

# INTERIM REPORT

Reviewed interim results  
for the six months ended 31 March 2012



**CORONATION**   
FUND MANAGERS

## □ ASSETS UNDER MANAGEMENT OF R296 BILLION

## □ DILUTED HEADLINE EARNINGS PER SHARE OF 86.7 CENTS

## □ INTERIM DIVIDEND PER SHARE OF 95 CENTS

Coronation Fund Managers produced a solid set of results for the six months to 31 March 2012. All areas of the business benefited from inflows over the period, with the retail business in particular continuing to receive strong support. In terms of long-term unit trust funds, Coronation remains the second largest manager in the country.

Strong net inflows of R19.1 billion for the period and robust global equity markets (in the second quarter of the financial year), grew assets under management by 28% to R296 billion (March 2011: R231 billion). For the six months under review, the MSCI World and Emerging Markets indices returned 20.3% and 19.2% (in US dollar terms) respectively, while the FTSE/JSE All Share Index returned 14.9%.

■ **RESULTS** Revenue has increased by 11% to R912 million off the strong revenue base achieved in 2011. This has resulted in a 6% increase in diluted headline earnings per share to 86.7 cents (March 2011: 81.7 cents).

■ **LONG-TERM INVESTING** The consistent delivery on our promise to clients to add value across different mandates was again recognised at the 2012 Morningstar South Africa Awards where Coronation was named Best Large Fund House for the second consecutive year. Performance highlights for the interim period ended 31 March 2012 reflect:

- Our institutional global balanced portfolios ranked 1st over 3 years and 2nd over 5 years in the Alexander Forbes (AF) Global Large Manager Watch Survey, while our domestic balanced portfolios ranked 3rd over 5 years in the AF SA Large Manager Watch Survey. Within the absolute product range, our global portfolios ranked 1st over 3 and 5 years in the AF Conservative Global Manager Watch Survey.
- Over 1, 3, 5 and 10 years the Coronation Top 20, Balanced Plus and Capital Plus funds ranked in the 1st quartile of their respective Morningstar categories. Coronation Top 20, our concentrated equity fund for investors seeking long-term capital growth, has outperformed its benchmark by an impressive 6.8% per annum since launch in October 2000. Likewise, our multi-asset Coronation Balanced Plus Fund has delivered 2.3% ahead of its benchmark per year since launch in April 1996. Coronation Capital Plus, our flagship absolute return fund, has beaten inflation by 8.3% per annum since launch in July 2001, strongly delivering on its dual objective of producing both income and capital growth. Within our lower risk options, Coronation Balanced Defensive celebrated its 5-year track record as one of the country's top performing conservative funds, while Strategic Income, our flagship fixed interest fund, has outperformed cash by 2.7% per year since launch in July 2001.

■ **INTERNATIONAL** We continued to build on the long-term track records across our comprehensive range of international funds over the period. Worthy of note is the Coronation Global Emerging Markets [USD] Fund which received a Raging Bull Award for Best Offshore Global Equity Fund available to South African investors. Since launch in July 2008, this fund has delivered 5.0% (net of all fees) ahead of the MSCI Emerging Markets Index per year. In addition, our longest running international unit trust fund, Coronation World Equity [ZAR] Fund of Funds, has outperformed the MSCI World Index by 2.1% per annum (net of all fees) since launch almost 15 years ago in August 1997. Since launch in October 2008, the institutional Coronation Africa Frontiers Fund has delivered 7.2% ahead of its benchmark per year (gross of all fees).

■ **OUR COMMITMENT TO CLIENTS** As an independent fund manager, our reputation and very existence depend on our ability to outperform the market. It is therefore important that our business does not grow to a level that impedes our ability to effectively manage client assets.

Following the closure of our South African Equity products to new institutional clients on 31 March 2012, we have announced the closure of our Balanced and Absolute Return products to new institutional clients effective 31 December 2012. These closures have no impact on our retail or existing institutional clients. Our institutional SA Fixed Interest, Hedge and International fund ranges remain open to new investments.

- **TRANSFORMATION** Upon the receipt of the interim dividend, Coronation's broad-based black economic empowerment partner, the Imvula Trust, is in a position to settle its remaining debt. This will facilitate the conversion of the Imvula investment in Coronation Investment Management (Pty) Ltd to listed Coronation shares as reflected in our fully diluted headline earnings per share calculations.
- **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. Dividends declared after 31 March 2012, are no longer subject to the 10% Secondary Tax on Companies (STC) regime, which levied the tax on the declaring company, but are now subject to a 15% Dividends Tax (DT), which is a withholding tax levied on non-exempt shareholder recipients of the dividend.

Taking into account projected cash requirements, we have declared an interim gross dividend of 95 cents per share for the period. The absolute dividend declared therefore, has not been subjected to a 10% STC charge, but will be subject to a 15% DT charge in the hands of non-exempt shareholders resulting in a net dividend of 80.75 cents per share for such shareholders. No STC credits have been utilised.

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

Last day to trade	Friday, 1 June 2012
Shares trade ex dividend	Monday, 4 June 2012
Record date	Friday, 8 June 2012
Payment date	Monday, 11 June 2012

Share certificates may not be dematerialised or rematerialised between Monday, 4 June 2012, and Friday, 8 June 2012, both dates inclusive.

In terms of the DT effective 1 April 2012, the following additional information is disclosed:

- (a) the local DT rate is 15%;
- (b) the number of ordinary shares in issue at the date of this declaration is 314 819 192;
- (c) Coronation's tax reference number is 9675 107 719.

- **PROSPECTS** We are committed to a rigorous investment philosophy that has withstood the test of time. In an environment where market participants continue to respond to short-term newsflow, we continue to focus on capitalising on any mispriced opportunities that we believe will add long-term value for all our stakeholders.

We expect the challenges in global financial markets to persist for the foreseeable future and caution investors of ongoing market volatility. By closing three of our institutional products to new investors, we will be better equipped to continue meeting our client expectations and deliver superior levels of performance. We strongly believe our business is positioned to respond to the ever changing environment.

- **EXTERNAL AUDIT REVIEW** The external auditors, Ernst & Young Inc., reviewed the condensed statement of financial position of Coronation Fund Managers Limited Group as at 31 March 2012 and the related condensed statement of comprehensive income, changes in equity and cash flows for the 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

	<b>Six months reviewed 31 March 2012 R'000</b>	Restated Six months reviewed 31 March 2011 R'000	%	Full year audited 30 Sept 2011 R'000
			Change	
<b>Fund management activities</b>				
Revenue (see note 2)	<b>911 929</b>	820 686	11%	1 725 910
Other income	<b>562</b>	18 381		21 407
<b>Operating expenses</b>	<b>(470 700)</b>	(401 759)	17%	(838 056)
Share-based payment expense	<b>(1 427)</b>	(2 061)		(4 856)
Other expenses (see note 2)	<b>(469 273)</b>	(399 698)		(833 200)
<b>Results from operating activities</b>	<b>441 791</b>	437 308	1%	909 261
Finance and dividend income	<b>7 797</b>	4 638		12 263
Finance expense	<b>(1 487)</b>	(3 160)		(5 262)
Share of profit of equity-accounted investee	<b>2 182</b>	1 173		2365
<b>Profit from fund management</b>	<b>450 283</b>	439 959	2%	918 627
<b>Income attributable to policyholder linked assets and investment partnerships</b>	<b>22 286</b>	9 583		19 518
Net fair value gains on policyholder and investment partnership financial instruments	<b>31 753</b>	18 296		34 431
Administration expenses borne by policyholders and investors in investment partnerships	<b>(9 467)</b>	(8 713)		(14 913)
<b>Profit before income tax</b>	<b>472 569</b>	449 542		938 145
<b>Income tax expense</b>	<b>(175 773)</b>	(150 455)		(314 295)
Taxation on shareholder profits	<b>(153 487)</b>	(140 872)		(294 777)
Taxation on policyholder investment contracts	<b>(22 286)</b>	(9 583)		(19 518)
<b>Profit for the period</b>	<b>296 796</b>	299 087	(1%)	623 850

## Condensed consolidated statement of comprehensive income (continued)

	Six months reviewed 31 March 2012 R'000	Restated Six months reviewed 31 March 2011 R'000	%	Full year audited 30 Sept 2011 R'000
			Change	
Profit for the period	296 796	299 087	(1%)	623 850
Other comprehensive income				
Foreign currency translation differences for foreign operations	(2 996)	1 153		20 627
Net change in fair value of available-for-sale financial assets	2 287	1 745		(737)
Other comprehensive income/(expense) for the period	(709)	2 898		19 890
Total comprehensive income for the period	296 087	301 985		643 740
Profit attributable to:				
– equity holders of the company	295 878	298 842	(1%)	623 977
– non-controlling interest	918	245		(127)
Profit for the period	296 796	299 087		623 850
Total comprehensive income attributable to:				
– equity holders of the company	295 169	301 740	(2%)	643 867
– non-controlling interest	918	245		(127)
Total comprehensive income for the period	296 087	301 985		643 740
Earnings per share (cents)				
– basic	94.0	94.9	(1%)	198.2
– diluted	86.7	86.9	0%	181.3
Note to the statement of comprehensive income				
Headline earnings per share (cents)				
– basic	94.0	89.2	5%	192.4
– diluted	86.7	81.7	6%	176.1
Dividend per share (cents)				
– interim	95.0	80.0	19%	80.0
– final				92.0



## Condensed consolidated statement of financial position

	<b>Reviewed</b> <b>31 March</b> <b>2012</b> <b>R'000</b>	Reviewed 31 March 2011 R'000	Audited 30 Sept 2011 R'000
<b>Assets</b>			
Goodwill and intangible assets	<b>1 087 772</b>	1 087 772	1 087 772
Equipment	<b>13 404</b>	13 925	14 839
Investment in equity-accounted investees	<b>30 782</b>	30 147	31 338
Deferred tax asset	<b>2 650</b>	2 496	8 069
Investments backing policyholder funds and investments held through investment partnerships	<b>40 276 713</b>	27 379 486	31 566 179
Investment securities	<b>104 482</b>	28 965	28 467
Trade and other receivables	<b>286 159</b>	289 820	242 450
Cash and cash equivalents	<b>215 746</b>	148 147	393 169
<b>Total assets</b>	<b>42 017 708</b>	28 980 758	33 372 283
<b>Liabilities</b>			
Interest-bearing borrowing	<b>20 300</b>	64 300	42 800
Deferred tax liabilities	<b>29 423</b>	22 548	18 629
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	<b>40 247 627</b>	27 357 188	31 547 550
Income tax payable	<b>6 836</b>	44 625	9 860
Trade and other payables	<b>320 305</b>	193 261	361 916
<b>Total liabilities</b>	<b>40 624 491</b>	27 681 922	31 980 755
<b>Net assets</b>	<b>1 393 217</b>	1 298 836	1 391 528
<b>Equity</b>			
Total equity attributable to equity holders of the company	<b>1 390 552</b>	1 297 417	1 389 781
Non-controlling interest	<b>2 665</b>	1 419	1 747
<b>Total equity</b>	<b>1 393 217</b>	1 298 836	1 391 528

## Condensed consolidated statement of cash flows

	<b>Six months reviewed 31 March 2012 R'000</b>	Six months reviewed 31 March 2011 R'000	Full year audited 30 Sept 2011 R'000
<b>Cash flows from operating activities</b>			
Profit for the period	<b>296 796</b>	299 087	623 850
Income tax expense	<b>175 773</b>	150 455	314 295
Non-cash and other adjustments	<b>(14 105)</b>	(15 523)	(12 598)
<b>Operating profit before changes in working capital</b>	<b>458 464</b>	434 019	925 547
<b>Working capital changes</b>	<b>(84 563)</b>	(206 142)	10 361
<b>Cash generated from operations</b>	<b>373 901</b>	227 877	935 908
Interest paid	<b>(2 244)</b>	(4 193)	(6 773)
Taxation paid	<b>(162 584)</b>	(106 621)	(314 718)
<b>Net cash from operating activities</b>	<b>209 073</b>	117 063	614 417
<b>Net cash from investing activities</b>	<b>(65 175)</b>	1 485	3 037
<b>Cash flows from financing activities</b>	<b>(318 325)</b>	(272 192)	(545 550)
– dividends to shareholders	<b>(295 292)</b>	(243 494)	(495 351)
– repayment of interest-bearing borrowing	<b>(22 500)</b>	(17 700)	(39 200)
– other	<b>(533)</b>	(10 998)	(10 999)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(174 427)</b>	(153 644)	71 904
Cash and cash equivalents at beginning of period	<b>393 169</b>	300 638	300 638
Exchange rate adjustments	<b>(2 996)</b>	1 153	20 627
<b>Cash and cash equivalents at end of period</b>	<b>215 746</b>	148 147	393 169

The cash flows above represent cash and cash equivalents of shareholders and exclude policyholders' cash and cash equivalents.



## 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 2010	255 907	419	866 019	113 559	2 539	1 238 443	10 702	1 249 145
<b>Total comprehensive income for the period</b>								
Profit for the period			298 842			298 842	245	299 087
<b>Other comprehensive income</b>								
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
<b>Total comprehensive income for the period</b>		1 153	298 842	–	1 745	301 740	245	301 985
<b>Transactions with owners recorded directly to equity</b>								
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
<b>Total comprehensive income for the period</b>								
Profit for the period			325 135			325 135	(372)	324 763
<b>Other comprehensive income</b>								
Currency translation differences		19 474				19 474		19 474
Revaluation of available-for-sale financial assets					(2 482)	(2 482)		(2 482)
– net change in fair value					(2 482)	(2 482)		(2 482)
Total other comprehensive income		19 474			(2 482)	16 992		16 992
<b>Total comprehensive income for the period</b>		19 474	325 135		(2 482)	342 127	(372)	341 755



## 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
<b>Total comprehensive income for the period</b>		19 474	325 135		(2 482)	342 127	(372)	341 755
<b>Transactions with owners recorded directly to equity</b>								
Share-based payments				2 795		2 795		2 795
Dividends paid			(251 857)			(251 857)		(251 857)
Imvula units acquired by the Imvula Trust			(701)			(701)		(701)
Increase in equity of subsidiary							700	700
<b>Total transactions with owners</b>			(252 558)	2 795		(249 763)	700	(249 063)
<b>Balance at 30 September 2011</b>	255 907	21 046	992 922	118 104	1 802	1 389 781	1 747	1 391 528
<b>Total comprehensive income for the period</b>								
Profit for the period			295 878			295 878	918	296 796
<b>Other comprehensive income</b>								
Currency translation differences		(2 996)				(2 996)		(2 996)
Revaluation of available-for-sale financial assets					2 287	2 287		2 287
– net change in fair value					2 287	2 287		2 287
<b>Total other comprehensive income</b>					2 287	(709)		(709)
<b>Total comprehensive income for the period</b>		(2 996)	295 878		2 287	295 169	918	296 087
<b>Transactions with owners recorded directly to equity</b>								
Share-based payments				1 427		1 427		1 427
Dividends paid			(295 292)			(295 292)		(295 292)
Imvula units acquired by the Imvula Trust			(533)			(533)		(533)
<b>Total transactions with owners</b>			(295 825)	1 427		(294 398)		(294 398)
<b>Balance at 31 March 2012</b>	255 907	18 050	992 975	119 531	4 089	1 390 552	2 665	1 393 217



## Earnings per share

	<b>Six months reviewed 31 March 2012</b>	Six months reviewed 31 March 2011	Full year audited 30 Sept 2011
Weighted average number of ordinary shares in issue during the period	<b>314 819 192</b>	314 819 192	314 819 192
Weighted average number of ordinary shares potentially in issue	<b>349 643 634</b>	349 391 630	349 512 339
	<b>R'000</b>	R'000	R'000
Earnings attributable to shareholders	<b>296 796</b>	299 087	623 850
Non-controlling interest	<b>(918)</b>	(245)	127
Earnings attributable to ordinary shareholders	<b>295 878</b>	298 842	623 977
Profit on disposal of equipment	-	-	(5)
Gain on loss of control of subsidiary	-	(18 130)	(18 130)
Headline earnings attributable to ordinary shareholders	<b>295 878</b>	280 712	605 842
Actual number of shares in issue at the end of the period	<b>314 819 192</b>	314 819 192	314 819 192

## Condensed consolidated segment report

	Africa			International			Group		
	Six months reviewed 31 March Restated <b>2012</b>	Audited 30 Sept 2011	Audited 30 Sept 2011	Six months reviewed 31 March Restated <b>2012</b>	Audited 30 Sept 2011	Audited 30 Sept 2011	Six months reviewed 31 March Restated <b>2012</b>	Audited 30 Sept 2011	Audited 30 Sept 2011
R'000	<b>2012</b>	2011	2011	<b>2012</b>	2011	2011	<b>2012</b>	2011	2011
Segment external revenue	<b>767 376</b>	736 431	1 531 729	<b>144 553</b>	84 255	194 181	<b>911 929</b>	820 686	1 725 910
Segment income before tax and finance income/expense	<b>331 695</b>	366 021	760 792	<b>109 534</b>	52 906	127 062	<b>441 229</b>	418 927	887 854

## 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, as well as the AC 500 standards as issued by the Accounting Practices Board or its successor, the requirements of the South African Companies Act, Act 71 of 2008 and the Listings Requirements of the JSE. The condensed consolidated financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated financial statements have been prepared in accordance with the historical cost basis 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. The accounting policies applied in the presentation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those presented in the previous annual financial statements.

These reviewed results have been prepared under the supervision of financial manager, Mrs A Rhoda CA(SA).

### 2. Reclassification of comparative figures

Commissions collected in an agency capacity by the company have now been excluded from revenue and other expenses in terms of IAS 18 Revenue. This has resulted in a reduction of R44 million in the respective amounts on the face of the 2011 consolidated statement of comprehensive income. This reclassification has had no impact on the group's reported results.

### 3. 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.

---

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



- CAPE TOWN** 7th Floor, MontClare Place, Cnr Campground and Main Roads, Claremont 7708  
PO Box 44684, Claremont 7735  
Telephone: +27 (0)21 680 2000 Fax: +27 (0)21 680 2100
- JOHANNESBURG** 1st Floor, Unit 7B, 3 Melrose Boulevard, Melrose Arch 2196  
PO Box 652643, Benmore 2010  
Telephone: +27 (0)11 328 8200 Fax: +27 (0)11 684 2187
- PRETORIA** 1st Floor, Block 4, The Boardwalk Office Park, Eros Street, Faerie Glen 0043  
Postnet Suite 502, Private Bag X18, Lynnwood Ridge 0040  
Telephone: +27 (0)12 990 9040 Fax: +27 (0)12 991 6079
- DURBAN** Unit 7, Rydall Vale Park, Douglas Saunders Drive, La Lucia Ridge 4320  
Telephone: +27 (0)87 354 0508 Fax: +27 (0)31 566 7038
- GABORONE** 1st Floor, Exchange House, Plot 64511, Fairgrounds, Gaborone, Botswana  
Postnet Kgaleview, Private Bag 00480, Suite 44, Gaborone, Botswana  
Telephone: +267 (0)390 0152/202/257 Fax: +267 (0)390 0267
- LONDON** 7th Floor, St Albans House, 57–59 Haymarket, London, SW1Y 4QX United Kingdom  
Telephone: +44 (0)207 389 8840 Fax: +44 (0)207 389 8899
- DUBLIN** 11 Central Hotel Chambers, Dame Court, Dublin 2, Ireland  
Telephone: +353 (0)1 674 5413 Fax: +353 (0)1 674 5411
-