

REVIEWED INTERIM RESULTS
for the six months ended 31 March 2011



CORONATION 
FUND MANAGERS

- ▶ Assets under management of R231 billion
 - ▶ Diluted headline earnings per share of 81.7 cents
 - ▶ Interim dividend per share of 80 cents
-

Coronation Fund Managers produced another set of exceptional results for the six months to 31 March 2011. The FTSE/JSE All Share Index closed the period just 3% off its May 2008 peak, however this masks high levels of volatility driven by significant global events in the first quarter of 2011. The local market returned 10.7% for the six-month period, while the MSCI World and Emerging Markets Indices returned 14.4% and 9.6% (in dollar terms) respectively. During this time Coronation produced outstanding investment performance across all client portfolios.

- ▶ **RESULTS** Revenue has increased by 32% to R865 million. This has resulted in a 32% increase in profit for the period to R299 million, and growth in diluted headline earnings per share of 26% to 81.7 cents (March 2010: 64.8 cents).
- ▶ **ASSETS UNDER MANAGEMENT** Strong inflows, particularly to the retail business, excellent stock picking and asset allocation, combined with a positive market environment to increase assets under management to R231 billion (September 2010: R203 billion – restated).
- ▶ **LONG-TERM PERFORMANCE** Our philosophy of investing with a long time horizon continued to generate alpha that resulted in strong investment returns for all our clients. This consistency of performance was recognised in our being named Best Large Fund House at the Morningstar South Africa Awards.
 - Both our domestic balanced and global balanced portfolios ranked 1st over three years and 2nd over five years in the Alexander Forbes SA and Global Large Manager Watch Surveys respectively to end March 2011. Likewise, our flagship multi-asset Coronation Balanced Plus Fund was the no. 1 balanced unit trust fund in the country for the five-year period to end March, ranked by Morningstar. The fund has outperformed its market-related benchmark by 2.4% per annum since inception in April 1996.
 - For individual investors seeking long-term capital growth, our concentrated equity fund, Coronation Top 20 has outperformed its market benchmark by an impressive 7% per annum since inception in October 2000. Our flagship absolute fund, Coronation Capital Plus continued to deliver on its dual objective of income and growth, outperforming inflation by an annualised 8.6% since inception in July 2001. Similarly, our lower risk options produced strong returns: Coronation Balanced Defensive was the no. 1 conservative fund in the country for the year to end March 2011, and our flagship fixed interest fund, Coronation Strategic Income has beaten cash by 2.4% per annum since inception in July 2001.
- ▶ **INTERNATIONAL** Global markets corrected in March 2011, which created the opportunity to add to positions where we see value. Since inception in July 2000, the institutional portfolio Coronation Global Equity Fund of Funds has outperformed the MSCI World Index by 2.3% per annum net of all fees. The Coronation Global Capital Plus Fund has outperformed its global cash benchmark by 9.3% per annum gross of all fees since inception in September 2009.



Within our specialist units, the Coronation Global Emerging Markets Fund ranked no.2 in its peer group of 42 funds to end March 2011. Launched almost three years ago in July 2008, the fund has outperformed the MSCI Emerging Markets Index by 7.8% per annum gross of all fees. Despite the heightened challenges inherent in Africa, our Africa portfolios attracted great interest from investors over the period and continue to build a strong performance track record. Since inception in October 2008, the Coronation Africa Frontiers Fund has outperformed the FTSE/JSE Africa Top 30 Ex SA Index by 30.1% per annum gross of all fees.

- ▶ **INTERIM CASH DIVIDEND** 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 interim dividend to 80 cents per share for the period.

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

| | |
|--------------------------|----------------------|
| Last day to trade | Friday, 3 June 2011 |
| Shares trade ex dividend | Monday, 6 June 2011 |
| Record date | Friday, 10 June 2011 |
| Payment date | Monday, 13 June 2011 |

Share certificates may not be dematerialised or rematerialised between Monday, 6 June 2011, and Friday, 10 June 2011, both dates inclusive.

- ▶ **PROSPECTS** Our philosophy of investing for the long term supports the sustainability of our business through the investment cycle. The past 18 months have been exceptional for our business and we therefore caution against future revenue growth expectations. The investment environment is likely to remain challenging in the foreseeable future, but we believe the best way of adding value to all our stakeholders is by staying singularly focused.
- ▶ **EXTERNAL AUDIT REVIEW** The external auditors, Ernst & Young Inc., reviewed the condensed statement of financial position of Coronation Fund Managers Ltd Group as at 31 March 2011 and the related condensed statement of comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes, from which this information has been extracted. The review has been conducted in accordance with the International Standard on Review Engagements 2410. Copies of the unqualified report of Ernst & Young Inc. are available for inspection at the registered office of the company.

Condensed consolidated statement of comprehensive income

| | Six months reviewed 31 March 2011 R'000 | Six months reviewed 31 March 2010 R'000 | % Change | Full year audited 30 Sept 2010 R'000 |
|--|---|---|-------------|--|
| Fund management activities | | | | |
| Revenue | 864 716 | 654 825 | 32% | 1 351 979 |
| Other income | 18 381 | 1 730 | | 3 814 |
| Operating expenses | (445 789) | (338 006) | 32% | (717 646) |
| Share-based payment expense | (2 061) | (9 588) | | (14 059) |
| Other expenses | (443 728) | (328 418) | | (703 587) |
| Results from operating activities | 437 308 | 318 549 | 37% | 638 147 |
| Finance and dividend income | 4 638 | 13 655 | | 21 480 |
| Finance expense | (3 160) | (5 250) | | (8 851) |
| Net finance costs | 1 478 | 8 405 | | 12 629 |
| Share of profit of associate (net of tax) | 1 173 | – | | – |
| Profit from fund management | 439 959 | 326 954 | 35% | 650 776 |
| Income attributable to policyholder linked assets and investment partnerships | 9 583 | 19 998 | | 34 583 |
| Net fair value gains on policyholder and investment partnership financial instruments | 18 296 | 28 199 | | 49 191 |
| Administration expenses borne by policyholders and investors in investment partnerships | (8 713) | (8 201) | | (14 608) |
| Profit before income tax | 449 542 | 346 952 | | 685 359 |
| Income tax expense | (150 455) | (120 421) | | (244 983) |
| Taxation on shareholder profits | (140 872) | (100 423) | | (210 400) |
| Taxation on policyholder investment contracts | (9 583) | (19 998) | | (34 583) |
| Profit for the period | 299 087 | 226 531 | 32% | 440 376 |

Condensed consolidated statement of comprehensive income (continued)



| | Six months reviewed 31 March 2011 R'000 | Six months reviewed 31 March 2010 R'000 | % Change | Full year audited 30 Sept 2010 R'000 |
|---|---|---|-------------|--|
| Profit for the period | 299 087 | 226 531 | 32% | 440 376 |
| Other comprehensive income | | | | |
| Foreign currency translation differences for foreign operations | 1 153 | (1 318) | | (10 268) |
| Net change in fair value of available-for-sale financial assets | 1 745 | (2 631) | | 683 |
| Net change in fair value of available-for-sale financial assets transferred to profit or loss | – | – | | (9) |
| Other comprehensive income/(expense) for the period (net of income tax) | 2 898 | (3 949) | | (9 594) |
| Total comprehensive income for the period | 301 985 | 222 582 | | 430 782 |
| Profit attributable to: | | | | |
| – equity holders of the company | 298 842 | 223 997 | 33% | 437 108 |
| – non-controlling interest | 245 | 2 534 | | 3 268 |
| Profit for the period | 299 087 | 226 531 | | 440 376 |
| Total comprehensive income attributable to: | | | | |
| – equity holders of the company | 301 740 | 220 048 | 37% | 427 514 |
| – non-controlling interest | 245 | 2 534 | | 3 268 |
| Total comprehensive income for the period | 301 985 | 222 582 | | 430 782 |
| Earnings per share (cents) | | | | |
| – basic | 94.9 | 71.2 | 33% | 138.9 |
| – diluted | 86.9 | 64.8 | 34% | 127.9 |
| Note to the statement of comprehensive income | | | | |
| Headline earnings per share (cents) | | | | |
| – basic | 89.2 | 71.2 | 25% | 138.9 |
| – diluted | 81.7 | 64.8 | 26% | 128.0 |
| Dividend per share (cents) | | | | |
| – interim | 80 | 51.0 | 57% | 51.0 |
| – final | | | | 76.0 |

Condensed consolidated statement of financial position

| | Reviewed 31 March 2011 R'000 | Reviewed 31 March 2010 R'000 | Audited 30 Sept 2010 R'000 |
|---|---------------------------------------|---------------------------------------|-------------------------------------|
| Assets | | | |
| Goodwill and intangible assets | 1 087 772 | 1 097 309 | 1 097 309 |
| Equipment | 13 925 | 14 133 | 13 993 |
| Deferred tax asset | 2 496 | 4 309 | 4 900 |
| Investments backing policyholder funds and investments held through investment partnerships | 27 379 486 | 21 301 229 | 23 930 963 |
| Investment securities | 28 965 | 26 168 | 28 274 |
| Investment in associate | 30 147 | – | – |
| Trade and other receivables | 289 820 | 305 454 | 227 006 |
| Cash and cash equivalents | 148 147 | 108 521 | 300 638 |
| Total assets | 28 980 758 | 22 857 123 | 25 603 083 |
| Liabilities | | | |
| Interest-bearing borrowing | 64 300 | 98 144 | 82 000 |
| Deferred tax liabilities | 22 548 | 19 994 | 22 528 |
| Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships | 27 357 188 | 21 281 235 | 23 908 436 |
| Income tax payable | 44 625 | 45 313 | 3 215 |
| Trade and other payables | 193 261 | 214 406 | 337 759 |
| Total liabilities | 27 681 922 | 21 659 092 | 24 353 938 |
| Net assets | 1 298 836 | 1 198 031 | 1 249 145 |
| Equity | | | |
| Total equity attributable to equity holders of the company | 1 297 417 | 1 188 063 | 1 238 443 |
| Non-controlling interest | 1 419 | 9 968 | 10 702 |
| Total equity | 1 298 836 | 1 198 031 | 1 249 145 |

Condensed consolidated statement of cash flows



| | Six months reviewed 31 March 2011 R'000 | Six months reviewed 31 March 2010 R'000 | Full year audited 30 Sept 2010 R'000 |
|---|---|---|--|
| Cash flows from operating activities | | | |
| Profit for the period | 299 087 | 226 531 | 440 376 |
| Income tax expense | 150 455 | 120 421 | 244 983 |
| Non-cash and other adjustments | (15 523) | (1 309) | (801) |
| Operating profit before changes in working capital | 434 019 | 345 643 | 684 558 |
| Working capital changes | (206 142) | (89 520) | 73 507 |
| Cash generated from operations | 227 877 | 256 123 | 758 065 |
| Interest paid | (4 193) | (5 701) | (9 685) |
| Taxation paid | (106 621) | (95 275) | (259 992) |
| Net cash from operating activities | 117 063 | 155 147 | 488 388 |
| Net cash from investing activities | 1 485 | 3 175 | 48 686 |
| Cash flows from financing activities | (272 192) | (126 081) | (303 766) |
| – dividends to shareholders | (243 494) | (119 400) | (280 940) |
| – other | (28 698) | (6 681) | (22 826) |
| Net (decrease)/increase in cash and cash equivalents | (153 644) | 32 241 | 233 308 |
| Cash and cash equivalents at beginning of period | 300 638 | 77 598 | 77 598 |
| Exchange rate adjustments | 1 153 | (1 318) | (10 268) |
| Cash and cash equivalents at end of period | 148 147 | 108 521 | 300 638 |

Consolidated statement of changes in equity

| R'000 | Share capital and premium | Foreign currency translation reserve | Retained earnings | Share-based payment reserve | Re-valuation reserve | Issued capital and reserves attributable to equity holders of the company | Non-controlling interest | Total equity |
|---|---------------------------|--------------------------------------|-------------------|-----------------------------|----------------------|---|--------------------------|--------------|
| Balance at 30 September 2009 | 255 039 | 10 687 | 677 751 | 130 313 | 1 865 | 1 075 655 | 8 289 | 1 083 944 |
| Total comprehensive income for the period | | | | | | | | |
| Profit for the period | | | 223 997 | | | 223 997 | 2 534 | 226 531 |
| Other comprehensive income | | | | | | | | |
| Currency translation differences | | (1 318) | | | | (1 318) | | (1 318) |
| Revaluation of available-for-sale financial assets | | | | | (2 631) | (2 631) | | (2 631) |
| – Net change in fair value | | | | | (2 631) | (2 631) | | (2 631) |
| Total other comprehensive income | | (1 318) | | | (2 631) | (3 949) | | (3 949) |
| Total comprehensive income for the period | | (1 318) | 223 997 | | (2 631) | 220 048 | 2 534 | 222 582 |
| Transactions with owners recorded directly to equity | | | | | | | | |
| Share-based payments | | | | 9 588 | | 9 588 | | 9 588 |
| Transfer to retained earnings | | | 26 509 | (26 509) | | | | |
| Dividends paid | | | (118 096) | | | (118 096) | (1 305) | (119 401) |
| Shares issued | 868 | | | | | 868 | | 868 |
| Increase in equity of subsidiary | | | | | | | 450 | 450 |
| Total transactions with owners | 868 | | (91 587) | (16 921) | | (107 640) | (855) | (108 495) |
| Balance at 31 March 2010 | 255 907 | 9 369 | 810 161 | 113 392 | (766) | 1 188 063 | 9 968 | 1 198 031 |
| Total comprehensive income for the period | | | | | | | | |
| Profit for the period | | | 213 111 | | | 213 111 | 734 | 213 845 |
| Other comprehensive income | | | | | | | | |
| Currency translation differences | | (8 950) | | | | (8 950) | | (8 950) |
| Revaluation of available-for-sale financial assets | | | | | 3 305 | 3 305 | | 3 305 |
| – Net change in fair value | | | | | 3 314 | 3 314 | | 3 314 |
| – Reclassified to profit or loss on disposal | | | | | (9) | (9) | | (9) |
| Total other comprehensive income | | (8 950) | | | 3 305 | (5 645) | | (5 645) |
| Total comprehensive income for the period | | (8 950) | 213 111 | | 3 305 | 207 466 | 734 | 208 200 |

Consolidated statement of changes in equity (continued)



| R'000 | Share capital and premium | Foreign currency translation reserve | Retained earnings | Share-based payment reserve | Re-valuation reserve | Issued capital and reserves attributable to equity holders of the company | Non-controlling interest | Total equity |
|--|---------------------------|--------------------------------------|-------------------|-----------------------------|----------------------|---|--------------------------|--------------|
| Total comprehensive income for the period | | (8 950) | 213 111 | – | 3 305 | 207 466 | 734 | 208 200 |
| Transactions with owners recorded directly to equity | | | | | | | | |
| Share-based payments | | | | 4 471 | | 4 471 | | 4 471 |
| Transfer to retained earnings | | | 4 304 | (4 304) | | – | | – |
| Dividends paid | | | (161 557) | | | (161 557) | – | (161 557) |
| Total transactions with owners | – | – | (157 253) | 167 | – | (157 086) | – | (157 086) |
| Balance at 30 September 2010 | 255 907 | 419 | 866 019 | 113 559 | 2 539 | 1 238 443 | 10 702 | 1 249 145 |
| Total comprehensive income for the period | | | | | | | | |
| Profit for the period | | | 298 842 | | | 298 842 | 245 | 299 087 |
| Other comprehensive income | | | | | | | | |
| Currency translation differences | | 1 153 | | | | 1 153 | | 1 153 |
| Revaluation of available-for-sale financial assets | | | | | 1 745 | 1 745 | | 1 745 |
| – Net change in fair value | | | | | 1 745 | 1 745 | | 1 745 |
| Total other comprehensive income | | 1 153 | | | 1 745 | 2 898 | | 2 898 |
| Total comprehensive income for the period | | 1 153 | 298 842 | – | 1 745 | 301 740 | 245 | 301 985 |
| Transactions with owners recorded directly to equity | | | | | | | | |
| Share-based payments | | | | 2 061 | | 2 061 | | 2 061 |
| Transfer to retained earnings | | | 311 | (311) | | – | | – |
| Dividends paid | | | (243 254) | | | (243 254) | (103) | (243 357) |
| Imvula units acquired by the Imvula Trust | | | (1 573) | | | (1 573) | | (1 573) |
| Loss of control of subsidiary | | | | | | | (9 425) | (9 425) |
| Total transactions with owners | – | – | (244 516) | 1 750 | – | (242 766) | (9 528) | (252 294) |
| Balance at 31 March 2011 | 255 907 | 1 572 | 920 345 | 115 309 | 4 284 | 1 297 417 | 1 419 | 1 298 836 |

Earnings per share

| | Six months reviewed 31 March 2011 | Six months reviewed 31 March 2010 | Full year audited 30 Sept 2010 |
|---|--|--|---|
| Weighted average number of ordinary shares in issue during the period | 314 819 192 | 314 646 591 | 314 733 128 |
| Weighted average number of ordinary shares potentially in issue | 349 391 630 | 347 731 074 | 348 848 803 |
| | R'000 | R'000 | R'000 |
| Earnings attributable to shareholders | 299 087 | 226 531 | 440 376 |
| Non-controlling interest | (245) | (2 534) | (3 268) |
| Earnings attributable to ordinary shareholders | 298 842 | 223 997 | 437 108 |
| Loss on disposal of financial assets available-for-sale | | – | 107 |
| Profit on disposal of equipment | | – | (7) |
| Gain on loss of control of subsidiary | (18 131) | | |
| Headline earnings attributable to ordinary shareholders | 280 711 | 223 997 | 437 208 |
| Actual number of shares in issue at the end of the period | 314 819 192 | 314 819 192 | 314 819 192 |

Condensed consolidated segment report

| | Africa | | | International | | | Group | | |
|--|--|----------------------------|-----------|--|----------------------------|---------|--|----------------------------|-----------|
| | Six months reviewed 31 March 2011 | Audited 30 Sept 2010 | | Six months reviewed 31 March 2011 | Audited 30 Sept 2010 | | Six months reviewed 31 March 2011 | Audited 30 Sept 2010 | |
| R'000 | | | | | | | | | |
| Segment external revenue | 773 226 | 582 076 | 1 219 401 | 91 490 | 72 749 | 132 578 | 864 716 | 654 825 | 1 351 979 |
| Segment income before tax and finance income/expense | 379 039 | 288 945 | 563 118 | 39 888 | 27 874 | 71 215 | 418 927 | 316 819 | 634 333 |

Notes to the condensed consolidated financial statements



1. Basis of preparation and accounting policies

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

The accounting policies applied in the presentation of the condensed consolidated financial statements are consistent with those applied for the year ended 30 September 2010.

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

2. Related party transactions

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

3. Investment in associate

On 1 October 2010 Coronation disposed of 6.8% of its effective shareholding in Namibia Asset Management Limited and has equity accounted for its 48.05% shareholding from that date. As a result of this disposal, a gain on revaluation of this investment in associate of R18.13 million was recognised in the income statement in accordance with IFRS 3 Business Combinations.

| | |
|------------------------------|---|
| Directors: | S Pather (Chairman)*, H A Nelson (CEO), J G February*, J D McKenzie*, A C Pillay (COO), A Watson* (* Independent Non-Executive) |
| Registered office: | 7th Floor, MontClare Place, Cnr Campground and Main Roads, Claremont 7708, Cape Town |
| Postal address: | PO Box 44684, Claremont 7735, Cape Town |
| Registration number: | 1973/009318/06 |
| Transfer secretaries: | Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001 |
| JSE share code: | CML |
| ISIN: | ZAE000047353 |
| Website: | www.coronation.com |

