CORONATION FUND MANAGERS ANNUAL REPORT 2010

Annual Report 2010

CORONATION
FUND MANAGERS

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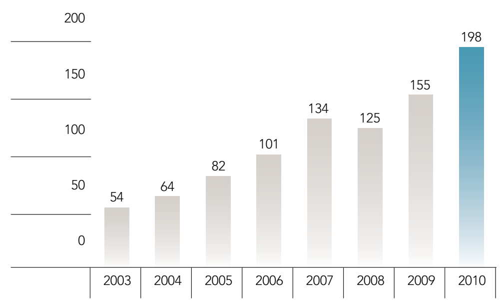
Our vision is to deliver investment excellence to our clients – excellence of investment performance, innovative products and client service.

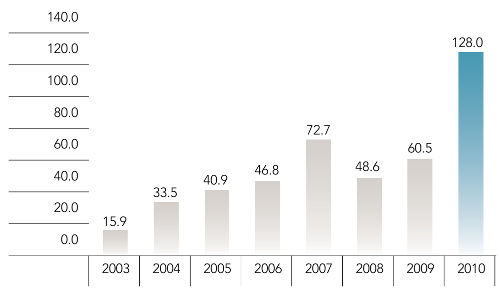
We are an independent investment business focused on the long term, with a strong culture of staff ownership and entrepreneurial flair. Our people are independent thinkers with shared values and the ability to achieve with passion and energy. With a singular focus on fund management, we strive to be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

- Founded in 1993
- Only separately listed asset manager on the JSE
- 30% of our business is owned by all staff
- 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
- 48 Morningstar/Financial Mail Fund Awards for individual fund performances
- Best Africa Manager of the Year – 2010 Africa Investor Index Series Awards
- A client-centred business

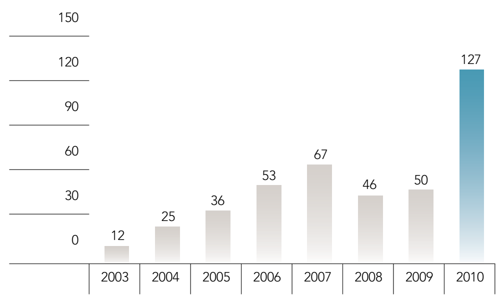
Assets under management (R billion)



Diluted headline earnings per share (cents)



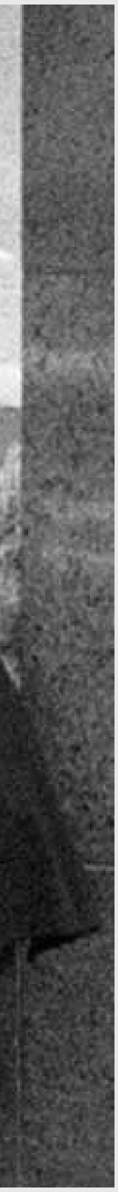
Distribution per share (cents)



FINANCIAL HIGHLIGHTS
for the year ended 30 September 2010

	2010	2009	2008	2007	2006
Clients					
Assets under management					
Opening market value (Rbn)	**155.0**	125.0	134.0	101.4	81.9
Net flows (Rbn)	**12.5**	8.8	(3.9)	1.5	1.9
Capital appreciation/(depreciation) (Rbn)	**30.5**	21.2	(5.1)	31.1	17.6
Closing market value (Rbn)	**198.0**	155.0	125.0	134.0	101.4
Shareholders					
Shareholders' equity (Rm)	**1 249**	1 084	995	1 013	1 250
Shares in issue (thousand)	**314 819**	314 566	315 774	320 733	349 577
Weighted average shares in issue (thousand)	**314 733**	315 100	321 081	348 894	376 671
Net asset value per share (cents)	**396.8**	344.6	315.0	315.8	357.0
Headline earnings per share (cents)	**138.9**	66.4	52.9	79.6	51.9
Diluted headline earnings per share (cents)	**128.0**	60.5	48.6	72.7	46.8
Dividend distribution per share (cents)	**127.0**	50.0	46.0	47.0	–
Capital distribution per share (cents)	**–**	–	–	20.0	53.0
Financial summary					
Total revenue (Rm)	**1 377**	851	818	1 008	742
Fee revenue (Rm)	**1 352**	842	804	962	706
Financial income (Rm)	**25**	9	14	46	36
Operating expenses (Rm)	**718**	502	525	564	437
Profit from fund management activities (Rm)	**651**	325	277	432	294
Cost-to-income ratio (excluding IFRS 2) (%)	**51.7**	59.3	62.1	53.2	53.5
Cash flow from operating activities (Rm)	**488**	211	97	354	311
Market information					
Volume of shares traded (million)	**82**	87	122	121	118.3
Value of shares traded (Rm)	**857**	486	762	992	691
Closing share price (cents)	**1 479**	770	575	867	600
Number of employees	**198**	188	183	169	155

In 1969, two friends bought a lion cub from a department store in London and named him Christian.



Choosing the right fund manager is the most important investment decision an investor will make. Markets are cyclical and a long-term investment manager with a good track record will have both great years and challenging years. It is important that investors understand that this comes with the territory. There are no short cuts to wealth creation.

TRUST IS EARNED

Shams Pather

Coronation consolidated its standing as a leader in the asset management industry with an excellent set of results for the year. Our outstanding investment performance in highly volatile market conditions and appropriate product positioning attracted significant flows in all areas of the business. In particular, our share of retail long-term funds increased to 7.5% (2009: 5.5%), taking us from 6th to 3rd largest long-term fund manager in the country.

The volatility in global financial markets was influenced by exaggerated fears of a double-dip recession in the developed world. Given the still worryingly high rate of joblessness in the US, a second round of quantitative easing was announced in November, further weakening the dollar and pushing up risk asset prices. Talks of currency wars and protectionism abound and the growth outlook for the US, Japan and Europe is fragile. Locally, we are feeling the effects of the global search for yield as international investors flood developing markets. As at 30 September, the FTSE/JSE All Share Index is just 5% short of its May 2008 peak, the rand has strengthened by 11% against the US dollar and CPI at 3.2% is at a five-year low.

The healthy rate of growth in assets under management to R198 billion (2009: R155 billion) reflects the strength of the business. It is both a measure of the unwavering trust clients place in our ability to deliver solid long-term investment performance and the growing strength of the Coronation brand in attracting new clients.

Revenue increased by 61% to R1.35 billion (2009: R842 million). Together with a continued focus on cost containment, profit for the period advanced by 109% to R440 million (2009: R211 million). Accordingly, diluted headline earnings per share grew by 112% to 128 cents (2009: 60.5 cents), a decidedly favourable outcome.

We continue to reward shareholders through regular and significant distributions of free cash flow generated. We endeavour to distribute at least 75% of after-tax cash profit. Taking into account projected cash requirements, we have increased the final dividend to 76 cents per share, which will result in a total dividend of 127 cents per share for the year.

Corporate governance

Coronation has applied the principles of the Code of Corporate Practices and Conduct as set out in King III and is a signatory to the United Nations' Principles for Responsible Investment.

Our approach to corporate governance allows the board to execute its duties in an appropriate and effective manner. The board comprises four independent non-executive directors and two executive directors, with all subcommittees chaired by non-executive directors.

Ownership

In a people-centred business, staff ownership is very much an essential pillar of our culture. We set exacting standards for ourselves and manage our clients' assets with a long-term view. Our total staff shareholding is 30%, of which one third is held through our equity empowerment partner, the Imvula Trust. We believe that this underpins our culture and is critical to the achievement of our vision.

Transformation

Transformation is a business imperative which makes practical business sense, the benefits of which extend to clients, partners, shareholders, staff and the economy. In terms of the Department of Trade and Industry's Code of Good Practice on Black Economic Empowerment we are a Level IV contributor.

Now in its sixth year, the outstanding debt of the Imvula Trust has been reduced by 57% and the structure is in a positive equity position.

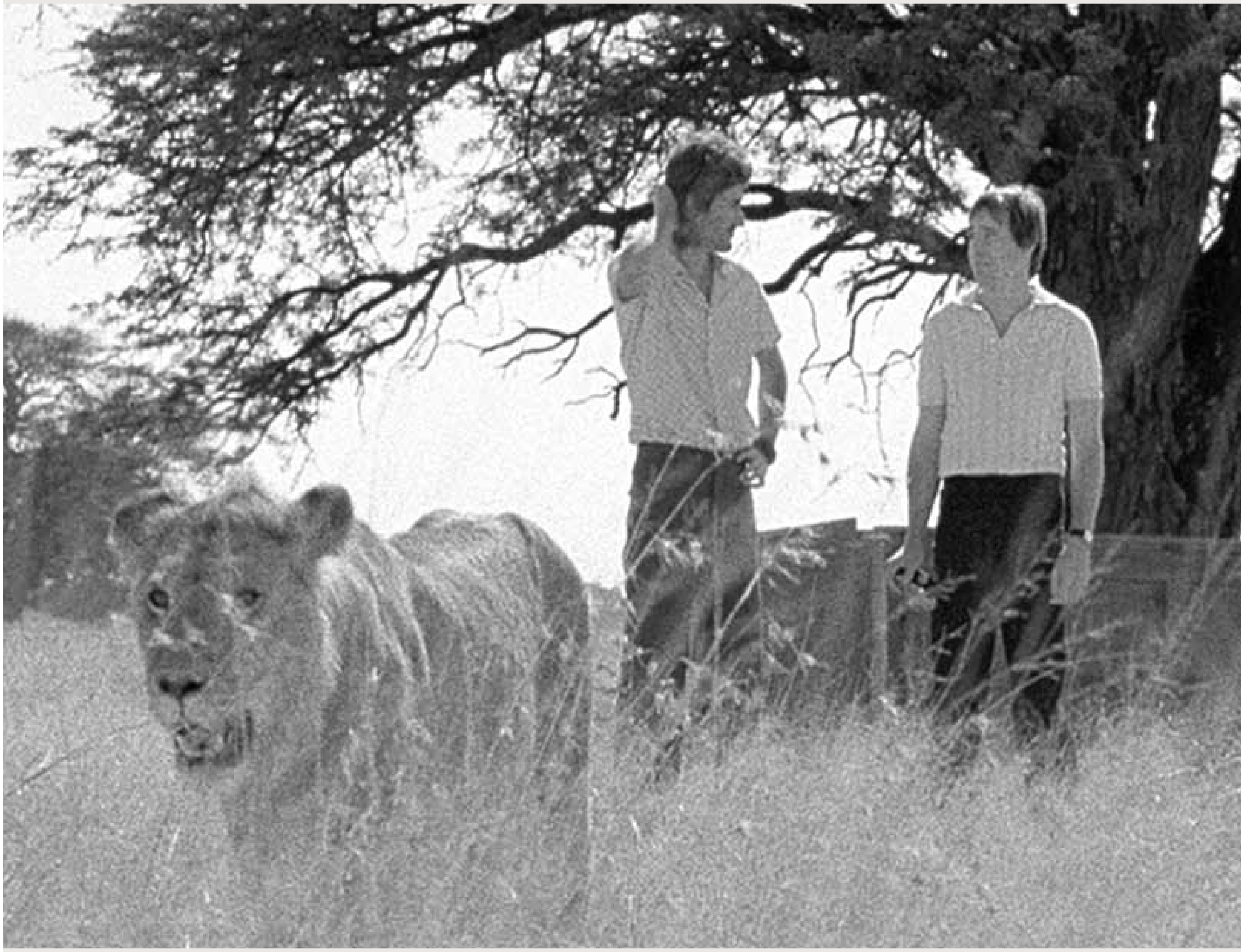
A full report on the many initiatives undertaken to achieve our transformation goals is detailed on pages 13 to 15.

Prospects

We have a robust business strategy and model that are sustainable through the various market cycles and remain committed to delivering superior long-term returns for all our stakeholders. The past year was exceptional and we therefore caution against future revenue growth expectations.

Acknowledgements

Coronation has enjoyed its most successful year in its 17-year history. I wish to thank management and staff for their dedication and focus in making this happen. I also thank my fellow board members for their contribution and support, and our clients, intermediaries and shareholders, whose trust and belief in our vision has brought us to where we are today.



When Christian grew too big, his owners knew that they had no choice but to release him into the African wild.

Investing for the long term sounds intuitive: cut out the noise and fish where no-one else is fishing. In practice it is much harder than you might think. Fund management is a simple yet complex and highly skilled business where analytical skills, perspective and patience are essential. We take high conviction calls and are unwavering in our commitment to long-term investing.

TRUST IS EARNED

Hugo Nelson

The effects of the financial crisis continue to shape investor confidence. During the year financial markets were tossed to and fro by the risk on/off behaviour of market participants. The 30% rise in the price of gold is symptomatic of heightened scepticism around the global economic recovery. While the MSCI World Index only managed a return of 7.3% for the year (with 9% of this return coming in the month of September alone), investor unease with developed markets resulted in significant returns from emerging markets as capital scoured the globe for opportunities. The MSCI Emerging Markets Index rose by 20.5% (albeit still 13% below its peak of October 2007) and in South Africa, our developing market status resulted in a healthy 21% rand return from the FTSE/JSE All Share Index.

The recovery in the domestic markets created the perfect platform from which to demonstrate our skill; finding opportunity and remaining single-minded in our pursuit of alpha. 2010 was an incredible year for the business, where the strength of our long-term investment philosophy produced strong returns across all client portfolios. A particular highlight of the year was the exceptional growth of our retail business, supported by a strong brand presence through our print advertising and television commercial, 'Trust is Earned'.

Institutional

Strong investment performance, coupled with a solid reputation in the institutional market, resulted in gross new business inflows of R13 billion across all mandates. Our balanced portfolios, in particular, drew strong support, reflecting our best investment view across all asset classes.

Landscape

In a defined contribution pension world, the divergences in long-term sustainable performance of different asset managers represent an opportunity cost that can no longer be ignored or considered immaterial. Over the year we have seen an increase in demand for proven asset allocation skills and target return portfolios. Those managers, who over the past decade have honed their asset allocation skills rather than pursuing the specialist route, will benefit enormously. In terms of target return portfolios, this mix of asset allocation and risk management ensures that the decision-making rests in the hands of the fund manager; these have been solutions traditionally used by high-net-worth individuals and trusts.

Investment performance

Our absolute portfolios rank 1st across all reported time periods in the Alexander Forbes (AF) Conservative Global Manager Watch, convincingly outperforming their benchmarks. Also in 1st position are our domestic balanced portfolios in the AF SA Large Manager Watch over one year, and 3rd over the longer-term three and five-year periods. Similarly, the AF Global Large Manager Watch places our global balanced portfolios 2nd over one and three years and 3rd over five years to 30 September 2010.

Amidst high levels of volatility our international fund range has performed exceptionally well. Full details are covered later in this review.

Client-centric focus and product development

The volatility of markets in the aftermath of the financial crisis has significantly altered the landscape for many clients. Our role over the past year has been to consistently deliver the very best service at every touch point – what we refer to as 'non-investment alpha'. Key to this approach is direct, open and detailed dialogue.

In line with our positive long-term outlook for global markets and in meeting the needs of clients, two new funds were added to our US dollar-denominated UCITS III-compliant funds, now covering the full risk-return spectrum. The multi-asset Coronation Global Managed Fund provides investors with our best investment view across global markets, while the Coronation Global Bond Fund provides focused access to the world's fixed interest markets.

We continue to build presence in the Botswana market where relative performance has been strong.

Retail

More positive investor sentiment and broader market recovery saw the unit trust industry grow its asset base by 16% over the past 12 months, to R871 billion. This positive backdrop was in our case amplified by an increase in market support and brand awareness. Our relative long-term performance remained consistently and comfortably ahead of benchmarks across the spectrum of investor needs: from low-risk income funds through moderate-risk post-retirement income solutions, to local and international growth-oriented equity and multi-asset funds. This resulted in exceptional support from our clients, significantly increasing our share of the unit trust market from 6th to 3rd largest manager of long-term funds in the country.

Landscape

The industry achieved total inflows of R74 billion into long-term funds (up 64% year-on-year) and R29 billion into cash and near cash funds for the year to end September 2010. Long-term fund cash flow levels were positively impacted with the return of risk appetite as the market continued to recover. We therefore expect more muted flows for the next financial year.

The market's preference for multi-asset funds continued, with more than 60% of net cash flows into long-term funds invested in asset allocation funds. Local equity funds and both international equity and international multi-asset funds again attracted only modest support from investors.

Investment performance

The strength of performance in our domestic flagship unit trust range attracted unprecedented interest from investors. The Coronation Top 20 Fund celebrates its 10-year anniversary with a phenomenal 7.5% per annum outperformance of the FTSE/JSE Top 40 Index and the Coronation Balanced Plus Fund is the no. 1 balanced fund in the country over five years as measured by Morningstar to 30 September 2010. Likewise, Coronation Balanced Defensive is the top-performing fund in its category since inception more than three years ago in February 2007, while our flagship fixed interest fund, Coronation Strategic Income, has outperformed cash by 2.5% per annum since inception in 2001. The Coronation Capital Plus Fund, with a return of 15.3% per annum since inception, has beaten inflation by 9% per annum, and continues to deliver on its promise to clients.

Client-centric focus and product development

We simplified our fund range for investors by focusing on a range of key mandates to match the most important investor needs. This is reflected in our revamped website where we have introduced investor 'journeys' to both inform and educate investors.

Significantly enhancing our ability to do international business, approval was received from the local regulator in July to market a range of international funds for investors wishing to externalise rands. We have also streamlined our administrative and reporting systems to ensure that we can provide the same level of support to US dollar investors as we have historically provided to rand investors.

Efforts to increase awareness of Coronation's accessibility to the broader market were greatly enhanced by a targeted print advertising campaign and regular presentations to the intermediary market as part of our *Conversations with Coronation* series.

International

While global markets remain under pressure the Coronation international fund range delivered strong returns for both institutional and individual investors. Managed from both Cape Town and London, funds are managed with the same long-term investment philosophy – irrespective of geography.

Assets under management at US$1.97 billion is an all-time high.

Landscape

Markets started the year on a positive note, but by the third quarter mayhem in the equity markets had resumed. Asset prices declined sharply and volatility spiked, sending fear into the minds of those investors who had only recently started to tentatively re-enter the market. In response investors ran to the perceived safety of cash and US Treasuries. By the end of the final quarter, equity markets had again rallied.

Should the current mid-cycle slowdown result in a sustainable economic recovery, a developed world share market at 13 times earnings will look very cheap in a world characterised by a 2.5% 10-year Treasury yield, low inflation and rising corporate profits. While markets are likely to remain volatile for some time, we believe that the case for taking medium-term equity risk remains a strong one.

Investment performance

For the past five years the globally diversified multi-managed Coronation Global Equity Fund of Funds has outperformed the MSCI World Index benchmark by a staggering 2.8% per annum (in US dollars and net of all fees). Within a global context this is a truly exceptional achievement. Similarly, the Global Equity Alternative Strategy Fund of Funds has, since its launch in 1996, produced an annual return of 9%.

Our specialist Global Emerging Markets and Africa units also ended the year with impressive returns. The Coronation Global Emerging Markets Fund, since launch in July 2008, has beaten the MSCI Emerging Markets Index by 6.1% per annum, placing it 2nd amongst 35 peers. Furthermore, with a resounding 32.2% per annum out-performance of the FTSE/JSE Africa Top 30 Ex SA Index since inception in October 2008, the Coronation Africa Frontiers Fund contributed to Coronation being named 'Best Africa Manager of the Year' at the 2010 Africa Investor Index Series Awards.

Client-centric focus and product development

We believe that investing with a fund manager that the investing public knows and trusts is a key differentiator in offshore markets. After being burnt in the early 2000s, South African investors are not comfortable investing offshore. By giving clients direct access to decision makers we provide a very necessary channel of communication through the market cycle.

We offer a compelling range of funds across the risk/return spectrum underpinned by our integrated investment process and supported by a full global research team. With local assets fully valued and the rand strong, we believe that the opportunity most certainly lies offshore for the patient, long-term investor.

Initiatives

PPS Investments, the investment arm of the Professional Provident Society (our joint venture partner), has recorded strong growth in assets under management over the period and continues to gain traction in the market.

Namibia Asset Management produced good relative performance, ending the year with assets under management of NAD8.8 billion. With effect from 1 October 2010 our effective shareholding in the business reduced from 55% to 48%, as a result of the sale of our controlling interest in their staff share incentive structure.

We exited from our private equity partnership in our capacity as general partner in February 2010 but remain invested in the private equity fund as a limited partner.

Prospects

It would be unrealistic to believe that the business will continue to grow at these very high levels. We will consolidate our institutional business and nurture our growing retail and international franchises. We will continue to hold firmly to what we believe to be fundamental – a single focus on managing relevant and sustainable funds on behalf of our clients.

Unlocking potential

Transformation and the creation of sustainable broad-based black economic empowerment (B-BBEE) is an integral part of Coronation's business strategy. Independent non-executive director Judith February chairs the board's 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 and the Financial Sector Charter. Both the transformation task team and employment equity committee report into this committee regarding Coronation's progress towards B-BBEE scorecard targets, employment equity plan and employment equity reporting requirements. 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 B-BBEE partner, the Imvula Trust (Imvula), includes 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 our competitive advantage becomes.

Over the years we have devoted considerable time and resources to ensure 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 are proud of the success we have achieved in this regard.

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. A coaching panel has been established to offer employees external support to facilitate integration and career development.

Teamwork, individual achievement and continuous learning are all key components of our culture. Staff are encouraged to enhance their knowledge and skills through part-time study and by attending conferences and workshops. In most 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 2010 the South African staff complement, of which 53% is black, is 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	7	0	0	0	1	0	0	10
Professionally qualified and experienced specialists and mid-management	3	8	4	33	3	8	4	16	4	0	83
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	4	10	4	4	5	22	4	12	0	0	65
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	21	9	46	10	33	9	30	4	0	170
Temporary employees	0	0	0	2	0	0	0	1	0	0	3
Grand total	8	21	9	48	10	33	9	31	4	0	173

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

Within the South African investment team of 48 individuals 29% are black, of whom 8% are black females.

Procurement and enterprise development

Preferential procurement is where we believe transformation has the greatest impact as it provides real opportunity for the redistribution of wealth. By adhering to a procurement policy that strongly reflects B-BBEE as the central criterion, we are able to influence our suppliers to enhance their B-BBEE 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, niche black stockbrokers are allocated a minimum of 10% of total annual brokerage over periods of three to five years. Throughout the course of each financial year we maintain ongoing interaction with members of these stockbroking teams and provide assistance at both an operational and strategic level. The first three-year review took place in 2009, which provided the opportunity for other interested parties to apply for inclusion. The Coronation Business Support Programme continues to receive 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. The aim is to improve the final Grade 12 results and enable students to access higher education through bursaries provided by the ASSET Bursary Programme.

Unlocking potential

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

- Education Alive, now in its 35th year of existence, is an organisation committed to improving the standards of education in South Africa through strategic interventions into learning environments at all levels within formal education. Central to this is a focus on the educational development of foundation-phase learners through the Coronation-sponsored Reading Adventure Rooms in the Western Cape. The project involves specialised teacher training, the provision of stationery, workbooks and teacher manuals, and on-site monitoring three times a week. In the years prior to this intervention, an average of only 40% of Grade 1 pupils were at the required literacy level. Since the Reading Adventure Rooms were introduced in January of this year, this number has increased to 80% in the participating schools.

- The Western Cape Primary Science Programme Trust, through its Cluster Schools Project, develops primary school teachers' content knowledge of the natural sciences and provides in-depth support with good teaching in the classroom. This project works with small clusters of schools in urban townships and rural areas.

- The LEAP Science and Maths Teacher Training Programme aims to create a teacher development model that addresses the severe shortage of qualified teachers in South Africa. The programme includes practical classroom training, dedicated mentoring and specialised tuition for students studying their Bachelor of Education degree through the University of South Africa (Unisa). LEAP aims to recruit 10% of each year's matriculating learners for this programme.

Bursaries

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

Talented candidates also have the opportunity to be financed by the Staff Bursary Fund. This is a fund created in 2007 through voluntary donations made by staff, where the only obligation placed on the selected students is to pass their chosen course of study.

Coronation Growing Entrepreneurs Programme

The highly successful Coronation Growing Entrepreneurs Programme (Agri-planner), 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 the introduction of the Agri-planner programme, a total of 305 facilitators have been trained and mentored. The trained facilitators have in turn provided more than 3 662 small-scale black emerging farmers with the skills and knowledge to become sustainable micro Agri-entrepreneurs. A particular highlight of the programme has been the change in behaviour of the trained emerging farmers, who now supply to markets on a sustainable basis.

Over the past year the programme has also been adopted by more 'formal' agricultural training institutions, namely Buhle Agricultural Academy, Elsenberg Agricultural College and Boland College, where it now forms part of the curricula. It has also been successfully introduced by a number of NGOs to 40 school feeding schemes, providing support to more than 2 300 learners.

Building communities

For the 6th 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 again collected non-perishable foodstuffs, blankets and clothing for those less fortunate. 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 considered 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.

Years later the friends decided to visit Christian, fearing that he would not remember them. But memory proved more powerful than instinct.

Worldwide, investors have lost confidence in the global financial system and many remain uncertain as to where they should place their hard earned savings, let alone which institution they can trust. For over 17 years we have worked hard to build a solid long-term investment performance track record and earn our clients' trust.

TRUST IS EARNED

Coronation maintains a balanced approach to effective corporate governance. An evaluation of King III has been undertaken by management to assess King III maturity. The directors are of the opinion that Coronation has applied the principles of the Code of Corporate Practices and Conduct during the 2010 financial year as set out in King III. In the instances where the business has elected to not apply certain aspects, the board will provide explanation as required.

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 25.

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

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 33 and 34.

The board meets five times a year and additional meetings are convened as required. Material decisions may be taken between meetings by way of written resolution, as provided for in the Articles of Association. The non-executive directors are provided with comprehensive information on the business and are updated on business developments between board meetings. The board met on five occasions during the 2010 financial year. The evaluation of the board has been performed and assessed.

The composition of the board and its three committees, the audit and risk committee, the transformation committee and the remuneration and nominations committee for 2010, are as follows:

	Board of directors	Audit and risk committee	Transfor-mation committee	Remuner-ation and nominations committee
Shams Pather [1]	Chairman	Member		Chairman
Hugo Nelson [2]	CEO		Member	
Judith February [1]	Director		Chairman	
Jock McKenzie [1]	Director	Member		Member
Alexandra Watson [1]	Director	Chairman		
Anton Pillay [2]	COO		Member	

[1] *Independent non-executive*

[2] *Executive*

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

	Board of directors	Audit and risk committee	Transfor-mation committee	Remuner-ation and nominations committee
Shams Pather	100%	100%		100%
Hugo Nelson	100%		100%	
Judith February *	60%		100%	
Jock McKenzie	100%	100%		100%
Alexandra Watson	100%	100%		
Anton Pillay	100%		100%	

* *Appointed chairman of the transformation committee in February 2010*

Remuneration and nominations committee

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

The committee meets three times a year, in April, September and October, as well as on an ad hoc basis if required. The committee met on three occasions during the 2010 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 and nominations 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 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 supporting documentation.
- 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.
- Recommending the appointment of the external auditor and overseeing the external audit process.
- 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 compromised.

The audit committee believes that Mr Anton Pillay, the chief operating officer and director responsible for finance, possesses the appropriate expertise and experience to meet his responsibilities in that position as required by the JSE:

- We are satisfied with the expertise and adequacy of resources with the finance function.
- In making these assessments, we have obtained feedback from both external and internal audit.
- Based on the processes and assurances obtained, we believe that the accounting practices are effective.

In 2010, meetings were held five times and, where appropriate, attended by the internal and external auditors and invited 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.

Consistent with our focus on good corporate governance, an audit tender process was undertaken during the course of the year. The board has proposed that the company change auditors to Ernst & Young Inc.. The resolution for this change will be put forward at the forthcoming annual general meeting.

Based on the recommendations of King III, 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.

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. 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.

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.

Code of ethics

We encourage independence, responsibility and performance from all staff. Our philosophy is to conduct our affairs with honesty, integrity, diligence and professionalism. Within these parameters staff have the freedom and discretion to get the job done. We believe this is a major part of the success that we enjoy.

We all, directors and staff alike, aim to:

- Maintain a healthy environment in which teamwork and co-operation thrive, and treat each other with mutual respect, dignity and courtesy.
- Conduct business in a professional manner and with the highest standards of conduct and business ethics.
- Commit ourselves to improving productivity, efficiency and quality.
- Respect the confidentiality of corporate and client information.
- Not place ourselves in a position where our personal interest could conflict with our duties to the organisation and to our clients.
- Encourage a productive environment in which we are all able to achieve our full potential without fear of victimisation, harassment or abuse.

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. The risk management process involves the identification, assessment and prioritisation of risks that may impact the achievement of strategic and business objectives. The management, monitoring and reporting of these risks ensure that resources are used to minimise the probability of negative events or to maximise the realisation of opportunities. The business recognises that in a complex financial services environment, risk management processes and strategies at Coronation are evolutionary and subject to ongoing review and modifications which account for risk appetite, risk tolerance and risk resilience of the business. In addition, the responsibilities of the audit and risk committee 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. 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. 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 monitoring 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 identify risks and manage risks within the risk appetite of the business on a continuous basis.
- Embed risk management in the manner in which the business is run.
- Comply with appropriate risk management practices in terms of corporate governance guidelines.
- Apply and explain non-application of the requirements of the King III 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, assistant compliance officer and the financial analyst. Members of the equity research team are consulted when 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.

Liquidity risk

This is the risk that Coronation will not be able to meet its payment obligations as they fall due, or that the group may be forced to liquidate its positions under adverse conditions to meet the obligation. Coronation has controls and processes in place to ensure that future liquidity requirements are met.

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 approval from the chairman or the chief executive officer for all dealings in the company's shares (including offmarket transactions). For the chairman's own dealings, prior approval must be obtained from an independent non-executive director.

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. No activity in shares falling within the category of FTSE/JSE Top 40 Index will be permitted where the house has expressed a view for the purposes of dealing. 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 operating 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 as reflected on page 20 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 (UNPRI), a framework for achieving better long-term investment returns and more sustainable markets. It encompasses environmental, social and corporate governance (ESG) – the tenets of sustainable development.

Coronation applies the UNPRI and as a signatory commits to their adoption and implementation where consistent with our fiduciary responsibilities. We believe that applying these principles improves our ability to meet commitments to beneficiaries as well as better align our investment activities within the broader interests of society.

The six Principles for Responsible Investment are:

- Incorporate ESG issues into investment analysis and decision-making.
- Be active owners and incorporate ESG issues into our ownership policies and practices.
- Seek appropriate disclosure on ESG issues by entities in which we invest.
- Promote the acceptance and implementation of the principles within the investment industry.
- Work together to enhance our effectiveness in implementing the principles.
- Report on our activities and progress towards implementing the principles.

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

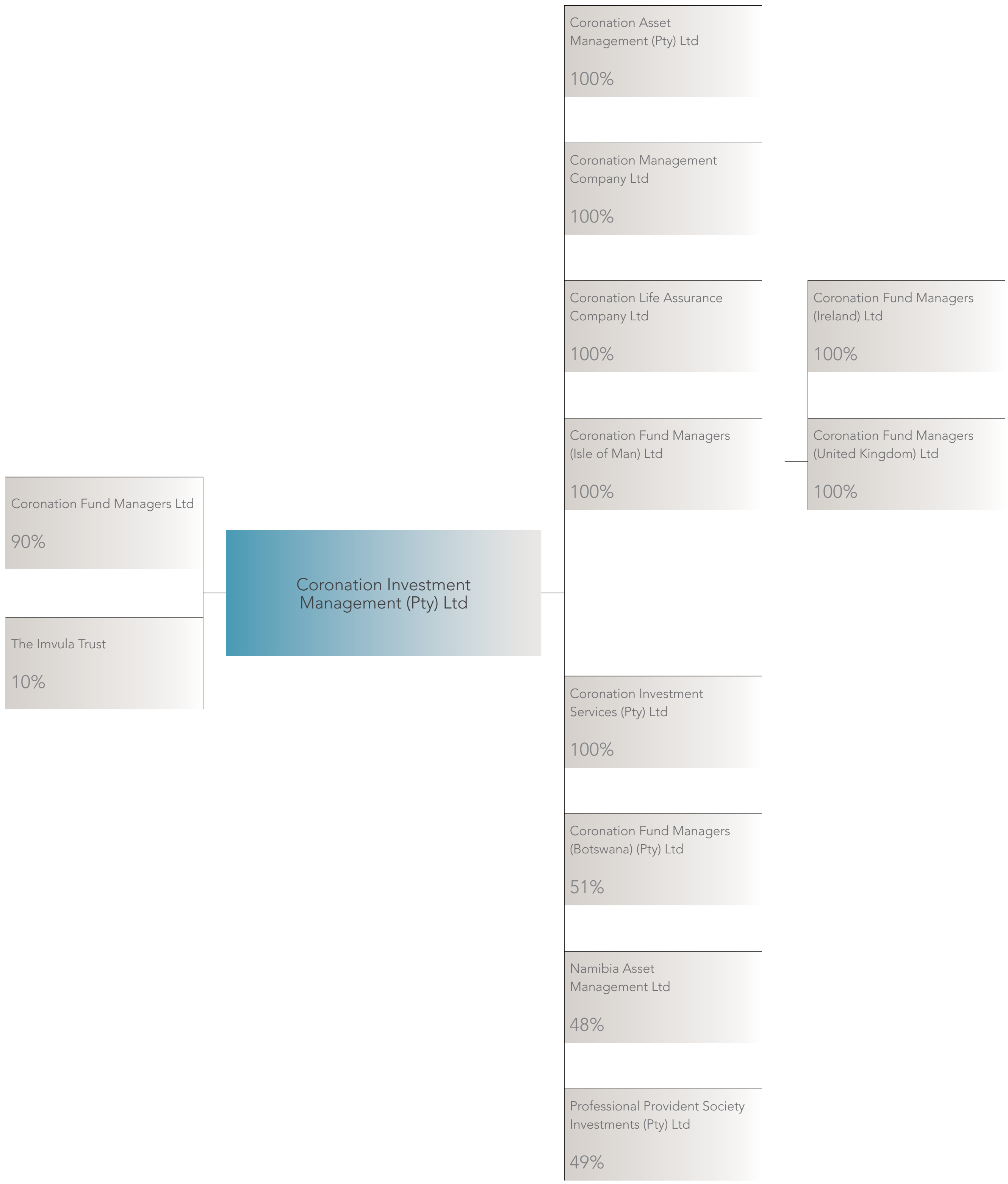
All directors have unlimited access to the services of the company secretary, who in turn has access to appropriate resources in the provision of this support. All directors are also entitled to seek independent professional advice with regard to the affairs of the company.

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.


Coronation Fund Managers Ltd
90%
The Imvula Trust
10%
Coronation Investment Management (Pty) Ltd
Coronation Asset Management (Pty) Ltd
100%
Coronation Management Company Ltd
100%
Coronation Life Assurance Company Ltd
100%
Coronation Fund Managers (Isle of Man) Ltd
100%
Coronation Fund Managers (Ireland) Ltd
100%
Coronation Fund Managers (United Kingdom) Ltd
100%
Coronation Investment Services (Pty) Ltd
100%
Coronation Fund Managers (Botswana) (Pty) Ltd
51%
Namibia Asset Management Ltd
48%
Professional Provident Society Investments (Pty) Ltd
49%

Shams Pather | Independent non-executive chairman, 60

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 and The Centre for Proteomics and Genomics Research. Shams is also a member of the UCT Joint Investment Council.

Judith February | Independent non-executive director, 38

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 served 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.

Anton Pillay | Chief operating officer, 40

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, general manager of investments 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.

Hugo Nelson | Chief executive officer, 40

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.

Jock McKenzie | Independent non-executive director, 63

BSc (Chem Eng), MA (Lancaster)

Jock is a member of the boards of Sappi and Wesgro and is the chair of 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. Jock was appointed to the board in May 2009.

Alexandra Watson | Independent non-executive director, 54

BCom (Hons), CA(SA)

Alexandra is a professor at the University of Cape Town, where she is the co-ordinator of teaching and learning in the department of accounting. She chairs the accounting practices committee, the technical accounting committee of SAICA and is a member of the GAAP monitoring panel. Alexandra 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.

Anton Pillay
Chief operating officer

Jock McKenzie
Independent non-executive director

Alexandra Watson
Independent non-executive director

Hugo Nelson
Chief executive officer

Judith February
Independent non-executive director

Shams Pather
Independent non-executive chairman

Hugo Nelson | Chief executive officer

MBChB, MBA (Oxon), CFA

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

Karl Leinberger | Chief investment officer

BBusSc, CA(SA), CFA

Karl joined Coronation in August 2000 as an equity analyst and was appointed head of research in 2005. He co-manages the Coronation Balanced Plus and Equity unit trust funds as well as 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, general manager of investments and head of banking. He has extensive knowledge and experience of the investment and banking industry.

Kirshni Totaram | Head of institutional business

BEconSc (Actuarial), FASSA, FIA

Kirshni joined Coronation in June 2000. She is an actuary and, prior to joining Coronation, worked at Metropolitan Life as head of the Aids Research Unit. Kirshni was appointed head of institutional business in April 2003, prior to which she was 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 analysing banks and co-managing the financial fund. He joined Coronation in August 2000 and in 2001 started managing segregated portfolios. Neville currently manages institutional portfolios within Coronation's aggressive equity portfolio range and the Coronation Market Plus Fund. He also co-manages the Coronation Top 20 Fund.

CONTENTS OF THE FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY REPORT

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 statements of financial position at 30 September 2010, and the statements of comprehensive income, 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 the AC 500 series issued by the Accounting Practices Board (APB) 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 2010 set out on pages 32 to 85 were approved by the board of directors on 10 December 2010 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 2010, I certify that Coronation Fund Managers Limited has lodged all returns required by the Act with the Registrar of Companies and that all such returns are true, correct and up to date.

John Snalam
Company secretary
10 December 2010

We have audited the group annual financial statements and annual financial statements of Coronation Fund Managers Limited, set out on pages 32 to 85, which comprise the statements of financial position at 30 September 2010, and the statements of comprehensive income, 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 2010, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.
Registered Auditor

Per AI van der Colff
Chartered Accountant (SA)
Registered Auditor
Director
10 December 2010

MSC House
1 Mediterranean Street
Foreshore
Cape Town 8001

Business activities

Coronation Fund Managers Limited (registration number 1973/009318/07) 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 consolidated its standing as a leader in the asset management industry with excellent results for the 12 months to 30 September 2010. Our outstanding investment performance in highly volatile market conditions and appropriate product positioning attracted significant flows in all areas of the business. The increase in market share to 7.5% (2009: 5.5%) of long-term funds by the retail business takes us from 6th to 3rd largest long-term fund manager in the country. While global markets remained volatile, the FTSE/JSE All Share Index closed the period just 5% shy of its May 2008 peak. Excellent stock selection, asset allocation and robust net inflows, underpinned by the recovery in the domestic market, resulted in assets under management reaching R198 billion (2009: R155 billion).

Revenue increased by 61% to R1.35 billion (2009: R842 million). Together with a continued focus on cost control measures, this resulted in a 109% increase in profit for the period to R440 million (2009: R211 million), translating into growth in diluted headline earnings per share of 112% to 128 cents (2009: 60.5 cents).

A general review of the operations of institutional, retail and international business segments is provided on pages 10 to 12.

Financial statements

The financial statements for the year ended 30 September 2010 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

We continue to reward shareholders through regular and significant distributions of free cash flow generated. We endeavour to distribute at least 75% of after-tax cash profit. Taking into account projected cash requirements, we have increased the final dividend to 76 cents per share which, together with the interim dividend of 51 cents per share, amounts to a total dividend of 127 cents per share for the year.

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 2010:

Coronation Investments and Trading Limited (CIT) – 12.01%

Louis Stassen – 5.53%

Subsidiary and associate companies

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

The group had an effective shareholding in Namibia Asset Management Limited of 54.9% and it was consolidated in the current year.

On 1 October 2010 Coronation disposed of 6.8% of its effective shareholding in Namibia Asset Management Limited and equity accounts for its 48.05% shareholding from that date.

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

There were no changes to the board of directors during the year.

Profiles of directors are provided on page 25.

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

Executive directors are not employed on fixed-term contracts and have standard employment service agreements with a notice period of one month.

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:

2010	Beneficial Direct	Beneficial Indirect	%
Ordinary shares			
Hugo Nelson	**3 567 387**	**925 841**	**1.43**
Anton Pillay	**375 000**	**801 859**	**0.37**

2009	Beneficial Direct	Beneficial 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

** 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 2010 were as follows:

Executive directors	Salary and other benefits R'000	Bonus R'000	Total 2010 R'000	Accounting IFRS 2 charge R'000	**Total 2010 R'000**	Total 2009 R'000
Hugo Nelson	985	8 741	9 726	1 050	**10 776**	8 126
Anton Pillay	985	3 188	4 173	1 108	**5 281**	485
Total	**1 970**	**11 929**	**13 899**	**2 158**	**16 057**	8 611

Directors' bonuses have been reflected on a cash basis. The 2009 balances have therefore been restated accordingly.

IFRS 2 charges include charges related to the group's B-BBEE scheme.

Non-executive directors	Basic fee R'000	Board meetings R'000	Audit and risk committee meetings R'000	Remuneration and nominations committee meetings R'000	Transformation committee meetings R'000	**Total 2010 R'000**	Total 2009 R'000
Shams Pather	48	150	108	72	18	**396**	287
Alexandra Watson	48	90	144	–	–	**282**	221
Judith February	48	36	–	–	48	**132**	94
Jock McKenzie	48	90	108	54	–	**300**	118
Gavan Ryan	–	–	–	–	–	**–**	177
Winston Floquet	–	–	–	–	–	**–**	103
Thys du Toit	–	–	–	–	–	**–**	219
Total	**192**	**366**	**360**	**126**	**66**	**1 110**	1 219

Equity-based remuneration CIT transaction (Coronation shares)	Unvested balance 1 October 2009	Granted	Vested	Vesting date	**Unvested balance 30 September 2010**	Market value R'000
2010						
Hugo Nelson	1 388 890	–	(555 555)	1 February 2010	**833 335**	12 325
Anton Pillay	291 667	–	(83 333)	1 January 2010	**208 334**	3 081
	Unvested balance 1 October 2008	Granted	Vested	Vesting date	Unvested balance 30 September 2009	Market value R'000
2009						
Hugo Nelson	1 944 445	–	(555 555)	1 February 2009	1 388 890	10 694
Anton Pillay	375 000	–	(83 333)	1 February 2009	291 667	2 246

Black economic empowerment schemes Imvula Trust (units)	Unvested balance 1 October 2009	Granted	Vested	Vesting date	**Unvested balance 30 September 2010**	Market value R'000
2010						
Hugo Nelson	2 139 812	141 561	(860 449)	1 April 2010	**1 420 924**	15 701
Anton Pillay	912 289	141 561	(300 000)	1 April 2010	**753 850**	8 330
	Unvested balance 1 October 2008	Granted	Vested	Vesting date	Unvested balance 30 September 2009	Market value R'000
2009						
Hugo Nelson	1 846 712	350 600	(57 500)	3 April 2009	2 139 812	8 324
Anton Pillay	1 286 689	300 600	(675 000)	2 April 2009	912 289	3 549

Special resolutions

At the annual general meeting of the company held on 21 January 2010 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 reporting date

The final cash dividend for the 2010 financial year of R239 million (76 cents per share) is based on the actual shares in issue of 314 819 192.

The future STC effect of this dividend amounts to R23.9 million.

On 1 October 2010 Coronation disposed of 6.8% of its effective shareholding in Namibia Asset Management Limited and equity accounts for its 48.05% shareholding from that date.

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; and – 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 associate.
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 reporting date.
Presentation currency	The currency in which the financial statements are presented.

Reclassification	Amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous period.
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.
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

Available-for-sale financial assets	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.

Coronation Fund Managers Limited (Coronation) is incorporated in South Africa. The consolidated financial statements for the year ended 30 September 2010 include the company and its subsidiaries and the group's interest in associate. The financial statements were authorised for issue by the directors on 10 December 2010.

Statement of compliance

The financial statements have been prepared in accordance with IFRS and its interpretations issued by the International Accounting Standards Board (IASB) and the AC 500 series issued by the APB and in the manner required by 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 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 available-for-sale financial assets.

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 reporting 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 recognised in other comprehensive income. 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 reporting 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 other comprehensive income. 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 foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised on the same basis as the foreign operation.

Net investment in foreign operations

Foreign exchange differences arising from the translation of the net investment in foreign operations are taken to a foreign currency translation reserve. They are reclassified into profit or loss upon disposal.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position 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 sale 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 statement of comprehensive income.

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 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 of financial assets.

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. The carrying amount represents its 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 statement of financial position, with unrealised gains and losses recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on available-for-sale monetary items which are recognised in profit or loss. Cumulative realised gains and losses are reclassified to profit or loss in the period in which the asset is realised. If an available-for-sale financial asset is cumulative 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 non-controlling interests on the statement of financial position.

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 reporting 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 other comprehensive income to profit or loss. Reversals of impairment in respect of equity instruments classified as available-for-sale are recognised directly in other comprehensive income.

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 component. The depreciable amount related to each component is determined as the difference between the cost and the residual value of the component. The residual value is the estimated amount, net of disposal costs that the group would currently obtain from the disposal of a component 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 reporting 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 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 recognised in profit or loss when the item is derecognised.

Impairment of non-financial assets

At each reporting 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 increased 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 and goodwill

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.

A gain on a bargain purchase arising on an acquisition is recognised directly in profit or loss.

Intangible assets
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 reporting 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 price 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 or loss in proportion to the stage of completion of the transaction at the reporting 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 and other income

Financial income comprises interest and dividend income. Other income comprises 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 unless the underlying transaction is recognised elsewhere, in which case the related tax is also.

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

Deferred tax is recognised in respect of 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 reporting 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 be utilised 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 and diluted headline earnings per share is calculated in accordance with circular 3/2009 issued by the South African Institute of Chartered Accountants.

Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. An operating segment's operating results are reviewed regularly by the executive committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the executive committee 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 period to acquire property, plant and equipment, and intangible assets other than goodwill.

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 scope of IFRS 2 Share-based Payment (IFRS 2) includes the group's B-BBEE 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.

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 statement of financial position, 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).

Amendments adopted in the 2010 annual financial statements

The following amendments to standards effective for the first time in the current financial year, and which are relevant to the group, have been adopted in these financial statements:

- IFRS 7 Financial Instruments: Disclosures (effective 1 January 2009). The group has adopted the amendments to IFRS 7 'Financial Instruments: Disclosures', 'Improving Disclosures about Financial Instruments' issued in March 2009. The amendments principally require additional disclosures about the determination of fair values of financial assets and liabilities. See note 18 for the additional disclosures.

- IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009). The group has adopted the provisions of the revised version of IAS 1 'Presentation of Financial Statements' issued in 2007, effective for financial periods commencing on or after 1 January 2009. The principal change arising from the adoption of the standard is the inclusion of a new statement, a statement of comprehensive income, separately from the statement of changes in equity. Comparative information has been restated accordingly. There were no impacts on the group's results or net assets as a result of the introduction of the revised standard.

- IFRS 3 Business Combinations (effective for years commencing on or after 1 July 2009). The revised standard applies to all new business combinations that occur after 1 October 2010. For these business combinations, all transaction costs will be expensed and contingent purchase consideration will be recognised at fair value at acquisition date. For successive share purchases, any gain or loss resulting from the difference between the fair value and the carrying amount of the previously held equity interest in the acquiree will be recognised in profit or loss.

- IAS 27 Consolidated and Separate Financial Statements (effective for years commencing on or after 1 July 2009) – in accordance with the amendments to IAS 27, acquisitions or disposals of non-controlling equity interests in subsidiaries have to be accounted for as equity transactions. When control of a subsidiary is lost, any resulting gain or loss, including any re-measurement to fair value of the retained equity interest, will be recognised in profit or loss. The amendments to IAS 27 also require that losses (including negative "other comprehensive income") are allocated to the non-controlling interest even if doing so causes the non-controlling interest to be in a deficit position.

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:

- Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for years commencing on or after 1 January 2010). The amendments to this standard expand the scope of IFRS 2 to include group cash-settled share-based payments. Arrangements that are settled in cash or other assets based on the price or value of the entity or another group entity's equity instruments should be accounted for as share-based payments. An entity that receives the goods or services will be required to account for the share-based payment in its separate financial statements, even if it has no obligation to settle the transaction. The entity will classify the share-based payments as equity-settled if it has an obligation to transfer its own equity instruments or if it does not have an obligation to settle the transaction. Any other share-based payment will be classified as cash-settled. These amendments will be adopted for the first time for the year ending 30 September 2011.

- IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for years commencing on or after 1 February 2010). The amendment to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for years commencing on or after 1 July 2010). This interpretation provides guidance on the accounting for debt for equity swaps.

- Revised IAS 24 Related Party Disclosures (effective for years commencing on or after 1 January 2011). This standard addresses the disclosure requirements in respect of related parties, with the main changes relating to the definition of a related party where new related party relationships have been identified. This standard will be adopted retrospectively for the first time for the year ending 30 September 2011.

- IFRS 9 Financial Instruments (effective for years commencing on or after 1 January 2013). This standard addresses the initial measurement and classification of financial assets as either measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows. All other financial assets are measured at fair value with changes recognised in profit or loss. For an investment in an equity instrument that is not held for trading, an entity may on initial recognition elect to present all fair value changes from the investment in other comprehensive income. IFRS 9 will be adopted for the first time for the year ending 30 September 2013 and will be applied retrospectively, subject to certain transitional provisions.

- Improvements to IFRSs 2010 – various standards:

  Amendments effective for annual periods beginning on or after 1 July 2010:

  - IFRS 3 Business Combinations – The amendments clarify the accounting treatment of contingent consideration arising in a business combination, the accounting policy choice to measure non-controlling interests upon initial recognition and expand on the current guidance on the attribution of the market-based measure of an acquirer's share-based payment awards.
  - IAS 27 Consolidated and Separate Financial Statements – The amendments clarify that the consequential amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates', IAS 28 and IAS 31 resulting from IAS 27 (2008) should be applied prospectively.

  Amendments effective for annual periods beginning on or after 1 January 2011:

  - IFRS 7 Financial Instruments: Disclosures – The amendments add an explicit statement that qualitative disclosure should be made in the content of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements.
  - IAS 1 Presentation of Financial Statements – The amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is also required to be presented, but may be presented either in the statement of changes in equity or in the notes.
  - IAS 34 Interim Financial Reporting – The amendments add examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality in IAS 34 that describe other minimum disclosures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2010

	Note	2010 R'000	2009 R'000
Fund management activities			
Revenue	2	**1 351 979**	842 030
Financial income		**25 294**	9 486
Finance and dividend income	3.1	**21 480**	10 913
Other income/(expense)	4	**3 814**	(1 427)
Operating expenses	5	**(717 646)**	(501 857)
Share-based payment expense	6	**(14 059)**	(21 441)
Other expenses		**(703 587)**	(480 416)
Finance expense	3.2	**(8 851)**	(22 513)
Share of loss of equity-accounted investee (net of tax)	11	**–**	(1 960)
Profit from fund management		**650 776**	325 186
Income attributable to policyholder linked assets and investment partnerships		**34 583**	27 155
Net fair value gains and movement in liabilities on policyholder and investment partnership financial instruments	13	**49 191**	41 042
Administration expenses borne by policyholders and investors in investment partnerships	14	**(14 608)**	(13 887)
Profit before income tax		**685 359**	352 341
Income tax expense	7	**(244 983)**	(141 472)
Taxation on shareholder profits	7	**(210 400)**	(114 317)
Taxation on policyholder investment contracts	7	**(34 583)**	(27 155)
Profit for the year		**440 376**	210 869
Other comprehensive income			
Foreign currency translation differences for foreign operations		**(10 268)**	(6 853)
Net change in fair value of available-for-sale financial assets		**683**	4 595
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		**(9)**	1 564
Other comprehensive (expense)/income for the year (net of income tax)		**(9 594)**	(694)
Total comprehensive income for the year		**430 782**	210 175
Profit attributable to:			
– equity holders of the company		**437 108**	207 379
– non-controlling interest		**3 268**	3 490
Profit for the year		**440 376**	210 869
Total comprehensive income attributable to:			
– equity holders of the company		**427 514**	206 685
– non-controlling interest		**3 268**	3 490
Total comprehensive income for the year		**430 782**	210 175
Earnings per share (cents)			
– basic	8	**138.9**	65.8
– diluted	8	**127.9**	60.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2010

	Note	2010 R'000	2009 R'000
Assets			
Intangible assets	9	**1 097 309**	1 097 309
Equipment	10	**13 993**	15 495
Deferred tax asset	12	**4 900**	5 183
Investments backing policyholder funds and investments held through investment partnerships	13	**23 930 963**	19 204 524
Investment securities	15.2	**28 274**	19 606
Loan receivable	15.3	**–**	39 140
Trade and other receivables		**227 006**	165 107
Cash and cash equivalents		**300 638**	99 672
Total assets		**25 603 083**	20 646 036
Liabilities			
Interest-bearing borrowing	16	**82 000**	106 144
Deferred tax liabilities	12	**22 528**	14 854
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	14	**23 908 436**	19 189 670
Income tax payable		**3 215**	26 181
Trade and other payables		**337 759**	203 169
Bank overdraft		**–**	22 074
Total liabilities		**24 353 938**	19 562 092
Net assets		**1 249 145**	1 083 944
Equity			
Share capital and premium	17	**255 907**	255 039
Retained earnings		**866 019**	677 751
Reserves		**116 517**	142 865
Total equity attributable to equity holders of the company		**1 238 443**	1 075 655
Non-controlling interest		**10 702**	8 289
Total equity		**1 249 145**	1 083 944

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2010

	Share capital R'000	Share premium R'000	Foreign currency translation reserve R'000
Balance at 30 September 2008	32	260 562	17 540
Total comprehensive income for the year			
Profit for the year			
Other comprehensive income			
Currency translation differences			(6 853)
Revaluation of available-for-sale financial assets			
– net change in fair value			
– reclassified to profit or loss on disposal			
Total other comprehensive income			(6 853)
Total comprehensive income for the year	–	–	(6 853)
Transactions with owners recorded directly in equity			
Share-based payments			
Transfer to retained earnings			
Dividends and capital distribution paid			
Shares issued		462	
Shares repurchased and cancelled	(1)	(6 016)	
Increase in equity of subsidiary			
Total transactions with owners	(1)	(5 554)	–
Balance at 30 September 2009	31	255 008	10 687
Total comprehensive income for the year			
Profit for the year			
Other comprehensive income			
Currency translation differences			**(10 268)**
Revaluation of available-for-sale financial assets			
– net change in fair value			
– reclassified to profit or loss on disposal			
Total other comprehensive income			**(10 268)**
Total comprehensive income for the year	**–**	**–**	**(10 268)**
Transactions with owners recorded directly in equity			
Share-based payments			
Transfer to retained earnings			
Dividends paid			
Shares issued	**–**	**868**	
Increase in equity of subsidiary			
Total transactions with owners	**–**	**868**	**–**
Balance at 30 September 2010	**31**	**255 876**	**419**

Retained earnings R'000	Share-based payment reserve R'000	Revaluation reserve R'000	Issued capital and reserves attributable to equity holders of the company R'000	Non-controlling interest R'000	Total equity R'000
569 148	146 864	(4 294)	989 852	4 695	994 547
207 379			207 379	3 490	210 869
			(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	–	6 159	206 685	3 490	210 175
	21 441		21 441		21 441
37 992	(37 992)		–		–
(136 768)			(136 768)	(9 257)	(146 025)
			462		462
			(6 017)		(6 017)
				9 361	9 361
(98 776)	(16 551)	–	(120 882)	104	(120 778)
677 751	130 313	1 865	1 075 655	8 289	1 083 944
437 108			**437 108**	**3 268**	**440 376**
			(10 268)		**(10 268)**
		674	**674**		**674**
		683	**683**		**683**
		(9)	**(9)**		**(9)**
		674	**(9 594)**		**(9 594)**
437 108	**–**	**674**	**427 514**	**3 268**	**430 782**
	14 059		**14 059**		**14 059**
30 813	**(30 813)**		**–**		**–**
(279 653)			**(279 653)**	**(1 305)**	**(280 958)**
			868		**868**
				450	**450**
(248 840)	**(16 754)**	**–**	**(264 726)**	**(855)**	**(265 581)**
866 019	**113 559**	**2 539**	**1 238 443**	**10 702**	**1 249 145**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 September 2010

	Note	2010 R'000	2009 R'000
Cash flows from operating activities			
Profit for the year		**440 376**	210 869
Income tax expense		**244 983**	141 472
Non-cash and other adjustments	22	**(801)**	41 605
Operating profit before changes in working capital		**684 558**	393 946
Working capital changes		**73 507**	(20 620)
Increase in trade and other receivables		**(61 065)**	(53 032)
Increase in trade and other payables		**134 572**	32 412
Cash generated from operations		**758 065**	373 326
Interest paid		**(9 685)**	(23 092)
Income taxes paid		**(259 992)**	(139 224)
Net cash from operating activities		**488 388**	211 010
Cash flows from investing activities			
Decrease/(increase) in loan receivable		**39 140**	(3)
Finance and dividend income	3.1	**21 480**	10 913
Acquisition of equipment		**(4 229)**	(2 350)
(Acquisition of)/proceeds from investment securities		**(7 705)**	21 466
Net cash from investing activities		**48 686**	30 026
Cash flows from financing activities			
Repayment of interest-bearing borrowing		**(24 144)**	(4 275)
Shares repurchased and cancelled		**–**	(6 017)
Shares issued		**868**	462
Dividends paid		**(280 940)**	(146 025)
Increase in non-controlling interest equity		**450**	9 361
Net cash used in financing activities		**(303 766)**	(146 494)
Increase in cash and cash equivalents		**233 308**	94 542
Cash and cash equivalents at beginning of year		**77 598**	(10 091)
Effect of exchange rate fluctuations		**(10 268)**	(6 853)
Cash and cash equivalents at end of year		**300 638**	77 598

1 Operating segments

Segment information is presented in respect of the group's operating segments based on geographical areas.

Inter-segment 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.

In presenting information on the basis of geographical areas, 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.

	Africa		International		Group	
	2010 R'000	2009 R'000	**2010 R'000**	2009 R'000	**2010 R'000**	2009 R'000
1 Operating segments (continued)						
1.1 Segment report						
Fund management						
Segment external revenue*	**1 219 401**	782 568	**132 578**	59 462	**1 351 979**	842 030
Segment operating expenses	**(656 283)**	(450 148)	**(61 363)**	(51 709)	**(717 646)**	(501 857)
Share-based payment expense	**(14 059)**	(21 441)	**–**	–	**(14 059)**	(21 441)
Other expenses	**(642 224)**	(428 707)	**(61 363)**	(51 709)	**(703 587)**	(480 416)
Segment profit	**563 118**	332 420	**71 215**	7 753	**634 333**	340 173
Segment financial income/(expense)	**25 637**	14 750	**(343)**	(5 264)	**25 294**	9 486
Finance and dividend income	**21 476**	10 891	**4**	22	**21 480**	10 913
Other income/(expense)	**4 161**	3 859	**(347)**	(5 286)	**3 814**	(1 427)
Segment finance expense	**(8 819)**	(22 396)	**(32)**	(117)	**(8 851)**	(22 513)
Share of loss of equity-accounted investees	**–**	(1 960)	**–**	–	**–**	(1 960)
Segment income from fund management	**579 936**	322 814	**70 840**	2 372	**650 776**	325 186
Income attributable to policyholder linked assets and investment partnerships	**34 583**	27 155	**–**	–	**34 583**	27 155
Net fair value gains on policyholder and investment partnership financial instruments	**49 191**	41 042	**–**	–	**49 191**	41 042
Administration expenses borne by policyholders and investors in investment partnerships	**(14 608)**	(13 887)	**–**	–	**(14 608)**	(13 887)
Profit before income tax	**614 519**	349 969	**70 840**	2 372	**685 359**	352 341
Income tax expense	**(234 356)**	(137 776)	**(10 627)**	(3 696)	**(244 983)**	(141 472)
Taxation on shareholder profits	**(199 773)**	(110 621)	**(10 627)**	(3 696)	**(210 400)**	(114 317)
Taxation on policyholder investment contracts	**(34 583)**	(27 155)	**–**	–	**(34 583)**	(27 155)
Profit for the year	**380 163**	212 193	**60 213**	(1 324)	**440 376**	210 869

** Inter-segment revenue has been eliminated*

	Africa		International		Group	
	2010 R'000	2009 R'000	**2010 R'000**	2009 R'000	**2010 R'000**	2009 R'000
1 Operating segments (continued)						
1.1 Segment report (continued)						
Attributable to:						
– equity holders of the company					**437 108**	207 379
– non-controlling interest					**3 268**	3 490
Profit for the year					**440 376**	210 869
Segment assets	**427 722**	255 083	**142 189**	83 937	**569 911**	339 020
Intangible assets					**1 097 309**	1 097 309
Deferred tax assets					**4 900**	5 183
Investments backing policyholder funds and investments held through investment partnerships					**23 930 963**	19 204 524
Total assets					**25 603 083**	20 646 036
Segment liabilities	**392 345**	314 345	**27 414**	17 042	**419 759**	331 387
Deferred tax liabilities					**22 528**	14 854
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships					**23 908 436**	19 189 670
Income tax payable					**3 215**	26 181
Total segment liabilities					**24 353 938**	19 562 092
Capital expenditure	**3 632**	2 639	**831**	132	**4 463**	2 771
Depreciation	**4 774**	5 861	**853**	1 303	**5 627**	7 164

1.2 Other information	Revenue		Assets		Capital expenditure	
	2010 R'000	2009 R'000	**2010 R'000**	2009 R'000	**2010 R'000**	2009 R'000
Business divisions						
Institutional						
– South Africa	**635 747**	455 252	**237 620**	194 328	**2 992**	2 382
– Southern Africa other	**45 503**	39 235	**20 497**	17 295	**181**	112
Retail	**538 151**	288 081	**169 605**	43 460	**459**	145
International	**132 578**	59 462	**142 189**	83 937	**831**	132
Group	**1 351 979**	842 030	**569 911**	339 020	**4 463**	2 771

Major customers

None of the group's customers individually represent revenue in excess of 10% of the group's total revenue.

		2010 R'000	2009 R'000
2	**Revenue**		
	Management, performance and service fees	**1 351 979**	840 620
	Initial charges	**–**	1 410
		1 351 979	842 030

Revenue comprises income earned from trust and other fiduciary activities undertaken by certain entities within the group.

		2010 R'000	2009 R'000
3	**Finance and dividend income and expenses**		
3.1	**Finance and dividend income**		
	Finance income on available-for-sale financial assets	**66**	122
	Finance income on financial assets at fair value through profit or loss	**122**	163
	Finance income from loans and receivables	**21 280**	10 567
	Dividend income on financial assets at fair value through profit or loss	**12**	61
		21 480	10 913
3.2	**Finance expenses**		
	Finance expense on interest-bearing borrowings	**7 806**	10 037
	Finance expense on trade and other payables	**616**	190
	Finance expense on bank overdraft	**429**	12 286
		8 851	22 513
4	**Other income/(expense)**		
	Gain/(loss) on disposal of available-for-sale financial assets	**9**	(1 564)
	Loss on disposal of equipment	**(131)**	(375)
	Foreign exchange gains/(losses)	**1 176**	(3 571)
	Revaluation of financial assets at fair value through profit or loss	**307**	165
	Other sundry gains	**2 453**	3 918
		3 814	(1 427)

		2010 R'000	2009 R'000
5	**Operating expenses**		
	are stated after taking into account:		
	Auditor's remuneration: audit fees		
	– current financial year	**1 637**	2 003
	– current financial year (borne by policyholders and investors in investment partnerships)	**154**	154
	– prior financial year	**1 743**	1 644
	Auditor's remuneration: fees for other services	**1 029**	973
	Depreciation	**5 627**	7 164
	Distribution expenses attributable to the group	**81 523**	52 799
	Distribution expenses collected on behalf of third parties	**57 924**	38 569
	Fund administration services	**47 651**	39 059
	Information technology and communication costs	**23 679**	22 422
	Marketing expenses	**39 476**	19 125
	Operating lease payments	**13 604**	11 889
	Personnel expenses (including directors' emoluments)		
	– salaries and incentive compensation	**376 393**	234 479
	– provident fund contributions	**12 841**	12 159
	– social security costs	**2 224**	3 273
	– restraint of trade payments	**–**	1 500
	– share-based payment expense	**14 059**	21 441

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 33 and 34.

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 date of exercise 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 expired.

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
– Subscription 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)	890

	2010 Number	2009 Number
Details of options outstanding:		
18 December 2003		
Outstanding at beginning of year	**253 334**	388 334
Exercised during the year	**(253 334)**	(135 000)
Outstanding and exercisable at end of year	**–**	253 334

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 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.

6 Share-based payment expense (continued)

Share transactions (continued)

1 February 2005

– Assumed employee turnover rate per annum	5%
– Number of shares	11 387 782
– 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	33.3%

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	100%

	2010	2009
Details of number of shares held during the year		
At beginning of year	**28 853 895**	49 397 233
Forfeited during the year	**–**	(5 000)
Exercised during the year	**(3 866 113)**	(20 538 338)
At end of year	**24 987 782**	28 853 895

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

B-BBEE transaction

Coronation established the Imvula Trust to facilitate its B-BBEE 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

		2010 R'000	2009 R'000
6	**Share-based payment expense (continued)**		
	Expense charged to profit or loss		
	Coronation Investments and Trading Limited transactions	**2 290**	9 381
	B-BBEE transaction	**11 881**	11 931
	Namibia share scheme	**(112)**	129
	Total expense	**14 059**	21 441
7	**Income tax expense**		
	Taxation on shareholder profits		
	Current tax		
	South Africa		
	– current tax on profit or loss for the year	**173 020**	93 515
	– adjustments in respect of prior years	**(6 190)**	(295)
	International		
	– current tax on profit or loss for the year	**12 109**	5 685
	– adjustments in respect of prior years	**266**	–
		179 205	98 905
	Secondary tax on companies	**31 330**	15 304
	Total current tax	**210 535**	114 209
	Deferred tax		
	South Africa	**(55)**	108
	– origination and reversal of temporary difference	**(55)**	108
	International	**(80)**	–
	Total deferred tax	**(135)**	108
	Taxation on shareholder profits	**210 400**	114 317
	Taxation on policyholder investment contracts	**34 583**	27 155
	Income tax expense	**244 983**	141 472
	The rates of corporation tax for the relevant years are:		
	South Africa	**28%**	28%
	International (average)	**26%**	26%
	Profit from fund management before tax	**650 776**	325 186
	Taxation on shareholder profits	**210 400**	114 317
	Effective tax rate on profit from fund management	**32%**	35%

		2010 R'000	2009 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%	**182 217**	91 052
	Effect of tax rates in foreign jurisdictions	**(7 115)**	(1 602)
	Share of loss of equity-accounted investee	**–**	549
	Share-based payment expense	**3 937**	6 003
	Secondary tax on companies	**31 330**	15 304
	Non-deductible expenses	**5 966**	3 327
	Non-taxable capital profit	**(8)**	(4)
	Tax exempt income	**(3)**	(17)
	Overprovided in prior years	**(5 924)**	(295)
	Taxation on shareholder profits	**210 400**	114 317
	Taxation on policyholder investment contracts		
	Current tax		
	South Africa		
	– current tax on profit or loss for the year	**26 909**	24 821
	Deferred tax		
	South Africa	**7 674**	2 334
	Taxation on policyholder investment contracts	**34 583**	27 155
	Income tax expense	**244 983**	141 472
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	**138.9**	65.8
		Number	Number
	Issued ordinary shares at beginning of year	**314 565 858**	315 774 163
	Effect of shares issued	**167 270**	88 767
	Effect of shares repurchased and cancelled	**–**	(763 254)
	Weighted average number of ordinary shares in issue during the year	**314 733 128**	315 099 676
	Weighted average number of shares resulting from future dilutive staff share options	**–**	99 555
	Weighted average number of shares resulting from dilutive ordinary shares arising from the B-BBEE transaction	**34 115 675**	33 380 565
	Adjusted weighted average number of potential ordinary shares in issue	**348 848 803**	348 579 796
		R'000	R'000
	Earnings attributable to shareholders	**440 376**	210 869
	Non-controlling interest	**(3 268)**	(3 490)
	Earnings attributable to ordinary shareholders	**437 108**	207 379

	2010 Cents	2009 Cents
8 Earnings per share (continued)		
Diluted earnings per share		
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	**127.9**	60.0
	R'000	R'000
Earnings attributable to shareholders	**437 108**	207 379
Interest on loan to Imvula Trust	**5 599**	–
Secondary tax on companies on Imvula preference shares	**3 638**	1 742
Diluted earnings attributable to ordinary shareholders	**446 345**	209 121

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	Non-controlling interest R'000	Earnings attributable to ordinary shareholders R'000	Per share Cents
2010					
Per the financial statements	**685 359**	**(244 983)**	**(3 268)**	**437 108**	**138.9**
Adjustments:					
– loss on disposal of equipment	**131**	**(25)**	**1**	**107**	**–**
– profit on disposal of financial assets available-for-sale	**(9)**	**2**	**–**	**(7)**	**–**
Headline earnings	**685 481**	**(245 006)**	**(3 267)**	**437 208**	**138.9**
Diluted headline earnings per share					**128.0**
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

Dividends per share	**2010 Cents**	2009 Cents
Dividend distribution		
– interim dividend	**51**	13
– final dividend payable	**76**	37
Total dividend	**127**	50

	2010 R'000	2009 R'000
9 Intangible assets and goodwill		
Goodwill – Cost less accumulated impairment	**1 093 309**	1 093 309
Trademark – Cost less accumulated impairment	**4 000**	4 000
At end of year	**1 097 309**	1 097 309

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

2010	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	**23 430**	**11 537**	**4 831**	**3 040**	**42 838**
Additions	**3 014**	**392**	**464**	**593**	**4 463**
Disposals	**(413)**	**(227)**	**(892)**	**(2 337)**	**(3 869)**
Exchange adjustments	**(135)**	**(94)**	**(54)**	**(178)**	**(461)**
At end of year	**25 896**	**11 608**	**4 349**	**1 118**	**42 971**
Accumulated depreciation					
At beginning of year	**(20 108)**	**(2 671)**	**(2 109)**	**(2 455)**	**(27 343)**
Depreciation	**(2 337)**	**(1 937)**	**(800)**	**(553)**	**(5 627)**
Disposals	**411**	**181**	**875**	**2 230**	**3 697**
Exchange adjustments	**108**	**46**	**50**	**91**	**295**
At end of year	**(21 926)**	**(4 381)**	**(1 984)**	**(687)**	**(28 978)**
Net carrying value – 2010	**3 970**	**7 227**	**2 365**	**431**	**13 993**
2009					
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

	2010 R'000	2009 R'000
11 Investment in equity-accounted investee		
Analysis of the movement in our share of net assets		
At beginning of year	–	1 960
Share of profit/(losses) in equity-accounted investees	–	(1 960)
At end of year	–	–
Directors' valuation – unlisted associate	–	–

Summary financial information of associate:

2010	Country	Ownership %	Assets R'000	Liabilities R'000	Accu-mulated deficit R'000	Revenues R'000	Loss R'000
Professional Provident Society Investments (Pty) Limited	South Africa	**49**	**4 049**	**22 799**	**(18 750)**	**12 560**	**(6 595)**

2009	Country	Ownership %	Assets R'000	Liabilities R'000	Accu-mulated deficit R'000	Revenues R'000	Loss R'000
Professional Provident Society Investments (Pty) Limited	South Africa	49	2 857	15 012	(12 155)	7 275	(6 932)

The group's share of losses of Professional Provident Society Investments (Pty) Limited has been equity accounted 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 R18.8 million at year-end (2009: R12.2 million).

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

	Assets		Liabilities		Net	
	2010 R'000	2009 R'000	**2010 R'000**	2009 R'000	**2010 R'000**	2009 R'000
12 Deferred tax						
Deferred tax assets and liabilities are attributable to the following:						
Employee benefits	**2 737**	3 406	**–**	–	**2 737**	3 406
Tax loss	**852**	185	**–**	–	**852**	185
Equipment	**1 361**	1 548	**–**		**1 361**	1 548
Unrealised fair value adjustments on financial assets						
– shareholders		44	**(50)***		**(50)**	44
– policyholders		–	**(22 528)**	(14 854)	**(22 528)**	(14 854)
Net deferred tax assets/(liabilities)	**4 950**	5 183	**(22 578)**	(14 854)	**(17 628)**	(9 671)

** This amount has been netted off against deferred tax assets in the statement of financial position*

Movement in temporary differences during the year	Balance 2009 R'000	Recognised in profit or loss R'000	Recognised in other compre-hensive income R'000	Foreign currency translation differences R'000	Balance 2010 R'000
Employee benefits	3 406	(381)		(288)	2 737
Tax loss	185	667			852
Equipment	1 548	(151)		(36)	1 361
Unrealised fair value adjustments on financial assets	(14 810)	(7 674)	(94)		(22 578)
	(9 671)	(7 539)	(94)	(324)	(17 628)

	Balance 2008 R'000	Recognised in profit or loss R'000	Recognised in other compre-hensive income R'000	Foreign currency translation differences R'000	Balance 2009 R'000
Employee benefits	3 975	(785)	–	216	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)	(2 442)	76	216	(9 671)

	2010 R'000	2009 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	**940 370**	1 269 249
Realised and unrealised gains on financial assets	**2 663 396**	815 332
Increase in liabilities to policyholders and holders of redeemable interests in investment partnerships	**(3 554 575)**	(2 043 539)
	49 191	41 042
Equities	**11 888 789**	7 743 112
Mining	**1 490 490**	592 939
Banks, insurance and financial services	**1 589 565**	1 111 366
Industrial, retail and other sectors	**8 690 230**	5 985 456
Unlisted investments	**118 504**	53 351
Derivative financial instruments	**11 642**	19 844
Property	**628 629**	486 724
Interest-bearing stocks, debentures and other loans	**4 644 627**	3 494 193
Deposits at financial institutions	**3 933 978**	4 718 464
Domestic unit trusts	**1 502 314**	141 285
Mutual funds	**774 381**	1 565 028
International equities	**122 963**	94 673
International bonds	**173 968**	53 063
	23 681 291	18 316 386
Listed investments at market value	**23 562 787**	18 263 035
Unlisted investments at fair value	**118 504**	53 351
	23 681 291	18 316 386
Investments at book value	**22 053 229**	17 827 890
Unrealised investment gains	**1 628 063**	488 496
Partnership trade receivables	**249 671**	888 138
Balance at end of year	**23 930 963**	19 204 524
Comprising:		
Investments backing policyholder funds	**21 997 999**	17 170 226
Investments held through investment partnerships	**1 932 964**	2 034 298
	23 930 963	19 204 524
14 Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships		
Movement in financial liability:		
Balance at beginning of year	**19 189 670**	19 195 113
Contributions and investment income	**11 518 241**	9 912 531
Contributions from policyholders and investors	**10 577 871**	8 643 282
Investment income	**940 370**	1 269 249
Withdrawals and deductions	**(9 052 716)**	(9 678 230)
Withdrawals by policyholders and investors	**(9 003 525)**	(9 637 188)
Administration expenses	**(14 608)**	(13 887)
Taxation on policyholder investment contracts	**(34 583)**	(27 155)

	2010 R'000	2009 R'000
14 Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships (continued)		
Realised and unrealised net fair value gains on investments designated at fair value through profit or loss backing policyholder funds and holders of interest in investment partnerships	**2 663 396**	815 332
Trade payables	**(491 390)**	(190 093)
Short positions	**81 235**	(864 983)
Balance at end of year	**23 908 436**	19 189 670
Comprising:		
Liability to policyholders in respect of investment contracts	**21 975 471**	17 155 372
Liability to holders of redeemable interests in investment partnerships	**1 932 964**	2 034 298
Deferred tax liabilities	**22 528**	14 854
	23 930 963	19 204 524

The amount of cash placed as collateral in respect of borrowings amounts to R175 235 496 (2009: R159 171 561). 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 R56 980 888 (2009: R26 688 337).

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 2010							
Cash and cash equivalents			**300 638**			**300 638**	**300 638**
Trade and other receivables			**227 006**			**227 006**	**227 006**
Investments backing policyholder funds	13	**21 997 999**				**21 997 999**	**21 997 999**
Investments held through investment partnerships	13	**1 932 964**				**1 932 964**	**1 932 964**
Investment securities	15.2			**28 274**		**28 274**	**28 274**
Total financial assets		**23 930 963**	**527 644**	**28 274**	**–**	**24 486 881**	**24 486 881**
Trading and other payables					**337 759**	**337 759**	**337 759**
Liability to policyholders in respect of investment contracts	14	**21 975 471**				**21 975 471**	**21 975 471**
Liability to holders of redeemable interest in investment partnerships	14	**1 932 964**				**1 932 964**	**1 932 964**
Interest-bearing borrowing	16				**82 000**	**82 000**	**82 000**
Total financial liabilities		**23 908 435**	**–**	**–**	**419 759**	**24 328 194**	**24 328 194**

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 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

	2010 R'000	2009 R'000
15.2 Investment securities		
Financial assets available-for-sale		
– mutual funds and unit trusts	**28 274**	19 606

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.

	2010 R'000	2009 R'000
15.3 Loan receivable		
This loan was interest-free and was settled during the current year.	**–**	39 140

	2010 R'000	2009 R'000
16 Interest-bearing borrowing		
Balance at beginning of year	**106 144**	110 419
Capital repayment	**(106 144)**	(4 275)
Capital acquired	**82 000**	–
	82 000	106 144

The borrowing is in respect of the group's B-BBEE transaction.

In April 2010 the original loan was replaced with financing from another financial institution.

The terms of the new borrowing are as follows:
8 200 cumulative redeemable floating-rate preference shares of R10 000 per share at a rate of 78% of prime.

16 Interest-bearing borrowing (continued)

As was the case with the previous borrowing arrangement, 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.

Covenants

For as long as the preference share facility is outstanding the following covenants, to be measured at the end of each financial year, must exist:

- The free cash flow of the group covers all interest/preference dividend obligations by 2.5 times and interest, preference dividend and capital repayments/redemptions by 1.5 times.
- Total group net borrowings (i.e. net of cash) are not to exceed R450 million without the consent of the lender. Borrowings include any guarantees or put options provided by the group.
- Coronation Investment Management (Pty) Limited (CIM) is to remain a subsidiary of Coronation and Coronation is to remain listed on the JSE.
- The group's management and staff shareholding in Coronation is not to fall below 10% (excluding the holding by Imvula Trust in CIM).

Repricing covenant

To the extent that earnings before interest, tax, depreciation and amortisation to interest/dividend service obligations ratio is less than 7.5 in any measurement period, the preference share pricing will increase to 80% of prime for the measurement period this covenant is in breach until restored.

The terms of the previous borrowing were as follows:

71 300 cumulative redeemable fixed-rate preference shares of R1 000 per share at a rate of 9.12% per annum.
34 844 cumulative redeemable floating-rate preference shares of R1 000 per share at a rate of 71% of prime.

Subsidiaries

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

17 Share capital

	2010 R'000	2009 R'000
Authorised		
750 000 000 (2009: 750 000 000) ordinary shares of 0.01 (2009: 0.01) cent per share	**75**	75
Issued, allotted and fully paid	**Number**	Number
Number of ordinary shares		
At beginning of year	**314 565 858**	315 774 163
Issued during the year (refer note 6)	**253 334**	135 000
Repurchased and cancelled during the year	**–**	(1 343 305)
At end of year	**314 819 192**	314 565 858
	R'000	R'000
Nominal value of ordinary shares		
At beginning of year	**31**	32
Issued during the year	**–**	–
Repurchased and cancelled during the year	**–**	(1)
At end of year	**31**	31
Share premium	**255 876**	255 008

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 21 to 23.

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.

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 on the following page.

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.

Except for our private equity investment, 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 reporting 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 statement of financial position.

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	
	2010 R'000	2009 R'000
Investment securities	**28 274**	19 606
Loan receivable	**–**	39 140
Trade and other receivables	**227 006**	165 107
Cash and cash equivalents	**300 638**	99 672
	555 918	323 525

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

Not past due	**165 335**	118 326
Past due 0 – 30 days	**30 633**	24 556
Past due 31 – 120 days	**24 379**	18 380
Past due 121 – 365 days	**6 659**	3 845
Total	**227 006**	165 107

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)
– Namibia – Namibian Financial Institutions Supervisory Authority (NAMFISA)
– Botswana – Bank of Botswana

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 2010

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	**82 000**	**(90 852)**	**(21 212)**	**(23 712)**	**(45 928)**	**–**	**–**
Trade and other payables	**337 759**	**(337 759)**	**(337 759)**	**–**	**–**	**–**	**–**
	419 759	**(428 611)**	**(358 971)**	**(23 712)**	**(45 928)**	**–**	**–**
30 September 2009							
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)	–

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 reporting date is as follows:

	2010 R'bn	2009 R'bn
Assets under management – by geographical region		
Southern Africa	**184**	145
International	**14**	10
	198	155
Assets under management – by business division		
Institutional	**144**	121
Retail	**40**	24
International	**14**	10
	198	155

The group earns an average revenue margin of 68 basis points on assets under management. In addition, expenses in respect of distribution, fund administration and communication costs as disclosed in note 5 are proportionately related to assets under management, and are incurred at an average rate of 8 basis points on assets under management.

18 Financial risk disclosures (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
2010				
Assets				
Investment securities	**28 274**	**–**	**–**	**28 274**
Trade and other receivables	**227 006**	**–**	**–**	**227 006**
Cash and cash equivalents	**300 638**	**300 638**	**–**	**–**
	555 918	**300 638**	**–**	**255 280**
Liabilities				
Interest-bearing borrowing	**82 000**	**–**	**82 000**	**–**
Trade and other payables	**337 759**	**–**	**–**	**337 759**
	419 759	**–**	**82 000**	**337 759**
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

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)**

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).

2010							
Currency	ZAR	NAD	BWP	EUR	GBP	USD	Total
Exchange rate	1.0000	1.0000	1.1406	10.9962	12.0264	7.5093	
Assets							
Investment securities	**7 613**	**4 550**	**–**	**–**	**–**	**16 111**	**28 274**
Trade and other receivables	**190 537**	**6 111**	**2 007**	**946**	**4 654**	**22 751**	**227 006**
Cash and cash equivalents	**191 824**	**7 349**	**104**	**1 690**	**4 482**	**95 189**	**300 638**
	389 974	**18 010**	**2 111**	**2 636**	**9 136**	**134 051**	**555 918**
Liabilities							
Interest-bearing borrowing	**82 000**	**–**	**–**	**–**	**–**	**–**	**82 000**
Trade and other payables	**304 823**	**2 235**	**1 102**	**4 081**	**4 986**	**20 532**	**337 759**
	386 823	**2 235**	**1 102**	**4 081**	**4 986**	**20 532**	**419 759**

2009							
Currency	ZAR	NAD	BWP	EUR	GBP	USD	Total
Exchange rate	1.0000	1.0000	1.1653	11.6773	14.7541	8.2865	
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

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)

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 2009.

30 September 2010	Equity R'000	Profit or loss R'000
BWP	**–**	**(101)**
EUR	**–**	**145**
GBP	**–**	**(415)**
USD	**(1 611)**	**(9 741)**

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

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.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

R'000 **30 September 2010**	Level 1	Level 2	Level 3	Total
Investments backing policyholder funds and investments held through investment partnerships	**20 891 045**	**3 039 918**	**–**	**23 930 963**
Investment securities	**20 669**	**–**	**7 605**	**28 274**
	20 911 714	**3 039 918**	**7 605**	**23 959 237**
Policyholder and investment partnership liabilities	**20 836 905**	**3 071 531**	**–**	**23 908 436**
	20 836 905	**3 071 531**	**–**	**23 908 436**

During the financial year ended 30 September 2010 there were no transfers of financial assets available-for-sale between the levels. Level 3 investments, which comprise unlisted private equity investments, arose during the current financial year, have not been revalued and are carried at initial cost. No gain or loss has been recognised as initial cost approximates fair value.

	2010 R'000	2009 R'000
19 Commitments and contingent liabilities		
Operating lease commitments		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	**9 525**	13 757
Between one and five years	**43 165**	47 415
More than five years	**4 449**	10 483

Future sublease payments expected to be received under non-cancellable subleases amount to R3 132 560 as at 30 September 2010.

At 30 September 2010, 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 21 to 23).

The group has also committed to investing R50 million in the Trinitas Private Equity Partnership of which R7.6 million has already been invested at the reporting date.

20 Related parties

Identity of related parties

The group has related party relationships with its subsidiaries, associate 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. 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

	2010 R'000	2009 R'000
Short-term remuneration	**110 092**	79 859
Long-term remuneration	**30 648**	385
Share-based payment	**5 854**	12 745
Total	**146 594**	92 989

20 **Related parties (continued)**

Key management compensation (continued)

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 34.

Other related party transactions and balances at year end

Directors' interest in share capital and directors' emoluments (refer directors' report).
Loans (from)/to 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)/from 2010 R'000	Indebtedness (to)/from 2009 R'000
Coronation Fund Managers Limited					
100 Coronation Investment Management (Pty) Limited (Holding company of operating subsidiaries)	South Africa	ZAR	100	**238 629**	–
100 Coronation Asset Management (Pty) Limited (Investment management company)	South Africa	ZAR	250 000	**(313 645)**	(197 256)
100 Coronation Management Company Limited (Collective investment schemes management company)	South Africa	ZAR	2 000 000	**(67 000)**	–
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	BWP	1 000	**–**	–
55 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	**16 500**	12 988

All transactions with related parties occur on an arm's length basis. All balances other than the amount owing from Professional Provident Society Investments (Pty) Limited are interest-free, unsecured and repayable on demand.

21 Principal subsidiary and associate companies (continued)

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

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

	2010 R'000	2009 R'000
Profit	**466 515**	228 888
Losses	**–**	(137)
Total	**466 515**	228 751

22 Note to the consolidated statement of cash flows

Non-cash and other adjustments	2010 R'000	2009 R'000
Deferred tax – policyholder funds	**(7 673)**	(2 334)
Depreciation	**5 627**	7 164
Finance expense	**8 851**	22 513
Finance and dividend income	**(21 480)**	(10 913)
(Gain)/loss on disposal of financial assets	**(316)**	1 399
Loss on disposal of equipment	**131**	375
Share of loss of associate	**–**	1 960
Share-based payment expense	**14 059**	21 441
Total	**(801)**	41 605

		2010 R'000	2009 R'000
Financial income		**392 238**	181 984
Dividend income			
– subsidiaries		**391 778**	181 928
Finance income	b	**460**	56
Operating expenses		**(2 490)**	(2 367)
Finance expense	b	**(36 396)**	(16 572)
– Imvula Trust		**(36 377)**	(16 539)
– other		**(19)**	(33)
Profit before income tax		**353 352**	163 045
Income tax expense	c	**(24 090)**	(13 578)
Profit for the year		**329 262**	149 467
Other comprehensive income			
Net change in fair value of financial assets available-for-sale (net of tax)		**2 234 019**	606 455
Total comprehensive income for the year		**2 563 281**	755 922

COMPANY STATEMENT OF FINANCIAL POSITION
for the year ended 30 September 2010

		2010 R'000	2009 R'000
Assets			
Investment in subsidiary	d	**4 656 175**	2 422 156
Amount due from group company	f	**238 629**	1 960
Cash and cash equivalents		**204**	247
Total assets		**4 895 008**	2 424 363
Liabilities			
Liability to Imvula Trust	e	**147 176**	147 176
Amount due to group company	f	**380 645**	197 256
Income tax payable		**169**	188
Trade and other payables		**198**	125
Total liabilities		**528 188**	344 745
Net assets		**4 366 820**	2 079 618
Equity			
Share capital and premium	g	**756 686**	755 818
Retained earnings		**710 509**	658 194
Revaluation reserve		**2 899 625**	665 606
Total equity		**4 366 820**	2 079 618

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2010

R'000	Share capital	Share premium	Retained earnings	Revaluation reserve	Total equity
Balance at 30 September 2008	32	761 341	644 353	59 151	1 464 877
Total comprehensive income for the year					
Profit for the year			149 467		149 467
Other comprehensive income					
Revaluation of financial assets available-for-sale				606 455	606 455
Total comprehensive income for the year			149 467	606 455	755 922
Transactions with owners recorded directly to equity					
Dividends paid			(135 626)		(135 626)
Shares issued		462			462
Shares repurchased and cancelled	(1)	(6 016)			(6 017)
Total transactions with owners	(1)	(5 554)	(135 626)	–	(141 181)
Balance at 30 September 2009	31	755 787	658 194	665 606	2 079 618
Total comprehensive income for the year					
Profit for the year			**329 262**		**329 262**
Other comprehensive income					
Revaluation of financial assets available-for-sale				**2 234 019**	**2 234 019**
Total comprehensive income for the year			**329 262**	**2 234 019**	**2 563 281**
Transactions with owners recorded directly to equity					
Dividends paid			**(276 947)**		**(276 947)**
Shares issued		**868**			**868**
Total transactions with owners	**–**	**868**	**(276 947)**	**–**	**(276 079)**
Balance at 30 September 2010	**31**	**756 655**	**710 509**	**2 899 625**	**4 366 820**

COMPANY STATEMENT OF CASH FLOWS
for the year ended 30 September 2010

	2010 R'000	2009 R'000
Cash flows from operating activities		
Profit for the year	**329 262**	149 467
Non-cash and other adjustments		
– Income tax expense	**24 090**	13 578
– Interest paid	**36 396**	16 572
– Interest received	**(460)**	(56)
Operating profit before changes in working capital	**389 288**	179 561
Working capital changes	**(53 207)**	(10 029)
Increase in amount due from group company	**(236 669)**	(1 960)
Increase/(decrease) in trade payables and amount due to group company	**183 462**	(8 069)
Cash generated from operations	**336 081**	169 532
Interest paid	**(36 396)**	(16 572)
Interest received	**460**	56
Income taxes paid	**(24 109)**	(14 009)
Net cash from operating activities	**276 036**	139 007
Cash flows from investing activities	**–**	1 960
Proceeds on disposal of investment in associate at cost	**–**	1 960
Cash flows used in financing activities	**(276 079)**	(141 181)
Shares repurchased and cancelled	**–**	(6 017)
Shares issued	**868**	462
Dividends paid	**(276 947)**	(135 626)
Net decrease in cash and cash equivalents	**(43)**	(214)
Cash and cash equivalents at beginning of year	**247**	461
Cash and cash equivalents at end of year	**204**	247

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.

The accounting policies set out on pages 38 to 47 have been applied consistently to all periods presented in these financial statements.

b Finance income and expenses

	2010 R'000	2009 R'000
Finance income		
Finance income on cash and cash equivalents	**460**	56
	460	56
Finance expenses		
Finance expense on interest-bearing borrowings	**36 377**	16 539
Finance expense on trade and other payables	**19**	33
	36 396	16 572

		2010 R'000	2009 R'000
c	**Income tax expense**		
	Current tax		
	South Africa		
	– current tax on profit or loss for the year	**128**	15
	– adjustments in respect of prior years	**(3 733)**	–
		(3 605)	15
	Secondary tax on companies	**27 695**	13 563
	Total income tax expense	**24 090**	13 578
	The standard rate of corporation tax for the year is:	**28%**	28%
	Profit before tax	**353 352**	163 045
	Tax on profit	**24 090**	13 578
	Effective tax rate	**7%**	8%
	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%	**98 939**	45 653
	Secondary tax on companies	**27 695**	13 563
	Non-deductible expenses	**10 887**	5 303
	Tax exempt revenues	**(109 698)**	(50 941)
	Underprovided in prior years	**(3 733)**	–
	Total income tax expense for the year	**24 090**	13 578
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	**2 899 625**	665 606
	Investment in subsidiary at market value	**4 656 175**	2 422 156

	2010 R'000	2009 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 B-BBEE 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 B-BBEE 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 B-BBEE 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.

Distribution of shareholders	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	1 037	28.94	587 553	0.19
1 001 – 10 000 shares	1 716	47.89	7 167 243	2.28
10 001 – 100 000 shares	594	16.58	17 693 960	5.62
100 001 – 1 000 000 shares	182	5.08	64 234 421	20.40
1 000 001 shares and over	54	1.51	225 136 015	71.52
	3 583	100.00	314 819 192	100.00

Distribution of shareholders	Number of shareholders	%	Number of shares	%
Banks	28	0.78	4 482 959	1.42
Brokers	16	0.45	9 510 208	3.02
Close corporations	43	1.20	641 964	0.20
Endowment funds	21	0.59	2 460 619	0.78
Individuals	2 540	70.88	15 851 627	5.03
Insurance companies	14	0.39	8 110 726	2.58
Investment companies	16	0.45	39 693 136	12.61
Medical aid schemes	5	0.14	938 204	0.30
Mutual funds	106	2.96	97 946 542	31.11
Nominees and trusts	477	13.31	19 347 614	6.15
Other corporations	40	1.12	251 137	0.08
Pension funds	105	2.93	44 141 334	14.02
Private companies	60	1.67	1 735 826	0.55
Public companies	11	0.31	1 145 076	0.36
Staff holdings	101	2.82	68 562 220	21.78
	3 583	100.00	314 819 192	100.00

Public/non-public shareholders	Number of shareholders	%	Number of shares	%
Non-public shareholders	102	2.85	106 380 336	33.79
Directors	6	0.17	14 437 296	4.59
Strategic holdings (more than 10%)	1	0.03	37 818 116	12.01
Shares held by staff	95	2.65	54 124 924	17.19
Public shareholders	3 481	97.15	208 438 856	66.21
	3 583	100.00	314 819 192	100.00

Geographical ownership	Number of shareholders	%	Number of shares	%
South Africa	3 453	96.37	299 585 551	95.16
International	130	3.63	15 233 641	4.84
	3 583	100.00	314 819 192	100.00

Shareholders with beneficial interest of 5% or more in shares	Number of shares	%
Coronation Investments and Trading Limited	37 818 116	12.01
Louis Stassen	17 401 792	5.53

Major institutional manager	Number of shares	%
Government Employees Pension Fund	13 382 808	4.25

Notice is hereby given that the 37th 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, 20 January 2011, 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 2010.

2 a) To re-elect Mr Shams Pather who retires by rotation in accordance with the provisions of the company's Articles of Association, who is eligible and available for re-election. Shams was appointed chairman of the board in March 2009. He has more than 30 years experience in the asset management industry.

b) To re-elect Dr Hugo Nelson who retires by rotation in accordance with the provisions of the company's Articles of Association, who is eligible and available for re-election. Hugo was appointed chief executive officer in November 2007.

A profile in respect of each director offering himself for re-election is contained on page 25 of the financial report of which this notice of annual general meeting forms part.

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

4 To appoint Mr MR Isaacs of Ernst & Young Inc. as the company's auditor.

5 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.

6 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 6 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 6, 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 6 and the special resolution number 1 and in compliance with paragraphs 11.26(b) and 11.30(b) of the Listings Requirements, the information listed below has been included in the annual report, in which this notice of annual general meeting is included, at the places indicated:

- The company's directors (page 25)
- Major shareholders (pages 86 and 87)
- Directors' interests in securities (page 33)
- 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 6 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.

- 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

10 December 2010

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')

Thirty-seventh 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, 20 January 2011, 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 2010			
2	a) To re-elect retiring director Mr Shams Pather who is eligible and available for re-election b) To re-elect retiring director Dr Hugo Nelson who is eligible and available for re-election			
3	To authorise the directors to determine the remuneration of the company's auditors			
4	To appoint Mr MR Isaacs of Ernst & Young Inc. as the company's auditor			
5	To provide the directors with a specific authority to issue shares in respect of the purchase price payable to the Imvula Trust			
6	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, 18 January 2011.

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.

Annual general meeting	Thursday, 20 January 2011 at 10:00
Share code: Ordinary shares: CML	ISIN number: ZAE000047353

Board of directors
Shams Pather (independent non-executive chairman)
Hugo Nelson (chief executive officer)
Judith February
Jock McKenzie
Alexandra Watson
Anton Pillay

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
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Telephone: +27 (0)21 680 2000 Fax: +27 (0)21 680 2100

JOHANNESBURG
1st Floor, 3 Melrose Boulevard, Melrose Arch 2196
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