onto our website in the first quarter of 2010.

During the first half of the year we conducted a comprehensive review of our unit trust fee structures, bringing our methodology in line with current best practice in the industry. Adjustments were made to the base and performance fees of the Top 20, Equity, Balanced Defensive and World Equity [ZAR] funds and all remaining initial fees on new investments were removed. Based on our interest rate outlook we also reduced the management fee applicable to the Coronation Strategic Income A-class from 1% to 0.85% per annum.

In terms of our foreign fund offering, we have been working on the alignment of our Irish-domiciled fund mandates with FSB requirements, enabling us to market the full fund range in South Africa. To better reflect the assets held by the Coronation International Active Fund of Funds, the fund's name was changed to Coronation World Equity [ZAR] in February.

We have no tied distribution which ensures our independence and focus on the delivery of strong long-term returns.

International

The market extremes reached in the first half of the year resulted in a decision to close the Coronation Relative Value Fund of Funds. As a consequence, seven individuals in our London office were retrenched. Assets under management ended the year at US$1.33 billion, up 6% from US$1.26 billion a year ago.

Landscape

After a fateful start global markets rallied strongly in the second half of the year. Asset prices have normalised and credit markets are loosening up with credit spreads back to pre-September 2008 levels. While there is growing appetite for risk, a great many individuals and institutions remain firmly on the sidelines. Figures show retail investors in the US sitting on US$3.5 trillion in money market funds, assets which yield them next to nothing. The decline in money market assets (from US$3.9 million in January 2009) has largely flowed into bonds, as shown by the fact that bond funds attracted net deposits of over US$450 billion in August and September. By comparison the public has invested only US$6 billion in US equity funds during this period. The general public therefore continues to view equities with great scepticism and bonds as a 'relative safe haven' should equities experience another collapse.

Investment performance

In extremely difficult market conditions our international fund range produced extremely strong returns. A particular highlight is the Global Equity Fund of Funds, which over the one year period has outperformed (net of all fees) the MSCI World Index benchmark by a staggering 16.2%. Within a global context this is a truly exceptional achievement, and particularly for a globally diversified multi-managed fund. Our single-manager funds managed by our Cape Town-based Global Emerging Markets and Africa units also exceeded expectations. Against a 96% jump in the MSCI Emerging Markets Index from its low in March, the Coronation Global Emerging Markets Fund produced an outperformance of almost 6%, returning 25% for the year. The equally strong performance of the Coronation Africa Fund resulted in a 37% outperformance of the benchmark, Dow Jones Africa Titans 50 Index, for the year. It also resulted in the fund being awarded runner-up in the Africa Investor Index Series Awards, which measures performance for the period between April 2008 and April 2009 (the Coronation Africa Fund was launched in August 2008).

Client-centric focus and product development

To complete our fund range two new funds were added to our single-manager UCITS III-compliant offering: The Coronation Global Latitude Fund, a low-risk fund that seeks to produce returns in excess of foreign cash + 3% while protecting capital in US dollar terms over a rolling 12-month period, and the Coronation Global Managed Fund, a multi-asset fund with a bias towards equities. Global Managed was launched to rand investors post year-end on 29 October 2009 and will be introduced to foreign currency investors early in 2010. Both funds are managed out of Cape Town.

As a result of this expansion we have recruited a further two individuals to the Cape Town-based global research team.

Initiatives

- Private Equity: It has been a challenging fund raising environment for the private equity business.

- PPS Investments: We hold a 49% share in this business which continues to build traction in its chosen markets.

Prospects

We are an established participant in the South African market and recognised as a leader in the industry. We believe we have a sustainable business model and through the creation of a robust international offering aim to attract greater interest from international asset allocators over time.

We have started to see a turnaround in risk aversion and positive economic growth rates coming through. However, we caution that the recovery does remain fragile and that markets are likely to remain volatile for a continued period of time. We are long-term investors and continue to be single-minded in our pursuit of alpha.

Transformation

Coronation Growing Entrepreneurs Programme

Transformation and the creation of sustainable broad-based black economic empowerment is an integral part of Coronation's business strategy. The chairman of the board, Shams Pather, also chairs the transformation committee which 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. Transformation is a business imperative which makes practical business sense, the benefits of which extend 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 continues to create tangible benefits for its participants through annual cash distributions and the creation of net asset value.

Black representation at board level is 67%, 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 2009, 54% of our South African staff are black, with the full staff complement split as follows:

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	1	1	2	0	0	1	0	0	0	5
Senior management	1	1	0	8	0	0	0	1	0	0	11
Professionally qualified and experienced specialists and mid-management	2	6	3	33	4	4	1	13	3	1	70
Skilled technicians and academically qualified workers, junior management, supervisors, foremen and superintendents	5	14	3	2	4	25	6	15	0	0	74
Semi-skilled and discretionary decision making	0	1	0	0	0	3	0	1	0	0	5
Unskilled and defined decision making	0	0	0	0	2	0	0	0	0	0	2
Total permanent	8	23	7	45	10	32	8	30	3	1	167
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	8	23	7	45	10	32	8	30	3	1	167

A – African C – Coloured I – Indian W – White

Within the South African investment team of 47 individuals 32% are black, of which 6% 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 were 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 stockbroking teams and provide assistance at both an operational and strategic level. The first 'three-year review' was conducted during the first half of the year, providing the opportunity for other interested parties to apply for inclusion. The level of interest was incredible and as such the programme has been extended to include a total of seven. The Coronation Business Support Programme has received much acclaim within the industry, contributing markedly in transforming and strengthening the local stockbroking community.

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 2 450 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 four inspiring programmes:

- Education Alive, founded in 1975, provides learners with support in resolving study difficulties and overcoming personal barriers to study. The fundamental purpose of this NGO is to bring about a paradigm shift in the education standards in South Africa. Our involvement is in the Academy of Excellence Programme which provides support in maths, science, accounting and english.
- 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 three '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. We also provide financial assistance to the recently opened Girls Safe House.
- 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. This year, for the first time a graduate of the programme was permanently employed within our legal and compliance department.

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.

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 272 trainers who in turn have provided more than 3 433 small-scale black farmers with the skills and knowledge to become successful business people. The training has also extended to a number of others NGOs, such as SCAT (the Social Change Assistance Trust) in the Northern Cape and the Siyazisiza Trust in Pongola, Northern KwaZulu-Natal.

Building communities

For the 5th consecutive year, a total of 60 staff members participated in the Habitat for Humanity Corporate Blitz in the 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. In celebration of Mandela Day staff collected non-perishable foodstuffs, blankets and clothing for those affected by the floods in the Western Cape. 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

Coronation maintains 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 2009 financial year as set out in King II.

Board of directors

Subsequent to year-end, Coronation's unitary board comprises two executive directors and four independent non-executive directors. The chairman is an independent non-executive director. 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 23.

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 of directors is constituted with predominantly independent non-executive directors in compliance 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 also responsible for nominating and recommending to shareholders all new directors for appointment, or re-appointment 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 pages 29 and 30.

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 seven occasions during the 2009 financial year.

The composition of the board and its three committees, the audit and risk committee, the transformation committee and the remuneration committee for 2009, are as follows:

	Board of directors	Remuneration committee	Transformation committee	Audit and risk committee
Gavan Ryan [2,•]	Chairman	Chairman		Member
Hugo Nelson [3]	CEO		Member	Member
Thys du Toit [2,◊]	Director	Member		
Shams Pather [1]	Chairman	Chairman	Chairman	
Winston Floquet [1,*]	Director			Chairman
Alexandra Watson [1]	Director			Chairman
Judith February [1]	Director			
Jock McKenzie [1,Δ]	Director	Member		Member
Anton Pillay [3,#]	Director		Member	

1 Independent Non-executive
2 Non-executive
3 Executive

* Retired January 2009
• Retired March 2009
◊ Resigned June 2009

Δ Appointed May 2009
\# Appointed June 2009

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

	Board of directors	Remuneration committee	Transformation committee	Audit and risk committee
Gavan Ryan	100%	100%		100%
Hugo Nelson	100%		100%	
Thys du Toit	100%	50%		
Shams Pather	100%	100%	100%	100%
Winston Floquet	100%	100%		100%
Alexandra Watson	100%			100%
Judith February	43%			
Jock McKenzie [*]	100%	100%		100%
Anton Pillay [•]	100%		100%	

* Appointed May 2009 • Appointed June 2009

Remuneration committee

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

The committee meets twice a year, in April and October, to coincide with the bonus payment times of the year, as well as on an ad hoc basis if required. The committee met on four occasions during the 2009 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. The committee is guided by an audit committee charter 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.
- Determining the nature and extent of any non-audit services which the auditor may provide to the company.
- Providing any pre-approval of any proposed contract with the auditor for the provision of non-audit services to the company.

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

The committee is chaired by an independent non-executive director and consists of a further two independent non-executive directors, one of whom is the chairman of the board.

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 not impaired.

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

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.

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 (Deloitte) 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, portfolio managers, chief operating officer 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, 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, which is sensitive to natural light and motion, through the UV treatment of windows and efficient use of lighting. 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.

- 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.

Expertise and experience of the chief operating officer

The chief operating officer is responsible for the financial affairs of the company. In terms of the Listings Requirements of the JSE, the audit and risk committee is satisfied that the expertise and experience of the chief operating officer is appropriate to meet the responsibilities of the position. This is based on the qualifications, levels of expertise, continuing professional education and the board's assessment of the financial knowledge of the chief operating officer.

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

Shams Pather | Chairman, 59

BBusSc, BCom (Hons), MBA

Shams was appointed chairman of the board in March 2009. He 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 Industrial (Pty) Limited, Lungisa Technologies (Pty) Limited, Lungisa Investment Holdings (Pty) Limited. Shams is also a member of the UCT Joint Investment Council.

Hugo Nelson | Chief Executive Officer, 39

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.

Judith February | Independent Non-executive Director, 37

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 and a regular media analyst on South African politics. She was appointed to the board in August 2008.

Jock McKenzie | Independent Non-executive Director, 62

BSc (Chem Eng), MA (Lancaster)

Jock is a member of the boards of Sappi and the business-led initiative Accelerate Cape Town. He also chairs the board of trustees of the University of Cape Town Foundation. He has held several senior executive positions globally and in South Africa. In 1999 he was appointed chairman and chief executive officer of the Caltex Corporation, and served as president for Asia, Middle East and Africa Products of the Chevron Texaco Corporation from October 2001 to January 2004.

Anton Pillay | Executive Director, 39

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

Anton joined Coronation from BoE (Pty) Limited in January 2006. During his almost nine-year career with BoE/Nedbank, he held a number of key positions and directorships, including assistant general manager of the private bank, professional assistant to the CEO and head of banking. He has extensive knowledge and experience of the investment and banking industry. Anton was appointed to the board in June 2009.

Alexandra Watson | Independent Non-executive Director, 53

BCom (Hons), CA(SA)

Alexandra is a 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's finance committee and was an independent director of Coronation Investments and Trading Limited and chair of its audit committee for a number of years. Alexandra 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 manages the Coronation Balanced Plus unit trust fund and the Coronation Houseview Portfolios. 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/Nedbank, he held a number of key positions and directorships, including assistant general manager of the private bank, professional assistant to the CEO and head of banking. He has extensive knowledge and experience of the investment and banking industry. Anton was appointed to the board in June 2009.

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 the 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 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 2009, 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 group and company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

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

Approval of group annual financial statements and company annual financial statements

The group annual financial statements and annual financial statements of Coronation Fund Managers Limited as identified in the first paragraph for the year ended 30 September 2009 set out on pages 28 to 85 were approved by the board of directors on 11 December 2009 and are signed on its behalf by:

Shams Pather
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 2009, 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
11 December 2009

We have audited the group annual financial statements and annual financial statements of Coronation Fund Managers Limited, set out on pages 28 to 85, which comprise the balance sheets at 30 September 2009, 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 2009, 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
11 December 2009

MSC House
1 Mediterranean Street
Foreshore
Cape Town 8001

Directors' report | for the year ended 30 September 2009

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 and Africa units.

Clients include some of the largest retirement funds, 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

Coronation has entrenched its industry standing with a strong set of results for the 2009 financial year, despite extreme volatility across world markets and the continued high levels of distrust amongst the majority of investors. At a time when many questioned the value added by the investment industry, Coronation remained firm in its philosophy of investing with a long-term time horizon.

Assets under management ended the year at R155 billion (2008: R125 billion) on the back of strong institutional inflows, excellent investment performance and a turnaround in world markets in the second half of the year. Profit for the year to 30 September 2009 is up 19% to R211 million (2008: R178 million). Headline earnings per share increased by 26% to 66.4 cents (2008: 52.9 cents) and diluted headline earnings per share increased by 24% to 60.5 cents (2008: 48.6 cents).

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

Financial statements

The financial statements for the year ended 30 September 2009 have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) and the Companies Act of South Africa.

Cash returned to shareholders

In line with our distribution policy we continue to reward shareholders through regular and significant distributions of free cash flow generated. The final cash dividend for the 2009 financial year will be R116 million (2008: R95 million), equivalent to a cash dividend per share of 37 cents, making a total of 50 cents per share for the 2009 financial year (2008: 46 cents per share).

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 2009:

Coronation Investments and Trading Limited – 12.58%
Louis Stassen – 5.74%

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

Winston Floquet retired from the board with effect from 22 January 2009.
Gavan Ryan retired from the board as chairman and member with effect from 13 March 2009.
Shams Pather was appointed as chairman with effect from 13 March 2009.
Thys du Toit resigned from the board with effect from 25 June 2009.
Jock McKenzie was appointed to the board with effect from 7 May 2009.
Anton Pillay (chief operating officer and responsible for finance) was appointed to the board with effect from 25 June 2009.
Profiles of directors are provided on page 23.

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		
2009	**Direct**	**Indirect**	**%**
Ordinary shares			
Hugo Nelson	3 433 630	964 028	1.40
Anton Pillay	731 170	300 273	0.33
Gavan Ryan*	–	10 797 186	3.42
Thys du Toit*	–	10 951 605	3.48

	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

** Interest as at date of resignation.*

There have been no changes in directors' interests subsequent to year end up to the date of the signing of the financial statements.

Directors' emoluments

Payments to directors for services rendered for the year ended 30 September 2009 were as follows:

Executive directors	Salary and other benefits R'000	Bonus R'000	Total 2009 R'000	Accounting IFRS 2 charge R'000	**Total 2009 R'000**	Total 2008 R'000
Thys du Toit	–	–	–	–	–	3 344
Louis Stassen	–	–	–	–	–	6 504
Hugo Nelson	924	6 555	7 479	3 334	10 813	6 949*
Anton Pillay	231	2 431	2 662	1 296	3 958	–
Total	1 155	8 986	10 141	4 630	14 771	16 797

** The 2008 amount excludes IFRS 2 charges and a bonus expense totalling R3.2 million.*

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	Accounting IFRS 2 charge R'000	**Total 2009 R'000**	Total 2008 R'000
Gavan Ryan	33	83	17	44			177	200
Winston Floquet	15	33	22	33			103	190
Shams Pather	44	160	17	44	22		287	140
Thys du Toit	33	66		17		103	219	22
Alex Watson	44	116	61				221	47
Judith February	44	50					94	22
Jock McKenzie	18	66	17	17			118	–
Total	**231**	**574**	**134**	**155**	**22**	**103**	**1 219**	621

Equity-based remuneration	Date awarded	Number of shares as at 30 September 2009
Executive directors		
Hugo Nelson		
– February 2005 transaction	7 February 2005	2 500 000
– September 2005 transaction	7 September 2005	500 000
		3 000 000
Anton Pillay		
– February 2005 transaction	21 September 2005	375 000
– September 2005 transaction	7 September 2005	320 000
		695 000
Non-executive directors		
Thys du Toit		
– September 2005 transaction	7 September 2005	3 000 000

There were no options granted or exercised during the year.

Special resolutions

At the annual general meeting of the company held on 22 January 2009 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 cash dividend for the 2009 financial year of R116 million (37 cents per share) is based on the actual shares in issue of 314 565 858.

The dividend relating to the year ended 30 September 2009 has been calculated as 75% of profits after tax increased to take account of the non-cash and non-dilutory impact of certain share-based payment charges.

The short-term receivable of R40 million was still the subject of a loan agreement at 30 September 2009, pending the first closing of the Private Equity Fund.

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 and associate.
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.
Disposal date	The date on which the control in respect of subsidiaries and significant influence in respect of associates ceases.
Fair value	The value for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.
Financial results	Comprise the financial position (assets, liabilities and equity), financial performance (revenue and expenses) and cash flows of the group or an entity within the group.
Functional currency	The currency of the primary economic environment in which the entity operates.
Long term	A period longer than twelve months from balance sheet date.
Presentation currency	The currency in which the financial statements are presented.
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 a non-financial 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.

Glossary of financial reporting terms

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 on initial recognition.
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.
Special purpose entity	An entity created to accomplish a narrow and well-defined objective.
Transaction date	The date when the entity becomes a party to the contractual provisions of an instrument.

Accounting policies for the year ended 30 September 2009

Coronation Fund Managers Limited (registration number 1973/009318/07) (Coronation) is incorporated in South Africa. The consolidated financial statements for the year ended 30 September 2009 include the company and its subsidiaries and the group's interest in associates. The financial statements were authorised for issue by the directors on 11 December 2009.

Statement of compliance

The financial statements have been prepared in accordance with IFRS and its interpretations issued 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.

The accounting policies have been applied consistently by group entities except for the carrying of investments in subsidiaries at cost in the separate financial statements of Coronation Investment Management (Pty) Limited.

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 except for differences arising on the retranslation of available-for-sale equity instruments. 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 in equity. This reserve is reclassified to profit or loss when foreign operations are disposed of.

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 and are recognised directly in the foreign currency translation reserve.

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 profit or loss. 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. Financial instruments classified as at fair value through profit or loss includes investment contracts, linked investments, contract liabilities and linked financial assets.

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

If the group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs.

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

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

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.

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reductions for impairment.

Financial assets held at amortised cost comprise cash and cash equivalents, trade and other receivables and a loan receivable.

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

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 reclassified to profit or loss in the period in which the impairment is identified.

Financial assets available-for-sale consist of investment securities.

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

Other financial liabilities

Other financial liabilities are recorded at amortised cost applying the effective interest method. These consist of bank overdraft, trade and other payables and interest-bearing borrowings.

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, in a transaction that transfers substantially all the risks and rewards associated with the financial assets.

If the group enters into a transaction whereby it retains substantially all of the risks and rewards of the assets, the assets are not derecognised.

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 at its fair value and any residual amount being allocated to the equity component.

Equity instruments include share capital and share premium. 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 occurred that have a negative effect on the estimated future cash flows of that asset.

Assets measured at amortised cost

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.

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.

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 of impairment 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.

The carrying amount of an item of equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition, determined as the difference between the net disposal proceeds and the carrying amount of the item, is included on profit or loss when the item is derecognised.

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 profit or loss 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 profit or loss 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 as the lessee 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 profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised in profit or loss 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 not 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 by 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 increase in equity arising on the recognition of the share-based payments expense is recorded in the share-based payments reserve. Subsequently, once the transaction which gave rise to the initial expense has reached its conclusion, the portion of the share-based payments reserve which arose as a result of that particular transaction is transferred to retained earnings.

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 profit and loss 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 gains or losses on revaluation of financial assets, realised and unrealised foreign exchange gains and losses and other sundry income.

Interest income is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in profit or loss 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 profit or loss 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 as an expense 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.

Headline earnings per share is calculated in accordance with circular 3/2009 issued by the South African Institute of Chartered Accountants.

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 2010 consolidated financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the group's chief operating decisionmaker 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 2010 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 group's 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 at acquisition, 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 at acquisition 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 group's 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, fair value measurement disclosures and liquidity risk disclosures.

As a result of this amendment, the following disclosures will be required for the group's 2010 consolidated financial statements:

- A three-level hierarchy that reflects the significance of the inputs used in measuring fair value when presenting measurement disclosures will be required. The level in the fair value hierarchy should be disclosed for each class of financial instruments measured at fair value.

- Liquidity risk disclosures should only be provided for financial liabilities that will result in an outflow of cash or another financial asset. The maturity analysis should indicate the remaining contractual maturities for derivative financial liabilities that are essential for understanding the timing of cash flows. At present, all financial instruments disclosed under liquidity risk are non-derivative financial instruments. Therefore this amendment will have no impact on the annual 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.

- Investments in associates where the entity elects to account for the investment at fair value through profit or loss, under IAS 39 *Financial Instruments: Measurement and Recognition* are currently scoped out of IAS 28. However, IFRS 7 *Financial Instruments: Disclosures* and IAS 32 *Financial Instruments: Presentation* require that certain disclosures, per IAS 28, are provided for these investments. IAS 28 has been amended to clarify the disclosures that should be provided for investments in associates carried at fair value through profit or loss.

- A further amendment to IAS 28 provides clarity on the impairment of investments in associates. Impairment losses on investments in associates, accounted for using the equity method, are not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. The investment in the associate is treated as a single asset for the purposes of IAS 36 *Impairment of Assets* and any reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

These amendments 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.

An entity has to disclose certain information (e.g. basis of recoverable amount) for each cash-generating unit with goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) which are significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. When the recoverable amount of the unit or group of units is based on fair value less costs to sell, calculated on the basis of discounted cash flows, disclosures equivalent to those where the recoverable amount is based on value in use, should be made.

This amendment will become mandatory for the group's 2010 consolidated financial statements.

Consolidated income statement | for the year ended 30 September 2009

	Note	2009 R'000	2008 R'000
Fund management activities			
Revenue	2	842 030	803 632
Financial income		9 486	14 568
Finance and dividend income	3.1	10 913	11 431
Other (expense)/income	4	(1 427)	3 137
Operating expenses	5	(501 857)	(525 087)
Share-based payment expense	6	(21 441)	(33 661)
Other expenses		(480 416)	(491 426)
Finance expense	3.2	(22 513)	(16 441)
Share of loss of associate	11	(1 960)	–
Profit from fund management		325 186	276 672
Income/(expense) attributable to policyholder linked assets and investment partnerships		27 155	(5 650)
Net fair value gains and movement in liabilities on policyholder and investment partnership financial instruments	13	41 042	1 679
Administration expenses borne by policyholders and investors in investment partnerships	14	(13 887)	(7 329)
Profit before income tax		352 341	271 022
Income tax expense	7	(141 472)	(93 434)
Taxation on shareholder profits	7	(114 317)	(99 084)
Taxation on policyholder investment contracts	7	(27 155)	5 650
Profit for the year		210 869	177 588
Attributable to:			
– equity holders of the company		207 379	172 943
– minority interest		3 490	4 645
Profit for the year		210 869	177 588
Earnings per share (cents)			
– basic	8	65.8	53.9
– diluted	8	60.0	49.5

Consolidated balance sheet | as at 30 September 2009

	Note	2009 R'000	2008 R'000
Assets			
Intangible assets	9	1 097 309	1 097 309
Equipment	10	15 495	20 684
Investment in associate	11	–	1 960
Deferred tax asset	12	5 183	5 181
Investments backing policyholder funds and investments held through investment partnerships	13	19 204 524	19 207 633
Investment securities	15.2	19 606	36 312
Loan receivable	15.3	39 140	39 137
Trade and other receivables		165 107	111 496
Cash and cash equivalents	18	99 672	108 453
Total assets		20 646 036	20 628 165
Liabilities			
Interest-bearing borrowing	16	106 144	110 419
Deferred tax liabilities	12, 14	14 854	12 702
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	14	19 189 670	19 195 113
Income tax payable		26 181	26 083
Trade and other payables		203 169	170 757
Bank overdraft		22 074	118 544
Total liabilities		19 562 092	19 633 618
Net assets		1 083 944	994 547
Equity			
Share capital and premium	17	255 039	260 594
Retained earnings		677 751	569 148
Reserves		142 865	160 110
Total equity attributable to equity holders of the company		1 075 655	989 852
Minority interest		8 289	4 695
Total equity		1 083 944	994 547

Consolidated statement of changes in equity | for the year ended 30 September 2009

R'000	Share capital	Share premium	Foreign currency translation reserve
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
Currency translation differences			(6 853)
Revaluation of financial assets available-for-sale			
– Net change in fair value			
– Transferred to profit or loss on disposal			
Net (expense)/income recognised directly in equity			(6 853)
Profit for the year			
Total recognised income and expense for the year			(6 853)
Share-based payments			
Transfer to retained earnings			
Dividends paid			
Capital distribution			
Shares issued		462	
Shares repurchased and cancelled	(1)	(6 016)	
Increase in equity			
Balance at 30 September 2009	31	255 008	10 687

Retained earnings	Share-based payment reserve	Revaluation reserve	Issued capital and reserves attributable to equity holders of the company	Minority interest	Total equity
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
			(6 853)		(6 853)
		6 159	6 159		6 159
		4 595	4 595		4 595
		1 564	1 564		1 564
		6 159	(694)		(694)
207 379			207 379	3 490	210 869
207 379		6 159	206 685	3 490	210 175
	21 441		21 441		21 441
37 992	(37 992)		–		–
(136 768)			(136 768)		(136 768)
			–	(9 257)	(9 257)
			462		462
			(6 017)		(6 017)
			–	9 361	9 361
677 751	130 313	1 865	1 075 655	8 289	1 083 944

Consolidated statement of cash flows | for the year ended 30 September 2009

	Note	2009 R'000	2008 R'000
Cash flows from operating activities			
Profit for the year		210 869	177 588
Income tax expense		141 472	93 434
Non-cash and other adjustments	22	41 605	74 866
Operating profit before changes in working capital		393 946	345 888
Working capital changes		(20 620)	(18 125)
(Increase)/decrease in trade and other receivables		(53 032)	57 032
Increase/(decrease) in trade and other payables		32 412	(75 157)
Cash generated from operations		373 326	327 763
Interest paid		(23 092)	(16 704)
Income taxes paid		(139 224)	(214 448)
Net cash from operating activities		211 010	96 611
Cash flows from investing activities			
Loan receivable		(3)	(39 137)
Finance and dividend income	3.1	10 913	11 431
Acquisition of equipment		(2 350)	(18 238)
Proceeds on disposal of investment securities		21 466	58 746
Net cash from investing activities		30 026	12 802
Cash flows from financing activities			
Repayment of interest-bearing borrowing		(4 275)	(15 346)
Shares repurchased and cancelled		(6 017)	(39 575)
Shares issued		462	11 143
Dividends and capital distribution paid		(146 025)	(208 209)
Increase in minority interest equity		9 361	–
Net cash used in financing activities		(146 494)	(251 987)
Increase/(decrease) in cash and cash equivalents		94 542	(142 574)
Cash and cash equivalents at beginning of year		(10 091)	119 134
Effect of exchange rate fluctuations		(6 853)	13 349
Cash and cash equivalents at end of year		77 598	(10 091)

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 2009 R'000	Africa 2008 R'000	International 2009 R'000	International 2008 R'000	Group 2009 R'000	Group 2008 R'000
1 Segment information (continued)						
Segment report						
for the year ended 30 September 2009						
Fund management						
Segment external revenue*	**782 568**	724 825	**59 462**	78 807	**842 030**	803 632
Segment operating expenses	**(450 148)**	(452 893)	**(51 709)**	(72 194)	**(501 857)**	(525 087)
Share-based payment expense	**(21 441)**	(33 661)	**–**	–	**(21 441)**	(33 661)
Other expenses	**(428 707)**	(419 232)	**(51 709)**	(72 194)	**(480 416)**	(491 426)
Segment result	**332 420**	271 932	**7 753**	6 613	**340 173**	278 545
Segment financial income/(expense)	**14 750**	15 449	**(5 264)**	(881)	**9 486**	14 568
Finance and dividend income	**10 891**	11 108	**22**	323	**10 913**	11 431
Other income/(expense)	**3 859**	4 341	**(5 286)**	(1 204)	**(1 427)**	3 137
Segment finance expense	**(22 396)**	(16 405)	**(117)**	(36)	**(22 513)**	(16 441)
Segment share of loss of associate	**(1 960)**	–	**–**	–	**(1 960)**	–
Segment income from fund management	**322 814**	270 976	**2 372**	5 696	**325 186**	276 672
Income/(expense) attributable to policyholder linked assets and investment partnerships					**27 155**	(5 650)
Net fair value gains on policyholder and investment partnership financial instruments					**41 042**	1 679
Administration expenses borne by policyholders and investment in investment partnerships					**(13 887)**	(7 329)
Profit before income tax					**352 341**	271 022
Income tax expense					**(141 472)**	(93 434)
Taxation on shareholder profits					**(114 317)**	(99 084)
Taxation on policyholder investors contracts					**(27 155)**	5 650
Profit for the year					**210 869**	177 588

* Intersegment revenue has been eliminated.

	Africa		International		Group	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000	2009 R'000	2008 R'000
1 Segment information (continued)						
Segment report (continued)						
for the year ended 30 September 2009						
Attributable to:						
– equity holders of the company					207 379	172 943
– minority interest					3 490	4 645
Profit for the year					210 869	177 588
Segment assets	255 083	201 667	83 937	114 415	339 020	316 082
Intangible assets					1 097 309	1 097 309
Investment in associate					–	1 960
Deferred tax asset					5 183	5 181
Investments backing policyholder funds and investments held through investment partnerships					19 204 524	19 207 633
Total assets					20 646 036	20 628 165
Segment liabilities	314 345	377 098	17 042	22 622	331 387	399 720
Deferred tax liabilities					14 854	12 702
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships					19 189 670	19 195 113
Income tax payable					26 181	26 083
Total liabilities					19 562 092	19 633 618
Capital expenditure	2 639	16 410	132	2 307	2 771	18 717
Depreciation	5 861	5 048	1 303	1 837	7 164	6 885

	Segment revenue		Segment assets		Capital expenditure	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Business segments						
Institutional						
– South Africa	455 252	354 909	194 328	144 621	2 382	15 495
– Southern Africa other	39 235	44 572	17 295	23 650	112	300
Retail	288 081	325 344	43 460	33 396	145	615
International	59 462	78 807	83 937	114 415	132	2 307
Group	842 030	803 632	339 020	316 082	2 771	18 717

		2009 R'000	2008 R'000
2	Revenue		
	Management, performance and service fees	840 620	801 717
	Initial charges	1 410	1 915
		842 030	803 632
	Revenue comprises income earned from trust and other fiduciary activities undertaken by certain entities within the group.		
3	Finance and dividend income and expenses		
3.1	**Finance and dividend income**		
	Finance income on available-for-sale financial assets	122	286
	Finance income on financial assets at fair value through profit or loss	163	420
	Finance income from loans and receivables	10 567	10 497
	Dividend income on financial assets at fair value through profit or loss	61	228
		10 913	11 431
3.2	**Finance expenses**		
	Finance expense on interest-bearing borrowing at amortised cost	10 037	8 429
	Finance expense on trade and other payables at amortised cost	190	4 013
	Finance expense on bank overdraft	12 286	3 999
		22 513	16 441
4	Other (expense)/income		
	(Loss)/gain on disposal of available-for-sale financial assets	(1 564)	3 639
	Loss on disposal of financial assets at fair value through profit or loss	–	(227)
	(Loss)/gain on disposal of equipment	(375)	159
	Realised and unrealised foreign exchange losses	(3 571)	(3 589)
	Revaluation of financial assets at fair value through profit or loss	165	(141)
	Other sundry gains	3 918	3 296
		(1 427)	3 137

	2009 R'000	2008 R'000
5 Operating expenses		
are stated after taking into account:		
Auditor's remuneration		
Audit fees		
– current year	2 003	1 542
– current year (borne by policyholders and investors in investment partnerships)	154	154
– prior year	1 644	1 300
Fees for other services	973	1 037
Depreciation	7 164	6 885
Distribution expenses attributable to the group	52 799	67 125
Distribution expenses collected on behalf of third parties	38 569	41 176
Fund administration services	39 059	41 138
Information technology and communication	22 422	24 676
Marketing expenses	19 125	27 707
Operating lease payments	11 889	9 711
Personnel expenses (including directors' emoluments)		
– salaries and incentive compensation	234 479	207 742
– provident fund contributions	12 159	11 858
– social security costs	3 273	3 926
– restraint of trade payments	1 500	500
– share-based payment expense	21 441	33 661

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 29 and 30.

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.

The term of the options was extended to the last business day in January 2010 in order to allow employees to exercise their accumulated unexercised options. After this date, all unexercised options will expire.

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 the actuarial binomial valuation model.

The inputs into the model were as follows:

	18 December 2003
– Assumed employee turnover rate per annum	0%
– Expected volatility	30%
– Risk-free interest rate	8.8% – 9.2%
– Dividend yield	4.5%
– Expected life	3.5 – 4.5 years
– Exercise price (cents per share)	342
– Weighted average fair value at grant date (cents per share)	340
– Weighted average share price on options exercised during the year (cents per share)	450

	2009 Number	2008 Number
6 Share-based payment expense (continued)		
Share options (continued)		
Details of options outstanding:		
18 December 2003		
Outstanding at beginning of year	388 334	3 641 686
Exercised during the year	(135 000)	(3 253 352)
Outstanding and exercisable at end of year	253 334	388 334

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	15 253 895
– 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)

Details of shares held during the year	2009 Number	2008 Number
At beginning of year	**49 397 233**	50 509 525
Granted during the year	**–**	–
Forfeited during the year	**(5 000)**	(376 293)
Exercised during the year	**(20 538 338)**	(735 999)
At end of year	**28 853 895**	49 397 233

The model outputs and the expense recognised are in respect of completed 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. As a result, the Imvula Trust is consolidated into the group's financial statements and 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.

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 2008 year, Namibia Asset Management Limited established an employee share option scheme.

	2009 R'000	2008 R'000
6 Share-based payment expense (continued)		
Expense charged to profit or loss		
December 2003 options	–	149
Coronation Investments and Trading Limited transactions	9 381	20 947
BEE transaction	11 931	12 236
Namibia share scheme	129	329
Total expense	21 441	33 661
7 Income tax expense		
Taxation on shareholder profits		
Current tax		
South Africa		
– current tax on income for the year	93 515	83 489
– adjustments in respect of prior years	(295)	(12 563)
International		
– current tax on income for the year	5 685	9 820
– adjustments in respect of prior years	–	–
	98 905	80 746
Secondary tax on companies	15 304	22 990
Total current tax	114 209	103 736
Deferred tax		
South Africa	108	(4 652)
– origination and reversal of temporary difference	108	(4 648)
– reduction in tax rate	–	(4)
International	–	–
Total deferred tax	108	(4 652)
Taxation on shareholder profits	114 317	99 084
Taxation on policyholder investment contracts	27 155	(5 650)
Income tax expense	141 472	93 434
The rates of corporation tax for the relevant years are:		
South Africa	28%	28%
International (average)	26%	26%
Profit from fund management before tax	325 186	276 672
Taxation on shareholder profits	114 317	99 084
Effective tax rate on profit from fund management	35%	36%

	2009 R'000	2008 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%	91 052	77 468
Effect of tax rates in foreign jurisdictions	(1 602)	(542)
Share of loss of associate	549	–
Share-based payment expense	6 003	9 425
Secondary tax on companies	15 304	22 990
Non-deductible expenses	3 327	5 164
Non-taxable capital profit	(4)	(1 632)
Tax exempt income	(17)	(64)
Effect of tax losses utilised	–	(1 158)
Overprovided in prior years	(295)	(12 563)
Reduction in opening deferred tax resulting from reduction in tax rate	–	(4)
Taxation on shareholder profits	114 317	99 084
Taxation on policyholder investment contracts		
Current tax		
South Africa		
– current tax on income for the year	24 821	27 090
Deferred tax		
South Africa	2 334	(31 179)
Reduction in opening deferred tax resulting from reduction in tax rate	–	(1 561)
Taxation on policyholder investment contracts	27 155	(5 650)
Income tax expense	141 472	93 434

	2009	2008
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	65.8	53.9
	Number	Number
Issued ordinary shares at beginning of year	315 774 163	320 732 799
Effect of shares issued	88 767	1 802 815
Effect of shares repurchased and cancelled	(763 254)	(1 454 872)
Weighted average number of ordinary shares in issue during the year	315 099 676	321 080 742
Weighted average number of shares resulting from future dilutive staff share options	99 555	190 637
Weighted average number of shares resulting from dilutive ordinary shares arising from the BEE transaction	33 380 565	33 625 233
Adjusted weighted average number of potential ordinary shares in issue	348 579 796	354 896 612
	R'000	R'000
Earnings attributable to shareholders	210 869	177 588
Minority interest	(3 490)	(4 645)
Earnings attributable to ordinary shareholders	207 379	172 943
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	60.0	49.5
	R'000	R'000
Earnings attributable to equity holders of the company	207 379	172 943
Secondary tax on companies on Imvula preference shares	1 742	2 742
Diluted earnings attributable to ordinary shareholders	209 121	175 685

8 Earnings per share (continued)

Headline earnings per share

Headline earnings per share is calculated in accordance with circular 3/2009 issued by the South African Institute of Chartered Accountants.

	Profit before tax R'000	Tax R'000	Minority share-holders' interest R'000	Earnings attributable to ordinary shareholders R'000	Per share Cents
2009					
Per the financial statements	352 341	(141 472)	(3 490)	207 379	65.8
Adjustments:					
Loss on disposal of equipment	375	(101)	6	280	0.1
Loss on disposal of financial assets available-for-sale	1 564	(143)	–	1 421	0.5
Headline earnings	**354 280**	**(141 716)**	**(3 484)**	**209 080**	**66.4**
Diluted headline earnings per share					**60.5**
2008					
Per the financial statements	271 022	(93 434)	(4 645)	172 943	53.9
Adjustments:					
Loss 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

	2009	2008
Dividends per share	Cents	Cents
– interim dividend	13	16
– final dividend payable	37	30
Total dividend	50	46

	2009 R'000	2008 R'000
9 Intangible assets		
Goodwill – Cost less accumulated amortisation	1 093 309	1 093 309
Trademark – Cost less accumulated amortisation	4 000	4 000
Total intangible assets	1 097 309	1 097 309

There were no movements in intangible assets during the year. 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.

2009	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	24 404	11 945	4 885	3 663	44 897
Additions	1 727	685	308	51	2 771
Disposals	(2 179)	(785)	(120)	–	(3 084)
Exchange adjustments	(522)	(308)	(242)	(674)	(1 746)
At end of year	23 430	11 537	4 831	3 040	42 838
Accumulated depreciation					
At beginning of year	(18 590)	(1 737)	(1 736)	(2 150)	(24 213)
Depreciation	(3 744)	(1 888)	(780)	(752)	(7 164)
Disposals	1 799	784	120	–	2 703
Exchange adjustments	427	170	287	447	1 331
At end of year	(20 108)	(2 671)	(2 109)	(2 455)	(27 343)
Net carrying value – 2009	3 322	8 866	2 722	585	15 495
2008					
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

	2009 R'000	2008 R'000
11 Investment in associate		
Analysis of the movement in our share of net assets		
At beginning of year	1 960	1 960
Share of losses of associate	(1 960)	–
At end of year	–	1 960
Directors' valuation – unlisted associate	–	1 960

Summary financial information of associate:

2009	Country	Ownership %	Assets R'000	Liabilities R'000	Accumulated deficit R'000	Revenues R'000	Loss R'000
Professional Provident Society Investments (Pty) Limited	South Africa	49	2 857	15 012	(12 155)	5 633	(4 739)

2008	Country	Ownership %	Assets R'000	Liabilities R'000	Accumulated deficit 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)

The group's share of losses of Professional Provident Society Investments (Pty) Limited has been equity accounted in 2009 and as a result the investment in associate has been written down to zero value.

The group's cumulative unrecognised share of losses amounts to R12.2 million at year-end.

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

	Assets		Liabilities		Net	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000	2009 R'000	2008 R'000
12 Deferred tax						
Deferred tax assets and liabilities are attributable to the following:						
Employee benefits	3 406	3 975	–	–	3 406	3 975
Tax loss	185	198	–	–	185	198
Equipment	1 548	–	–	(182)	1 548	(182)
Unrealised fair value adjustments on financial assets						
– shareholders	44	1 008	–	–	44	1 008
– policyholders	–	–	(14 854)	(12 520)	(14 854)	(12 520)
Net deferred tax assets/(liabilities)	5 183	5 181	(14 854)	(12 702)	(9 671)	(7 521)

Movement in deferred tax	Balance 2008 R'000	Reduction due to change in tax rate R'000	Recognised in income R'000	Recognised in equity R'000	Balance 2009 R'000
Employee benefits	3 975	–	(569)	–	3 406
Tax loss	198	–	(13)	–	185
Equipment	(182)	–	690	1 040	1 548
Unrealised fair value adjustments on financial assets	(11 512)	–	(2 334)	(964)	(14 810)
	(7 521)	–	(2 226)	76	(9 671)

Movement in deferred tax	Balance 2007 R'000	Reduction due to change in tax rate 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)

	2009 R'000	2008 R'000
13 Investments backing policyholder funds and investments held through investment partnerships		
Net fair value gains on policyholder and investment partnership financial instruments carried at fair value through profit or loss		
Investment income	1 269 249	1 101 987
Realised and unrealised gains/(losses) on financial assets	815 332	(1 275 021)
(Increase)/decrease in liabilities to policyholders and holders of redeemable interests in investment partnerships	(2 043 539)	174 713
	41 042	1 679

	2009 R'000	2008 R'000
13 Investments backing policyholder funds and investments held through investment partnerships (continued)		
Equities	7 743 112	7 777 420
Mining	592 939	1 028 029
Banks, insurance and financial services	1 111 366	1 026 006
Industrial, retail and other sectors	5 985 456	5 669 089
Unlisted investments	53 351	54 296
Derivative financial instruments	19 844	85 190
Property	486 724	410 285
Interest-bearing stocks, debentures and other loans	3 494 193	3 024 851
Deposits at financial institutions	4 718 464	5 313 409
Domestic unit trusts	141 285	117 739
Mutual funds	1 565 028	1 399 255
International equities	94 673	7 104
International bonds	53 063	–
	18 316 386	18 135 253
Listed investments at market value	18 263 035	18 080 957
Unlisted investments at directors' valuation	53 351	54 296
	18 316 386	18 135 253
Investments at book value	17 827 890	20 855 479
Unrealised investment gains/(losses)	488 496	(2 720 226)
Partnership trade receivables	888 138	1 072 380
Balance at end of year	19 204 524	19 207 633
Comprising:		
Investments backing policyholder funds	17 170 226	16 097 598
Investments held through investment partnerships	2 034 298	3 110 035
	19 204 524	19 207 633
14 Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships		
Movement in financial liability:		
Balance at beginning of year	19 195 113	18 437 426
Contributions and investment income	9 912 531	9 079 490
Contributions from policyholders and investors	8 643 282	7 977 503
Investment income	1 269 249	1 101 987
Withdrawals and deductions	(9 678 230)	(7 907 405)
Withdrawals by policyholders and investors	(9 637 188)	(7 905 726)
Operating expenses	(13 887)	(7 329)
Taxation on policyholder investment contracts	(27 155)	5 650

	2009 R'000	2008 R'000
14 Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships (continued)		
Realised and unrealised net fair value gains/(losses) on investments designated at fair value through profit or loss backing policyholder funds and holders of interest in investment partnerships	815 332	(1 275 021)
Trade payables	(190 093)	(82 074)
Short positions	(864 983)	942 697
Balance at end of year	19 189 670	19 195 113
Comprising:		
Liability to policyholders in respect of investment contracts	17 155 372	16 085 078
Liability to holders of redeemable interests in investment partnerships	2 034 298	3 110 035
Deferred tax liabilities	14 854	12 520
	19 204 524	19 207 633

The amount of cash placed as collateral in respect of borrowings amounts to R159 171 561 (2008: R27 369 993). This amount is recognised as a receivable by the investment partnerships. In addition to this, the investment partnerships have placed scrip as collateral amounting to R26 688 337 (2008: R13 961 900).

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 2009							
Cash and cash equivalents			99 672			99 672	99 672
Trade and other receivables			165 107			165 107	165 107
Loan receivable	15.3		39 140			39 140	39 140
Investments backing policyholder funds	13	17 170 226				17 170 226	17 170 226
Investments held through investment partnerships	13	2 034 298				2 034 298	2 034 298
Investment securities	15.2			19 606		19 606	19 606
Total financial assets		19 204 524	303 919	19 606	–	19 528 049	19 528 049
Bank overdraft					22 074	22 074	22 074
Trading and other payables					203 169	203 169	203 169
Liability to policyholders in respect of investment contracts	14	17 155 372				17 155 372	17 155 372
Liability to holders of redeemable interest in investment partnerships	14	2 034 298				2 034 298	2 034 298
Interest-bearing borrowing	16				106 144	106 144	106 144
Total financial liabilities		19 189 670	–	–	331 387	19 521 057	19 521 057

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 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

	2009 R'000	2008 R'000
15.2 Investment securities		
Financial assets available-for-sale		
– Mutual funds and unit trusts	**19 606**	36 312
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.		
15.3 Loan receivable		
This loan is interest-free and repayable within 12 months. Refer to subsequent events note in the directors' report.	**39 140**	39 137
16 Interest-bearing borrowing		
The borrowing is in respect of the group's BEE transaction.	**106 144**	110 419

The terms of the borrowing are as follows:
71 300 (2008: 74 000) cumulative redeemable fixed-rate preference shares of R1 000 per share at a rate of 9.12% per annum.
34 844 (2008: 36 419) 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.

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.

	2009 R'000	2008 R'000
17 Share capital		
Authorised		
750 000 000 (2008: 750 000 000) ordinary shares at par value of 0.01 (2008: 0.01) cent per share	75	75
	75	75
Issued, allotted and fully paid		
	Number	Number
Number of ordinary shares		
At beginning of year	315 774 163	320 732 799
Issued during the year (refer note 6)	135 000	3 253 352
Repurchased and cancelled during the year	(1 343 305)	(8 211 988)
At end of year	314 565 858	315 774 163
	R'000	R'000
Nominal value of ordinary shares		
At beginning of year	32	32
Issued during the year	–	–
Repurchased and cancelled during the year	(1)	–
At end of year	31	32
Share premium	255 008	260 552

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 20 to 22.

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 not considered material, 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.

As explained above, the group's exposure to financial risk arising from these financial assets and liabilities is not material, hence 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 2009 R'000	2008 R'000
Investment securities	19 606	36 312
Loan receivable	39 140	39 137
Trade and other receivables	165 107	111 496
Cash and cash equivalents	99 672	108 453
	323 525	295 398
The ageing of trade and other receivables at the reporting date was:		
Not past due	118 326	95 569
Past due 0-30 days	24 556	12 895
Past due 31-120 days	18 380	3 032
Past due 121-365 days	3 845	–
Total	165 107	111 496

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 services 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 2009

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	106 144	(129 031)	(12 781)	(32 622)	(33 916)	(49 712)	–
Trade and other payables	203 169	(202 998)	(202 998)				
Bank overdraft	22 074	(22 074)	(22 074)				
	331 387	(354 103)	(237 853)	(32 622)	(33 916)	(49 712)	–

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)				
	399 720	(465 108)	(296 295)	(5 377)	(10 753)	(44 085)	(108 598)

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:

	2009 R'bn	2008 R'bn
Assets under management – by geographical region		
Southern Africa	145	114
International	10	11
	155	125
Assets under management – by business segment		
Institutional	121	93
Retail	24	21
International	10	11
	155	125

In addition to the assets managed by Coronation, Namibia Asset Management Limited manages N$4.3 billion (2008: N$4.3 billion) worth of assets.

The group earns an average revenue margin of 56 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 7 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	1 year or less	1–5 years	Non-interest-bearing
2009				
Assets				
Investment securities	19 606	–	–	19 606
Loan receivable	39 140	39 140	–	–
Trade and other receivables	165 107	–	–	165 107
Cash and cash equivalents	99 672	99 672	–	–
	323 525	138 812	–	184 713
Liabilities				
Interest-bearing borrowing	106 144	–	106 144	–
Trade and other payables	203 169	–	–	203 169
Bank overdraft	22 074	22 074	–	–
	331 387	22 074	106 144	203 169
2008				
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

Cash and cash equivalents is comprised of bank accounts that 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.

Refer to note 16 for interest rates applicable to long-term borrowings.

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 South African 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).

2009

Currency	ZAR	NAMD	PULA	EUR	GBP	USD	Total
Exchange rate	1.0000	1.0000	1.1406	10.9962	12.0264	7.5093	
Assets							
Investment securities	1 014	3 926	–	–	–	14 666	19 606
Loan receivable	39 140	–	–	–	–	–	39 140
Trade and other receivables	135 523	4 941	1 988	1 341	6 491	14 823	165 107
Cash and cash equivalents	40 166	8 018	1 771	6 749	4 524	38 444	99 672
	215 843	16 885	3 759	8 090	11 015	67 933	323 525
Liabilities							
Interest-bearing borrowing	106 144	–	–	–	–	–	106 144
Trade and other payables	177 359	2 859	935	519	4 727	16 770	203 169
Bank overdraft	22 074	–	–	–	–	–	22 074
	305 577	2 859	935	519	4 727	16 770	331 387

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	27 824	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

Sensitivity analysis

A 10% 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 2008.

R'000 30 September 2009	Equity	Profit or loss
PULA	–	(300)
EUR	–	(757)
GBP	(1 467)	(629)
USD	–	(3 650)

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

A 10% 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.

	2009 R'000	2008 R'000
19 Commitments and contingent liabilities		
Operating lease commitments		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	13 757	10 577
Between one and five years	47 415	38 767
More than five years	10 483	15 783

Future sublease payments expected to be received under non-cancellable subleases amount to R9 788 126 as at 30 September 2009.

At 30 September 2009, 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 (refer pages 20 to 22).

The related party receivable of R13 million (refer note 21) at 30 September 2009 relates to loans made to Professional Provident Society Investments (Pty) Limited in terms of the shareholder agreement.

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, executive committee, directors of subsidiary companies and senior management of Coronation. In the prior year, key management personnel was defined as the board of directors and executive committee of Coronation. The expanded definition has contributed to the significant increase compared to the prior year. 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

	2009 R'000	2008 R'000
Short-term remuneration	79 859	39 565
Long-term remuneration	385	–
Share-based payment	12 745	16 421
Total	92 989	55 986

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 30.

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 (to)/by 2009 R'000	Indebtedness (to)/by 2008 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	**(197 256)**	(205 194)
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)	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	**12 988**	8 970

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:

	2009 R'000	2008 R'000
Profit	228 888	201 705
Losses	(137)	(448)
Total	**228 751**	201 257

22 Note to the consolidated statement of cash flows

	2009 R'000	2008 R'000
Non-cash and other adjustments		
Deferred tax – policyholder funds	(2 334)	32 740
Depreciation	7 164	6 885
Finance expense	22 513	16 441
Finance and dividend income	(10 913)	(11 431)
Loss/(gain) on disposal of financial assets	1 399	(3 412)
Loss/(gain) on disposal of equipment	375	(159)
Share of loss of associate	1 960	–
Share-based payment expense	21 441	33 661
Realised and unrealised foreign exchange losses	–	141
Total	**41 605**	74 866

Company income statement | for the year ended 30 September 2009

		2009 R'000	2008 R'000
Financial income		**181 984**	302 018
Dividend income			
– subsidiaries		181 928	301 579
– other		–	64
Finance income	b	56	602
Other income		–	(227)
Operating expenses		(2 367)	(1 386)
Finance expense	b	(16 572)	(30 145)
– Imvula Trust		(16 539)	(27 416)
– other		(33)	(2 729)
Profit before income tax		**163 045**	270 487
Income tax expense	c	(13 578)	(19 993)
Profit for the year		**149 467**	250 494

Company balance sheet | for the year ended 30 September 2009

		2009 R'000	2008 R'000
Assets			
Investment in subsidiary	d	2 422 156	1 815 701
Investment in associate	d	–	1 960
Amount due from group company	f	1 960	–
Cash and cash equivalents		247	461
Total assets		2 424 363	1 818 122
Liabilities			
Liability to Imvula Trust	e	147 176	147 176
Amount due to group company	f	197 256	205 194
Income tax payable		188	619
Trade and other payables		125	256
Total liabilities		344 745	353 245
Net assets		2 079 618	1 464 877
Equity			
Share capital and premium	g	755 818	761 373
Retained earnings		658 194	644 353
Revaluation reserve		665 606	59 151
Total equity		2 079 618	1 464 877

Company statement of changes in equity | for the year ended 30 September 2009

R'000	Share capital	Share premium	Retained earnings	Revaluation reserve	Total equity
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
Revaluation of available-for-sale financial assets				606 455	606 455
Profit for the period			149 467		149 467
Total recognised income and expense for the year			149 467	606 455	755 922
Dividends paid			(135 626)		(135 626)
Shares issued		462			462
Shares repurchased and cancelled	(1)	(6 016)			(6 017)
Balance at 30 September 2009	31	755 787	658 194	665 606	2 079 618

Company statement of cash flows | for the year ended 30 September 2009

	2009 R'000	2008 R'000
Cash flows from operating activities		
Profit for the year	149 467	250 494
Non-cash and other adjustments		
– Income tax expense	13 578	19 993
– Interest paid	16 572	30 145
– Interest received	(56)	(602)
– Non-cash adjustments	–	227
Operating profit before changes in working capital	179 561	300 257
Working capital changes	(10 029)	(47 424)
Increase in amount due from group company	(1 960)	–
Decrease in trade payables and amount due to group company	(8 069)	(47 424)
Cash generated from operations	169 532	252 833
Interest paid	(16 572)	(30 145)
Interest received	56	602
Income taxes paid	(14 009)	(24 238)
Net cash from operating activities	139 007	199 052
Cash flows from investing activities	1 960	30 927
Proceeds on disposal of financial assets at fair value through profit or loss	–	30 927
Proceeds on disposal of investment in associate at cost	1 960	–
Cash flows used in financing activities	(141 181)	(230 916)
Shares repurchased and cancelled	(6 017)	(39 575)
Shares issued	462	11 143
Dividends paid	(135 626)	(202 484)
Net decrease in cash and cash equivalents	(214)	(937)
Cash and cash equivalents at beginning of year	461	1 398
Cash and cash equivalents at end of year	247	461

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, financial assets classified as available-for-sale and cash and cash equivalents.

The accounting policies set out on pages 34 to 45 have been applied consistently to all periods presented in these financial statements.

b Finance income and expenses

	2009 R'000	2008 R'000
Finance income		
Finance income on financial assets at fair value through profit or loss	–	420
Finance income on cash and cash equivalents	56	164
Finance income from other receivables	–	18
	56	602
Finance expenses		
Finance expense on interest-bearing borrowings	16 539	27 416
Finance expense on trade and other payables	33	3
Finance expense on bank overdraft	–	2 726
	16 572	30 145

	2009 R'000	2008 R'000
c Income tax expense		
Current tax		
South Africa		
– current tax on income for the year	15	1 818
– adjustments in respect of prior years	–	(7)
	15	1 811
Secondary tax on companies	13 563	20 248
Total current tax	13 578	22 059
Deferred tax		
South Africa	–	(2 066)
Total income tax expense	13 578	19 993
The standard rate of corporation tax for the year is:	28%	28%
Profit before tax	163 045	270 487
Tax on profit	13 578	19 993
Effective tax rate	8%	7%
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%	45 653	75 736
Secondary tax on companies	13 563	20 248
Non-deductible expenses	5 303	8 892
Tax exempt revenues	(50 941)	(86 455)
Capital profit	–	1 650
Underprovided in prior years	–	(7)
Reduction in opening deferred taxes resulting from reduction in tax rate	–	(71)
Total income tax expense for the year	13 578	19 993
d Investment in group companies		
Investment in subsidiary: Coronation Investment Management (Pty) Limited		
Unlisted shares		
– at cost	1 756 550	1 756 550
– revaluation adjustment	665 606	59 151
Investment in subsidiary at market value	2 422 156	1 815 701
Investment in associate: Professional Provident Society Investments (Pty) Limited (PPSI)		
Unlisted shares		
– at cost less accumulated impairment and share of loss of associate	–	1 960

The company sold its investment in PPSI to Coronation Investment Management (Pty) Limited, a subsidiary of the company, with net retrospective effect to 1 October 2006. The disposal was only accounted for with effect from 1 October 2008.

	2009 R'000	2008 R'000
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 Amounts due to and from group companies

These amounts are unsecured, not subject to interest and are repayable on demand.

g Share capital and premium

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

h Commitments

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

i 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 2009

Distribution of shareholders	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	956	30.17	532 809	0.17
1 001 – 10 000 shares	1 452	45.82	6 116 010	1.94
10 001 – 100 000 shares	510	16.09	15 932 632	5.06
100 001 – 1 000 000 shares	192	6.06	66 692 621	21.20
1 000 001 shares and over	59	1.86	225 291 786	71.63
	3 169	100.00	314 565 858	100.00

Distribution of shareholders	Number of shareholders	%	Number of shares	%
Banks	25	0.79	5 118 018	1.63
Brokers	3	0.09	875 651	0.28
Close corporations	38	1.20	488 701	0.15
Endowment funds	19	0.60	2 332 577	0.74
Individuals	2 206	69.62	13 004 199	4.13
Insurance companies	15	0.47	5 825 472	1.85
Investment companies	26	0.82	59 262 646	18.84
Medical aid schemes	4	0.13	1 152 408	0.37
Mutual funds	103	3.25	86 396 406	27.46
Nominees and trusts	418	13.19	22 885 521	7.28
Other corporations	37	1.17	367 970	0.12
Pension funds	110	3.47	42 570 422	13.53
Private companies	54	1.70	4 336 187	1.38
Public companies	13	0.41	350 909	0.11
Staff holdings	98	3.09	69 598 771	22.13
	3 169	100.00	314 565 858	100.00

Public/non-public shareholders	Number of shareholders	%	Number of shares	%
Non-public shareholders	99	3.12	109 176 887	34.71
Directors	6	0.19	13 926 927	4.43
Strategic holdings (more than 10%)	1	0.03	39 578 116	12.58
Shares held by staff	92	2.90	55 671 844	17.70
Public shareholders	3 070	96.88	205 388 971	65.29
	3 169	100.00	314 565 858	100.00

Geographical ownership	Number of shareholders	%	Number of shares	%
South Africa	3 053	96.34	298 919 216	95.03
International	116	3.66	15 646 642	4.97
	3 169	100.00	314 565 858	100.00

Shareholders with beneficial interest of 5% or more in shares	Number of shares	%
Coronation Investments and Trading Limited	39 578 116	12.58
Louis Stassen	18 044 153	5.74

Major institutional manager	Number of shares	%
Government Employees Pension Fund	14 864 650	4.73

Notice to shareholders

Notice is hereby given that the 36th 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, 21 January 2010, 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 2009.

2 a) To re-elect Prof Alexandra Watson 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 Ms Judith February 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 23 of the financial report of which this notice of annual general meeting forms part.

3 To confirm the appointment of Mr John (Jock) McKenzie as a director of the company.

4 To confirm the appointment of Mr Anton Pillay 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, as amended, and the Listings Requirements of the JSE Limited, 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 9 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 11.30 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 9, 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 23)

- Major shareholders (page 86 and 87)

- Directors' interests in securities (page 29)

- 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 resolution number 9 and special resolution number 1 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.

Notice to shareholders

- 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

11 December 2009

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: ZAE000047353)
('the company')

Form of proxy

Thirty-sixth 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, 21 January 2010, 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 2009			
2 a) To re-elect retiring director Prof Alexandra Watson who is eligible and available for re-election b) To re-elect retiring director Ms Judith February who is eligible and available for re-election			
3 To confirm the appointment of Mr John (Jock) McKenzie as a director			
4 To confirm the appointment of Mr Anton Pillay 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, 19 January 2010.

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, 21 January 2010 at 10:00

Corporate information

Share code: Ordinary shares: CML

ISIN number: ZAE000047353

Board of directors

Shams Pather (chairman)	
Hugo Nelson (chief executive officer)	
Judith February	
Jock McKenzie	Appointed 11 May 2009
Anton Pillay	Appointed 25 June 2009
Alexandra Watson	

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 1st 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, 1st 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

DURBAN Unit 7 Rydal Vale Park, Douglas Saunders Drive, La Lucia Ridge, Durban Telephone: +27 (0)31 584 5822 Fax: +27 (0)31 566 1049

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, 2nd 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